



## **CONTACT NUMBERS FOR THE 2013-2014 BOARD OF DIRECTORS**

John Crawford	604-419-2002
John Dumfries	604-214-0337
Brian Ison	604-649-3747
Latika Martins	778-928-0170
David McCartney	604-605-5361
Jade Tien	604-524-8688
Rosanne Walters	604-646-4381
Carmen Wiechers	604-603-8893
Steve Wilson	604-729-3341

Vancouver Chapter Committee members were appointed on February 5, 2013.

### ***ETHICS***

***David McCartney***

### ***MEMBERSHIP/OUTREACH LIAISON***

***Rosanne Walters***

### ***PROFESSIONAL DEVELOPMENT AND TRAINING***

***John Crawford /John Dumfries***

### ***NEWSLETTER***

***John Dumfries***

### ***SECRETARY***

***Carmen Wiechers***

### ***TREASURER***

***John Crawford***

### ***WEBSITE***

***John Dumfries/John Crawford***

## **President's Message**

The November 2013 Half Day Training Class was a success!

The board was thrilled with the response to this training session with a total of 57 attendees. Special thanks for the outreach efforts some of you provided as we had at least 20% attendees for whom this is their first training session with us.

The speakers provided a wealth of knowledge on their individual specialties from forensic CCTV evidence, anti - money laundering efforts, to security fraud investigations. The individual presentations for each of the speakers can be found in our website.

The AGM was conducted immediately after the training session and had strong CFE representation well above the needed quorum. A full board was passed by acclamation with six board members standing for re-election: John Crawford, John Dumfries, Latika Martins, David McCartney, Rosanne Walters, and yours truly. We also had three new additions to the board: Brian Ison, Jade Tien, and Steve Wilson.

Hope to see you all at our Christmas Luncheon on December 11, 2013 at 11:45am at the Terminal Club; you can register online on the events page on our website. This is purely a networking session where we can get together for a good Christmas cheer. We will have a 50/50 draw for the Covenant House and I encourage everyone to bring something for the gift exchange.



### **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](mailto:website@cfevancouver.com).

**Name:**

Professional Designation(s):

Title:

Company:

Address:

Telephone and Cell Phone #:

Email:

Website:

Specialty or Area(s) of Practice: \*

*\* For instance, Forensic Accounting, Risk Consulting, Investigation, Employment Law, etc.*

### **Website Job Postings**

We are offering a free posting to any companies who have at least one employee as a member of our chapter.

Check out the posting for a Field Investigator at WorkSafe BC. [www.worksafebc.com/careers](http://www.worksafebc.com/careers)

There is also a Forensic Accountant position at the Law Society of BC:

<http://www.lawsociety.bc.ca/page.cfm?cid=10&t=Careers>

To post a position, contact John Dumfries at [website@cfevancouver.com](mailto:website@cfevancouver.com).

### **President's Message Continued**

Thank you for your continued support of the Vancouver CFE Chapter. If you have any questions or comments, please feel free to contact me at [cwiechers@savers.com](mailto:cwiechers@savers.com)

On behalf of the board I want to wish you and your loved ones a wonderful Christmas and a prosperous New Year.

Carmen Wiechers, CFE  
President, Vancouver Chapter



### **Stay Connected with the ACFE Vancouver Chapter and fellow chapter members**

Chapter members and members of the public are able to connect with the ACFE Vancouver chapter via Twitter and LinkedIn. Find out about Professional Development events, job postings, network with fellow members and keep up to date with the latest fraud news. Keep checking the chapter's website for up to date content [www.cfevancouver.com](http://www.cfevancouver.com).

Twitter: [http://twitter.com/#!/ACFE\\_Vancouver](http://twitter.com/#!/ACFE_Vancouver)

LinkedIn: [http://www.linkedin.com/groups?gid=3964400&trk=hb\\_side\\_g](http://www.linkedin.com/groups?gid=3964400&trk=hb_side_g)



### **Upcoming events:**

#### ***ACFE Vancouver Chapter:***

#### **December 11th - Annual Christmas luncheon**

Time: 11:45am Registration

12:00pm to 1:30pm Luncheon

Where: Terminal City Club 837 West Hastings Vancouver

Cost: \$40 including GST for chapter members

\$50 including GST for guests and non-members

Features: Gift exchange, 50/50 prize draw and networking

Details & Registration: <http://cfevancouver.com/events>

The money raised in the 50/50 draw goes to the Covenant House.

