

**AMERICAN SAVINGS BANK
CORPORATE SECURITY
REPORT
TO
THE DISCLOSURE COMMITTEE**

One Defalcation investigation:

Operations Supervisor at the Hawaii Kai Branch missed used her supervisory authority and inappropriately assisted a customer in the handling of her personal matters. The employee was terminated 2/24/05.

This case was turned over to the Federal Bureau of Investigation (FBI) and the United States Attorney's Office for their investigation and review. The case remains under investigation with no loss to date.

New Scam:

American Savings Bank's customers are being victimized by a new scam. The U.S. Postal Service reported that U.S Postal Money Orders (counterfeit) \$1,000.00 denominations were sent to many individuals throughout the United States including the State of Hawaii.

These individuals were targeted when they used their computers and went on line. They were then solicited and sent these counterfeit U.S. Postal Money Orders as payment. These Money Orders appear to be authentic, but are not. This is a new twist on the Nigerian Scams.

Approximately 30 customers of American Savings Bank has been affected.

Two Security Bulletins were distributed including a PDF file of a Postal Service advisory of what to look for. Other Hawaii Financial Institutions are also reporting similar cases.

Refer to ASB Security Bulletins SB05-007 and SB05-008.

Respectfully Submitted;
Bert Corniel, CPP, CFE
Corporate Security Director

Also, in the First Quarter 2005, American Savings Bank's customers are being victimized by a new scam. The U.S. Postal Service reported that U.S. Postal Money Orders (counterfeit) \$1,000.00 denominations were sent to many individuals throughout the United States including the State of Hawaii.

These individuals were targeted when they used their computers and went on line. They were then solicited and sent these U.S. Postal Money Orders. These Money Orders appear to be authentic, but are not. The people involved are those individuals involved in the Nigerian Scams.

Numerous customers of American Savings Bank have fallen victims to this scam. The losses to ASB customers alone are estimated over \$30,000.00. Other Financial Institutions have reported losses by their customers as well.

Corporate Security has sent out two Security Bulletins advising our Branches and Departments of this scam. In addition, we sent out a colored copy of the notice by the U.S. Postal Inspectors Office, advising what to look out for. This notice, also advises what to do in the event that someone comes in with a counterfeit U.S. Postal Money Order.

Refer to ASB Security Bulletins SB05-007 and SB05-008.

Respectfully Submitted;
Bert Corniel, CPP, CFE
Corporate Security Director

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Mid First Quarter Report 2005**

Corporate Security Department investigated the following cases during the First Quarter 2005. Please note that this report only covers the first two months of the First Quarter.

Type of Case	Number of cases	Reported
Robbery	0	0
Check Fraud	34	8,547.00
Credit Card	2	6,000.00
Debt Card	83	24,944.89
Forgery Cases	4	29,707.50
Counterfeit checks	10	2,600.00
Identity Theft	0	0

Mid First Quarter of 2005, we had one Defalcation investigation.

It is alleged that Marylyn De-Motta, Operations Supervisor at the Hawaii Kai Branch, befriended a customer (Ms. Lim, 92yr's.). Ms. De Motta misrepresented herself, as an accountant, and assisted the Ms. Lim in the handling of her personal matters. In September 2004, Ms. Lim sold her property in Wahiawa. Proceeds from the sale of property were used to pay off the loan on the property. The remaining balance of the proceeds of the sale, estimated at \$688,000.00, was deposited into Ms. Lim's account.

Checks drawn on Ms. Lim's account were given to Ms. Lim's siblings, by Ms. De Motta.

Additional checks were drawn on Ms. Lim's account by Ms. De Motta, and were deposited into Ms. De Motta's account. The accounts belonging to Ms. De Motta were held at ASB and Bank of Hawaii, in Hawaii-Kai.

The potential loss in this case is estimated in excess of \$300,000.00. Ms. De Motta was terminated on 2-18-2005.

This case was turned over to the Federal Bureau of Investigation (FBI) and the United States Attorney's Office for their investigation and review.