



CONTACT NUMBERS FOR THE 2013 BOARD OF DIRECTORS

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Vancouver Chapter Committees members were appointed on December 21, 2011. We are always looking for help with the various committees. Committee members do not have to be members of the board, so let us know if there is an area where you would like to help out. Contact the committee chair directly or send an email to: information@cfevancouver.com.

ETHICS

David McCartney

MEMBERSHIP/OUTREACH LIAISON

Rosanne Terhart

PROFESSIONAL DEVELOPMENT AND TRAINING

Latika Martins

NEWSLETTER

John Dumfries

SECRETARY

TBD

TREASURER

John Crawford

WEBSITE

John Dumfries

PRESIDENT'S MESSAGE

Many thanks to those of you who attended our Annual General Meeting on November 28th.

Keep in mind our monthly meetings plus our full day training session scheduled for May, 2013. What topics are relevant and timely for you right now? Who have you heard speak at other functions or have you worked with that would benefit our membership by sharing their knowledge and insight? Send your Directors an e-mail or give one of them a call. So far we have Shannon Walker from Whistleblower Security and Michael Vonn the Policy Director of the BC Liberties Association for two of our luncheons.

I hope to see all of you at our Christmas celebration on December 19th at noon at the Terminal City Club. Remember to bring your wallets for the 50/50 draw and door prizes and we can assist Covenant House once again with their good work to make the Holiday Season happier for the less fortunate.

Your Board will be inviting some guests as part of the "Presidents Guest Program" since we are committed to our outreach initiative. We are concentrating our efforts on inviting Directors from other professional organizations to encourage education-based partnerships.

I appreciate your support and want to take this opportunity to wish you and your families a very Merry Christmas and Healthy and Happy New Year. Take care and, once again, we thank you for your support.

Norm Grdina, CGA, CAFM, CFE President, Vancouver Chapter



Upcoming events:

ACFE Vancouver Chapter Christmas luncheon:

Please join us for our annual Christmas Luncheon. This will be the traditional served luncheon which I am sure you will all enjoy. We usually draw for gifts as well as hold a 50/50 draw with the proceeds going to the Covenant House. If you can, please bring a small gift.

When: December 19, 2012 at Noon

Where: Terminal City Club 837 West Hastings Vancouver

Cost: \$40 for members, \$50 for non-members.

Reserve your spot by emailing Jean Michel at (cfevancouver@yahoo.ca).

ACFE Vancouver Chapter luncheons:

No meeting in January as the Board will be having a 2013 planning meeting.

When: February 20, 2013/April 24, 2013

Speakers: Micheal Vonn from BCCLA/Shannon Walker from Whistleblower Security

Topics: TBD

Where: Terminal City Club 837 West Hastings Vancouver

Cost: \$40 for members, \$50 for non-members

ACFE Austin Seminar:

When: April 8-9, 2013

Speakers: TBA

Topic: Professional Interviewing Skills

Where: Fairmont Waterfront Vancouver hotel,
900 Canada Place Way,
Vancouver, BC V6C 3L5.

For more information:

<https://www.acfe.com/events.aspx?id=4294975436>

Chapter news

Congratulations to current board member and former chapter president, Rosanne Terhart in passing the Chartered Business Valuator exam.

Also, the chapter would like to thank Martin Nicholls for his service on the Board of Directors since 2005. Martin was instrumental in arranging speakers at our luncheons and training days from BCSC and in arranging a sponsorship deal with BCSC and the InvestRight – Be Fraud Aware programs.

If you haven't already is that time of year again for members to complete the registration form and renew their ACFE Vancouver chapter membership. Chapter membership has many benefits such as discounted PD luncheon fees, access to the newsletter, job postings, and the Find a Fraud Examiner webpage. The membership fees cover the period October 1, 2012 to September 30, 2013. It is \$95.20 for regular membership and \$28.00 for student membership. The fees have stayed the same this year.

Click here to complete the form and submit it to Jean Michel cfevancouver@yahoo.ca:

http://cfevancouver.com/files/RegistrationRenewal_2012_2013.pdf

Members and the public are able to connect with the ACFE Vancouver chapter via social media sites such as Twitter and LinkedIn. To find out about PD events, job postings, network with fellow members and keep up to date with the latest fraud news add/follow us on social media sites.