For more information on Covenant House's services:

<http://www.covenanthousebc.org/services>

For more information on Covenant House's Statistics:

<http://www.covenanthousebc.org/about/statistics>



### **Justice Institute of BC:**

Refer to this link for Programs offered by the Justice

Institute of BC: <http://www.jibc.ca/programs-courses/programs-glance>

The following link refers to Degrees, Diplomas and

Certificates: <http://www.jibc.ca/programs-courses/degrees-diplomas-certificates>

### **Latest news from the BC Securities Commission:**

BCSC educates companies about BC's money raising rules:

[http://www.investright.org/news\\_post.aspx?id=1033&blogid=213](http://www.investright.org/news_post.aspx?id=1033&blogid=213)

BCSC issues warning about mining company:

[http://www.investright.org/news\\_post.aspx?id=1031&blogid=212](http://www.investright.org/news_post.aspx?id=1031&blogid=212)

BCSC alleges that mining analyst engaged in insider

trading: <http://www.bcsc.bc.ca/release.aspx?id=18634>

Use new CSA resources to "Check Before You Invest":

[http://www.investright.org/news\\_post.aspx?id=1022&blogid=213](http://www.investright.org/news_post.aspx?id=1022&blogid=213)

New InvestRight Guide gets down to the brass tacks of investing - See more at:

[http://www.investright.org/news\\_post.aspx?id=1020&blogid=213](http://www.investright.org/news_post.aspx?id=1020&blogid=213)

How to identify fraudsters:

<http://www.befraudaware.ca/identify-con-artists>

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

### **Stay connected with BCSC InvestRight:**

Subscriptions: <http://www.investright.org/subscriptions.aspx>

Facebook: <https://www.facebook.com/BCSCInvestRight>

YouTube:

<http://www.youtube.com/user/BCSCInvestRight?feature=watch>

Twitter: <https://twitter.com/bcscinvestright>

Mobile App: <http://www.befraudaware.ca/app>





**In the news:**

New SEC whistleblower report is available: <http://dodd-frank.com/sec-discloses-facts-in-2013-annual-whistleblower-report/>

Mass marketing fraud investigation: <http://www.rcmp-grc.gc.ca/qc/nouv-news/com-rel/2013/11/131119-eng.htm>

Madoff informed close associates of Ponzi scheme: <http://www.nydailynews.com/news/crime/madoff-employee-informed-ponzi-plans-article-1.1523021>

How investigators are tackling bitcoin fraud: <http://www.acfe.com/fraud-examiner.aspx?id=4294980488#.Uo5Ys7wVggw.twitter>

Bank of America hit with \$864 million fine for mortgage fraud : <http://business.time.com/2013/11/09/federal-prosecutors-hit-bank-of-america-with-864-million-fine/>

Infographic of the crooks behind identity theft: <http://blog.hotspotshield.com/2013/09/30/how-to-avoid-identity-theft/>

More than half of UK accountants think Bribery Act has failed: <http://www.accountancyage.com/aa/news/2308448/more-than-half-of-accountants-think-bribery-act-has-failed>

PharmaCare adds more auditors over concerns about millions lost to fraud: <http://www.vancouversun.com/PharmaCare+adds+more+auditors+over+concerns+about+millions+lost+fraud/9197716/story.html>

Affinity Fraud Thriving In U.S. Churches: <http://www.forbes.com/sites/walterpavlo/2013/11/18/fraud-thriving-in-u-s-churches-but-you-wouldnt-know-it/>

**In the news continued:**

More than half of Canadians fearful of becoming victim of ID theft this holiday shopping Season: <http://www.digitaljournal.com/pr/1606233>

Toronto police warn of fraudulent pardon company: <http://www.torontopolice.on.ca/newsreleases/28063>

'Audit roulette' leads to \$100M judgment: <http://nky.cincinnati.com/article/AB/20131120/NEWS0103/311200044>

CRA investigates tax treaty shopping: <http://www.theglobeandmail.com/report-on-business/international-business/cra-zeroes-in-on-tax-treaty-shopping/article15601055/?cmpid=rss1&click=dlvr.it>

Auditor General: Revenue Agency not prepared for increase in tax-haven cases: <http://www.vancouversun.com/business/Auditor+General+Revenue+Agency+prepared+increase+haven/9214154/story.html>

Company fined \$152.6 million for FCPA violations, \$100 million for trade sanctions: <http://www.fcpablog.com/blog/2013/11/26/weatherford-pays-1526-million-for-fcpa-violations-100-million.html>

Mobile security top priority for 2014: <http://www.bankinfosecurity.com/interviews/mobile-security-top-priority-for-2014-i-2105#.Upd8HegBrv4.twitter>

Bank inspector fraud targets seniors: <http://www.torontosun.com/2013/11/27/bank-inspector-fraud-targets-seniors>

Man arrested for defrauding clients: <http://www.torontopolice.on.ca/newsreleases/28089>



Below is a synopsis of the three presentations delivered at our half day training session on Nov 27<sup>th</sup> 2013.

