CONTACT NUMBERS FOR THE 2013 BOARD OF DIRECTORS

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Latika Martins	778-928-0170
David McCartney	604-605-5361
Rosanne Walters Terhart	604-646-4381
Carmen Wiechers	604-540-4916

Vancouver Chapter Committee members were appointed on February 5, 2013. 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: newsletter@cfevancouver.com

ETHICS
David McCartney

MEMBERSHIP/OUTREACH LIAISON
Rosanne Walters Terhart

PROFESSIONAL DEVELOPMENT AND TRAINING
John Crawford /John Dumfries

NEWSLETTER
John Dumfries/Latika Martins

SECRETARY
Carmen Wiechers

TREASURER
John Crawford

WEBSITE
John Dumfries/John Crawford

PRESIDENT'S MESSAGE

As a Director of the Aboriginal Financial Officers Association of BC, I attended and presented at our National Conference in Toronto. One of my fellow presenters provided a booklet entitled "The Little Black Book of Scams" published by the Competition Bureau of Canada. I thought it might be of value to you, our members, as part of our "Fraud Awareness Program" Please download it from our Website or send me an email and I will ensure you get a copy for distribution to your clients.

Unfortunately, Fraud is quite popular but the resources to mitigate it are limited. March is Fraud Prevention month and we need to work together to promote "Fraud Awareness".

Our year is progressing very well with a very successful lunch last month which, unfortunately, I was unable to attend. Particulars of our training session scheduled for May 22nd, 2013 will be available very soon.

Your support for our chapter is much appreciated. Look forward to seeing you at our next get together. Take care and once again we thank you for your support.

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

Upcoming events:

ACFE Vancouver Chapter luncheon:

When: March 27, 2013

Speakers: Fred Wechselberger

Topics: CaseWare IDEA Analyzer

Where: Terminal City Club 837 West Hastings Vancouver

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

Reserve your spot by accessing our events page on the website. http://cfevancouver.com/events.php

ACFE Seminar:

When: April 8-9, 2013

Speaker: Hugo A. Holland, Jr., J.D., CFE

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

ACFE Vancouver Chapter May Training session

When: May 22, 2013

Speakers: Linda Murray/Kelly Paxton/others TBA

Topics: Ethics/Pink Collar Crime/others TBA

Where: Terminal City Club 837 West Hastings Vancouver

Cost: TBD

Reserve your spot by checking the events page on our website. Stay tuned for the PayPal buttons to be created.

Chapter news

Congratulations to Mr. Russ Lefler for winning the Winter 2013 newsletter quiz.

The chapter has set up a PayPal account which we hope will make the registration process more efficient. Check our events page on the website to register for events.

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

New Chapter Member Bio

James Zhou came to Vancouver as a new immigrant from Beijing, China in early 2012. He became a certified member of the ACFE in July 2012.

James is currently working at G4S Secure Solution (Canada) Co., Ltd as a Compliance Officer. Before coming to Vancouver, he was working as the 3rd Party Compliance Officer at the US pharmaceutical company Merck China. Before Merck, he worked as a senior consultant in a UK based consulting firm –Control Risks in Shanghai, China. James had experience in dealing with white-collar crimes, particular fraud and corruption investigations, as well as the enforcement of US Foreign Corruption Practice Act (FCPA) regulations at China.

James obtained his Bachelor in British Literature from Beijing University in 1997 and his Master Degree in 2003 at Copenhagen Business School majoring in International Business.

James is very easy-going person and would like to share his wonderful stories in fraud investigation with his peers at the ACFE Vancouver Chapter.

Find a Fraud Examiner

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

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 and Cell Phone #:
Fax:
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 at least one employee as a member of our chapter.

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

March Speaker bio Fred Wechselberger

Fred has 15 years of experience helping organizations implement and use data extraction and analysis software. As a seasoned speaker, Fred has presented at many AICPA, IIA and ACFE events across North America and Europe. Over the past few years, he has presented at Deloitte's Global Technology Conference in Vienna, Ernest & Young's SAP symposium in Holland, and PWC's Technology Conference in Phoenix.

Fred brings unique perspectives on the use of CAATS technology having experience with Federal and state bodies like the SEC, UN, Central Bank of Nigeria, Ministry of Finance in Austria and Greece as well as corporate bodies like GE, GM, American Express, MMC, Citi Group and UTC provides.