Twitter: http://twitter.com/#!/ACFE_Vancouver

LinkedIn: http://www.linkedin.com/groups?gid=3964400&trk=hb_side_g



Find a Fraud Examiner

The Vancouver Chapter website <http://cfevancouver.com/examiners> has a section called **Find a Fraud Examiner** where members in private practice or those willing to take outside jobs can advertise.

If you are a CFE and a current member of the Vancouver Chapter of the Association of Certified Fraud Examiners and you would like your name and contact information on our website, please send the following information to us at website@cfevancouver.com and put '**Find a Fraud Examiner**' in the subject line.

Name:

Professional Designation(s):

Title:

Company:

Address:

Telephone #:

Fax:

Cell Phone #:

Email:

Website:

Specialty or Area(s) of Practice: *

** For instance, Forensic Accounting, Risk Consulting, Investigation, Employment Law, etc. We are also happy to accept a short narrative description of your services. Please note that other than name, each of these fields is entirely optional.*

Website Jobs Posting

A feature of the website is a Jobs Posting page <http://cfevancouver.com/postings>. We are offering a free posting to any companies who have even one employee as a member of our chapter.

To post a position, contact John Dumfries or Russ Lefler at website@cfevancouver.com.

In The News

Here is a link to an interesting seasonal and local money laundering scheme from Bill V.A. Thomopoulos of the Bill Alexander Consulting Firm:

<http://www.billalexander.ca/blog>

How to avoid holiday scams:

<http://www.leaderpost.com/life/Holiday+scam+advice/7641718/story.html>

Sec charges 4 audit firms in China:

<http://www.accountingtoday.com/news/SEC-Charges-China-Affiliates-Big-Four-Firms-64859-1.html>

Alleged local Budget rent a car scam:

<http://www.cbc.ca/news/canada/british-columbia/story/2012/11/27/bc-budget-rental-fraud.html?cmp=rss>

SEC and accounting fraud:

<http://www.forbes.com/sites/francinemckenna/2012/11/29/the-sec-and-accounting-fraud-enforcement-no-there-there/>

Newsletter article quiz

How many Securities have been deregistered and how many how many fraud cases have been filed by the SEC in China according to the above article.

Send answer to newsletter@cfevancouver.com for a chance to win a \$20 Starbucks gift certificate.

Books about white collar crooks

This month's featured book is "Game Theory" by Colleen Cross. This is the second installment in the Kat Carter, Forensic Accountant series. The first book being called "Exit Strategy". Colleen presented the evolution of money laundering legislation at our March 24, 2012 luncheon.

Game Theory touches on fraud topics such as Ponzi schemes, real estate fraud and elder fraud and abuse.

For more information: <http://www.colleencross.com/>



Police Corruption in China: A brief comparison with the British Police System Author: D Rosen

Why is corruption wrong?

In the Daily Telegraph, UK, on 10th November 2012, I read with a degree of unease and irritation, according to Malcolm Moore, that to make money, you could invest in the police force in Inner Mongolia: A job dispatch.

How can one invest in a Police force? What would the incoming Police Commissioners of England and Wales think of such a thing? ...What?

In his article, he described that the Chinese way of working to the top in Inner Mongolia, would be to invest £15,000 in advance, to the powers that run the police force there.

In China it is 'who' you know, and not 'what' you know. That, and some money. In China, power is money. Money is power. Money talks more than the ability to make sound judgment, and exercise a discretion to control and protect the people it is meant to protect.

Money corrupts. THAT is what is wrong with corruption, surely. Corruption undermines the ability to judge, rule, and administer the Law, because the receivers of such money care more about protecting what they are making 'on the side', than doing and fulfilling their job.

In such circumstances, honesty and integrity is superseded by greed, and the need to self-gratify. After all, someone who is corrupt, earned it. Didn't they? If they didn't take the bribe, or the additional money, someone else would have done. So why not them?