Topic Introduction

A Case for Fraud Detection and Continuous Monitoring

In Native American lore, The "Raven", is the trickster, the one who steals the sun. The Raven seems to be still running wild in North America. There are Ravens everywhere and fraud appears to be so common that is dramatized in shows like "American Greed". We will take a Northwest approach to fraud and catch the "Raven" and use the latest data analysis tools, tricks and techniques for finding fraud and monitoring processes.

This presentation will cover:

- Accessing the Data- getting data into a form you can use
- Data Quality- how good is the data you are using and why this is important
- Tricks and trips - doing analysis, joins, trends and correlation
- Monitoring, documenting, and communicating the results

Books about white collar crooks

This month's featured book is "Exposure" by Michael Woodford. Michael won the ACFE Cliff Robertson Sentinel Award in 2012 "For choosing truth over self". Exposure details how Michael shed light on how Olympus, a medical supply and camera maker, was involved in a $1.7 billion merger and acquisition accounting fraud. Michael worked at Olympus for almost 30 years working himself up from the sales department to President and CEO of Olympus.

Michael first became aware of the accounting fraud through a Japanese investigative magazine called FACTA, who in turn, was informed through an internal whistleblower at Olympus. That internal whistleblower would later tell Michael that they felt compelled to inform the external media since there was no adequate and effective internal corporate hotline to report corporate malfeasance.

Michael was no stranger to whistleblowing as he did report internal wrongdoing in 2005 and a bribery scandal in 2008.

The accounting fraud occurred because Olympus practiced "Tobashi" which means fly away in Japanese. It is the once common practice of external investment firms typically taking investments where losses incurred off of their client's books at cost. The operations of the 3 companies acquired by Olympus did not align with Olympus operations and also there were massive write downs of the value of the investments on Olympus' books shortly after the acquisitions. Also, there were subsequent payments after the acquisition which were substantial financial advisory fees (35% of the acquisition cost as supposed to 1% to 2% of most fees) and allegedly may have ties with organized crime in Japan.

Exposure is available on the CFE website:
http://www.acfe.com/products.aspx?id=4294975909

February presentation summary

Electronic Health Records & Impact on Patients' Rights

Thanks to Micheal Vonn, lawyer and Policy Director for the BC Civil Liberties Association for her presentation on electronic health records. Micheal is an adjunct professor of law and library/archival studies and a frequent speaker on topics regarding privacy, national security, policing, surveillance and free speech.

Many recent media articles regarding government databases raised concerns such as cost overruns, privacy, security and misuse (ex: BC driver's license/CareCard, integrated case management system for child protection, BC criminal justice security system, Corrections Service system, student loan database). The Auditor General noted that given the lack of control internals in some cases, there was little chance that the ministries involved would discover unauthorized access.

In light of the security issues, Micheal provided an overview of the electronic health records initiative (EHealth), which is one of the government's largest systems. The main concern is not the use of technology. The concerns are the centralization of data, who controls the data, and the change of privacy regime from restrictive consent (PIPA) to permissive (FOIPA). The system represents a radical departure from current legal and ethical norms.

Electronic medical records are kept by the doctor or care provider while electronic health records are sent to another offsite location which can be accessed through many portals and the care provider (and patient) lose control over the records. Doctors have an ethical obligation to advise the patient that if the information becomes an electronic health record, the doctor cannot guarantee privacy since doctors do not control access.

Independent privacy experts do not endorse the government's view that the system will provide security, functionality and scale (as one expert noted, it is possible to have two but not all three) thereby increasing services for citizens. The government looked to England as a model for e-government but England had recent failures in the system (including the PM's health records). It is not one

February presentation summary continued

system but a horizontal, piecemeal series of databases with questionable security, user access, and privacy controls.

One of the concerns is that electronic health records may be accessed by commercial and other organizations for 'data driven science' (mining data for surveillance and other uses without a medical purpose or hypothesis).

BC introduced the E-Health Act several years ago for the purpose of creating data repositories subject to certain rules. The only one so far is the provincial lab information system. The government decided not to add Pharmanet to the system and the Minister has sole discretion regarding access. The probable reason is that this information has a large monetary value to certain groups and the government may be able to capitalize on that value by granting access to the data. This is of concern since the purpose of the Act was to ensure checks and balances in the system regarding access.

Patients can control access to their records through a Disclosure Directive, a global masking to lock down your records with a PIN to control access to only those you authorize by providing the PIN (there is an emergency override). You have to apply to the government for each health information bank and each patient so it is not an easy process. It is possible to lock down your Pharmanet records with a PIN at most pharmacies (there is an emergency override). Since few people are aware of these options or the possible ramifications, the government then points to a lack of applications for these protections as a sign that no one cares about security issues.

Obviously the audit controls in the system are not robust (ex. recent Veterans' Affairs Ombudsperson who discovered several inappropriate accesses of his own information only by doing an FOI request leading to discipline of several staff). The audit system tracked the accesses but did not flag inappropriate access.

It is possible that people will not seek treatment for controversial health issues (mental health, sexually transmitted diseases, etc.), as recently found in a study of doctors in the UK who would not access mental health services in their own area due to confidentiality concerns.

Re-identification technology has evolved and there are groups motivated to de-identify data. The more linkages available, the harder it is to effectively de-identify people from data mined from these systems (and almost impossible if DNA or other genetic marker information is included).

Patients need to become aware of the possible issues and voice their concerns to the government. Consent and proper audit controls should be built into the system. Effective privacy controls do not stop public policy queries, they ensure that control is kept where it should be, with the patient. There has yet to be an audit of the BC EHealth system. The Privacy Commissioner is watching but can only act within the privacy legislation, which is subject to change by the government.

See www.bccla.org and www.oipc.bc.ca for more information.

How to use a key word to lock down your PharmaNet records:

http://www.bcpharmacists.org/you_your_pharmacist/pharmanet_patient_record/patient_keyword.php

Link to Auditor General's report on health systems:

http://www.bcauditor.com/files/publications/2013/report_11/report/OAGBC%20Health%20Benefits%20Operations.pdf

Prepared by Linda Murray, CFE

In The News

Canadian EI Investigator's manual contents revealed: http://www.cbc.ca/news/politics/story/2013/03/01/pol-ei-investigators-manual.html

Former CSIS official Arthur Porter accused of fraud:

http://www.680news.com/2013/02/28/arthur-porter-says-he-is-too-ill-to-travel-to-canada-to-face-fraud-allegations/

Crackdown on immigration fraud:

http://www.canada.com/news/Only+citizenships+revoked+18month+crackdown+fraud/8030613/story.html

In The News continued

4 Canadian senators to have their expenses audited:

http://www.cbc.ca/news/politics/story/2013/02/28/pol-senate-audit-reported.html?cmp=rss

Coffee shop gang cloned Credit & Debit cards:

http://www.vancouversun.com/Coffee+shop+gang+cloned+Vancouver+debit+credit+cards+stole/8026040/story.html

Here is a link to the Federal Trade Commission's 2012 report on Identity theft:

http://www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2012.pdf

SEC investigating trades regarding Heinz deal:

http://www.cbc.ca/news/business/story/2013/02/15/heinz-sec.html?cmp=rss

Ex-FBI informant pleads guilty to Mortgage Fraud:

http://www.cleveland.com/metro/index.ssf/2013/03/post_110.html

28% of breaches lead to identity fraud per Javelin:

http://www.bankinfosecurity.com/interviews/report-28-breaches-lead-to-fraud-i-1834#.UTeAQf2kVpM.twitter

DMV facial recognition software leads to 2500 fraud cases: http://www.silive.com/news/index.ssf/2013/03/new_york_reports_2500_fraud_ar.html

Newsletter article quiz

In the Mortgage fraud story above, how did the accused commit mortgage fraud? Send answer to newsletter@cfevancouver.com for a chance to win a Starbucks Gift Certificate. Contest only open to chapter members.

investRIGHT
A program of the BC Securities Commission

Link to the Fraud Vulnerability report:

http://www.investright.org/uploadedFiles/resources/studies_about_investors/2012_NIFVR_KeyHighlights_EN.pdf

Link to CSA 2012 enforcement report:

http://er-ral.csa-acvm.ca/wp-content/uploads/2013/02/CSA-2012-English-FINAL-Feb-19-13.pdf

Affinity Fraud prevention checklist:

http://www.albertasecurities.com/Investors/Documents/AffinityChecklist_web.pdf

Canadian Securities Administrators have created a new and separate Fraud category:

http://er-ral.csa-acvm.ca/2012-case-highlights/categories-of-offence/fraud/

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

Link to: January Enforcement Roundup

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