In England we have a merits based system? It should be. It used to be that by doing your job well, you would be rewarded and promoted up and through the ranks.

What about a box-ticking system?

According to sources close to Police policy-makers, this is what is threatening to evolve in the British Police System whereby in order to be promoted, you tick boxes required of you by the Home Office to fulfil quotas and specific statistics on crime, whilst ignoring other crimes because they do not fit in with such statistics.

Is that in itself corruption?

Probably not, but it may in the future create institutional corruption amongst senior Police policy makers, Government and Home Office officials, forced to go along with the Government of the day's policy.

Imagine, if a crime we all understand to be a crime, is no longer considered statistically to be a crime, such as burglary where there was no assault involved? Simply breaking and entering a property: That crime could conceivably be devalued to a civil misdemeanour such as trespass and nuisance, and instead of a penalty, the offender could be asked to make payment by way of compensation in the Civil Courts rather than the Criminal Courts. This would be another way of reducing crime, by making crimes, non-crimes. It would be something which would then no longer be the concern for a Police budget: Everyone would be a winner. Wouldn't they? No crime; No offence; An apparent reduction in crime; Less Police time and resources spent on taking statements, investigating crimes of that nature; More time to spend on statistically acceptable 'approved' crimes, and everyone is happy...Everyone but for the people of England and Wales, who may feel cheated by the prospect of their houses and homes being robbed, with no one to investigate or punish the offenders.

These criminals may get to realise that such a crime is down-graded, and before you know it, there may inadvertently have been created a crime-wave...or a non-



Police Corruption in China: A brief comparison with the British Police System Continued

crime wave, if you follow my theoretical logic.

So, if things go the way they seem to be going, there are less defined crimes within the budget of the Police, more resources, more money...and the ability for there to be more money, and an increase in wages, may, MAY, create a greater thirst for money rather than a greater thirst to combat crime. More money. Money is power. Power is money. Money talks more than the ability to make sound judgment, and exercise a discretion to control and protect the people it is meant to protect.

The above is hypothetical of course, but nevertheless a conceivable nightmare if all that is good and just in our Police System, of honesty and integrity, is stripped away by a greater need to satisfy monetary budgets and curb spending, whilst ensuring a better wage and better pension.

Meanwhile, back in China, Inner Mongolia, the young 28 year old rookie in return would earn...not much for the first 3 years: £170 per month, rising to £300 per month.

However...there is profit in it... ..and of course, therein lies the problem.

It seems acceptable in China, according to Malcolm Moore, for Police officers to get protection money to look after the entertainment industry: In particular, karaoke bars, and massage parlours.

According to the article, many officers live in wealthy suburbs. Their standard of living can not possibly reflect their lowly Police wage. It would however be consistent with extra 'readies', they may earn in protection money.

It does not stop there. All state jobs, according to the article, are capable of being 'purchased' with the right

contacts and an initial outlay.

He Guoqiang, head of the party's internal investigations department, acknowledged that the problem exists saying: 'We must crack down on cases where codes and regulations are violated in the recruitment of personnel for state-owned companies and government institutions'.

Aren't you pleased we do not have a Police Force like that?

Police must be created by the people for the people. The people must be for the Police, and the Police must be for the people. This is a Peelian principle which ought never to be redacted or eroded.

There is only so much time before the subdued people of Mongolia, and other regions controlled by a Communist State, feel the need to rebel and to revolt.

There is trouble stirring in Tibet, and self-immolation is just part of big trouble stirring in little China.

'Everything was in a mess in the Oblonskys' house', as Leo Tolstoy put it.

Corruption is bad. It is evil. The people won't stand for it. The people shouldn't stand for it.

Professor Rosen is a Solicitor-Advocate, Partner and head of Litigation at [Darlingtons Solicitors](http://www.darlingtonsolicitors.com), London, EC4, United Kingdom. He is a working member of the Fraud Advisory Panel, a Certified Fraud Examiner, and a visiting associate Professor of Law at Brunel University, lecturing in criminal fraud, civil fraud, and legal theory.



Summary of speech at the Canadian Anti-fraud conference

The following is a summary of Rosanne Terhart's speech on the topic of Accounting Records: How They Are Used To Conceal Fraud at the October Canadian Anti-fraud Conference.

The topics that Rosanne covered included:

- Which records are used to conceal fraud
- What evidence of fraud do the accounting records provide
- How fraud is concealed in the accounting records
- What to look for in the accounting records and financial statements
- Examples of successful fraud investigations which relied on accounting records as evidence

Review of accounting records for:

- Evidence of who was involved
- Evidence of how fraud was concealed
- Determine when fraud started, determine extent
- Likely discover additional fraud
- Many employees can successfully conceal these transactions for up to 18 months or longer

The log in and log out timing can provide evidence of who made the false entries.

Logging information has been used to connect fraud to certain people and used as evidence in Court.

For instance, logging in information helped determine that there were two and not one, as suspected, employees involved in a fraud.

•If a concealing entry is made relating to fraudulent transactions, the accounting entry provides important evidence of intent to conceal.

•It proves that the entry was not just an error.

Accounting records provide good evidence of the timing of the fraud due to the chronological format of the records.

What to look for in the accounting records

Lack of segregation of duties (cheque signing/cash handling and transaction

Access to systems and over-ride capabilities

Look for who performs the bank reconciliation

Manual cheques (different controls then regular run)

Cheques that are out of sequence

Missing cancelled/returned cheques

Odd or missing signatures on cheques

Electronic transfers/online bill payments (often no controls)

Entries in suspense accounts or other non-regular accounts

Round number entries

Invoices/expense reports lacking details

Odd GST-GST entries

Year-end journal entries (write off accounts)

Income statement reality check

Expenses that are inflated from one year to the next

New expense categories

Assets that are inflated from one year to the next

Gross margin percentages that change



Con artists:

There are people who put themselves forward as legitimate advisors who actually want to steal your money. There are also people who try to take your money by selling you a fictitious investment product or strategy. You need to know how to identify these people to avoid falling for their scams.

Scam artists look like you and me. They often look professional. Sometimes they have impressive offices and addresses, so you will think they are legitimate professionals. They can be very intelligent. They know how to be extremely sociable and charming. If you catch them in a lie, they will make up another lie so quickly that you will seldom, if ever, notice.

For a scam to work, fraudsters need to gain your complete trust and confidence. They will instill in you a sense of security, and make you feel dependent on them for financial guidance. This will keep you interested in investing more money. They may also encourage you to recruit your [friends and family](#).

After you invest, the contact with the fraudster will dwindle, and it may stop altogether. They will use your financial dependency on them as a threat to stop you from taking any action. Sometimes money acquired by the con artist is quickly transferred to an offshore account. In other instances it is simply withdrawn, put in their pockets, and spent on personal items like houses, vacation homes, expensive trips, and cars. By the time you find out about the scam, the money is usually gone.

Don't let the scammer get you twice. Some people go along with another scheme in which the fraudster promises to make good on the original money lost and generate new returns. Though it is understandable you

would want to make up for the money lost, the usual result is that you lose even more.

Many of the fictitious investments fraud artists promise high returns but provide little, if any, disclosure of risks. These schemes are outlined in the Common investment schemes section of our website. You can also learn how to identify investment scams in our [Spot investment scams](#) section. For a handy print-out to post on the fridge or share with friends, download Telltale signs of investment fraud .

You should also do a background check on anyone offering to sell you investments. If an unregistered person is on the [CSA Disciplined Persons List](#), report it immediately. Individuals who have been disciplined by the BCSC and other securities regulators appear on this list. If you suspect someone has approached you, your family and/or friends with an investment scam or you feel you may have been the victim of an inappropriate investment scheme, you should report it. Without your assistance, scam artists remain free to take advantage of others.

In BC, contact BCSC Inquiries. You can also anonymously report suspicious activity through InvestRight's [Report a scam](#) webpage.

Residents from other Canadian provinces can find contact information for their provincial securities regulator at www.securities-administrators.ca.

Link to BCSC videos: <http://www.befraudaware.ca/fraud-watch>

Link to: [November enforcement roundup](#)

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