### **David McKay – Digital Evidence Summary**

David McKay, presented on Nov 27<sup>th</sup> and the title of his presentation was Digital Evidence & Image Authentication

#### Types of Digital Evidence:

- Video Surveillance and CCTV
- Photographic images
- Cellular Phones
- Taxi Cameras
- Facebook postings and Twitter feeds

#### Issues with Digital Evidence:

- Quality – How clear and concise is the evidence to begin with?
- Perception – What is the evidence actually telling us?
- Reliance – How reliable and authentic is the evidence?

#### Legal Test for Video:

1. You must ensure that what has been recorded is a true and accurate depiction of the events
2. The video/images must be authentic and reliable
3. You must be able to produce an “original” recording  
\*If possible, or at least be able to prove to the court that what you have is an exact copy of the original.
4. You must maintain the integrity of the recording from collection until they are observed by the Trier of fact

### **Best Practices for Digital Evidence**

- Must ensure that the information is complete and unaltered from the time of acquisition until its final disposition
- Standardized methods should be employed for each and every case
- Document all processes undertaken

### **Forensic Video/Image Analysis**

- “Scientific examination, comparison and/or evaluation of video/Images in legal matters”
- Enhancement and clarification of video & photographic evidence
- Every video has a story – and video analysis just helps that story to be told
- Ensure the best evidence possible is being presented in court

Dave also discussed enhancement techniques such as Frame Averaging, Noise Reduction, Enlargement and Overlays.

Additionally, Dave explained authentication and common manipulation techniques of images as well as forensic tools to determine if images were in fact manipulated.

For more detailed information refer to:

[http://cfevancover.com/file/download/Nov27th\\_David\\_McKay.pdf](http://cfevancover.com/file/download/Nov27th_David_McKay.pdf)

Contact Dave McKay at 604.432.8238 or [david\\_mckay@bcit.ca](mailto:david_mckay@bcit.ca)



## **Chris Galloway - The Relationship between Money Laundering and Fraud**

It is common perception that money laundering is done with Hockey Bags, Gangsters & Casinos but in reality it is carried out by financial professionals, front companies (or trusts) & financial institutions.

### **Money Laundering Quick Facts**

- IMF: \$900 Billion to \$225 Trillion laundered worldwide every year (up to 5% of GDP)
- Canada: \$10 - \$55 Billion laundered depending on who you ask
- Figures do not include money laundering related to tax evasion

### **Financial Transactions and Reports Analysis Centre of Canada**

- Main role is to act as the federal financial intelligence agency for Canada
- Responsible for both providing law enforcement agencies with intelligence and compliance enforcement

### **Reporting Entities to FINTRAC**

- Banks Credit Unions
- Life Insurance Securities Dealers
- Real Estate
- BC Notaries
- Casinos
- Precious Metals
- Accountants (Note lawyers aren't required or car dealerships)

Fraud was the predicate crime in 33% for FINTRAC Cases 2011-12 as compared to Drugs and other sources.

### **Three common goals**

#### **Prevent, Detect and Respond**

##### *Mortgage Fraud/Grow Op*

- Mortgage obtained fraudulently so property can be used for grow op (often a coordinated effort)
- Loan can be paid using proceeds from crop (at least for a little while)
- Suspicious transaction monitoring can uncover fraud not detected in lending process

##### *Charity Fraud*

- Examples of fraudulent charities canvassing for donations that ends up in the hands of 'terrorists'
- Small charities often used to commit tax fraud (a predicate crime to money laundering)
- Need for reporting entities to identify unregistered charities as high risk

Chris also discussed how money laundering relates to Ponzi schemes and mass marketing schemes.

Chris concluded by discussing how anti-fraud and anti-money laundering professionals can combine their skills and collaborate to fight fraud.

For more information:

[http://cfevancouver.com/file/download/Nov27th\\_Chris\\_Galloway.pdf](http://cfevancouver.com/file/download/Nov27th_Chris_Galloway.pdf)

Contact Chris Galloway, National AML Specialist at:

604.730.5140 [cgalloway@central1.com](mailto:cgalloway@central1.com)



### Teresa Mitchell-Banks –Securities Fraud Investigations

Teresa presented on Securities Fraud Investigations:

BCSC is a government agency that is Industry funded from filing fees

- Regulates 28,000 salespersons & 6,000 public companies
- Investigates securities violations
- Conduct hearings and impose penalties
- Penalties go to an education fund

#### Most Common Complaints

- Unregistered Advisors
- Illegal Distributions
- Distribution of a security without complying with registration and prospectus requirements
- Misrepresentations
- Affinity and/or Ponzi
- Thefts Especially under direction

### CSA Investor Study on Fraud

More than one million Canadians defrauded during their lifetime

- 4% have been victimized by investment fraud
- 38% of Canadians have been approached with what they feel was a fraudulent investment opportunity
- 48% of BC residents approached for fraudulent investment

### CSA Investor Study on Fraud Continued

- 11% invested in a fraud
- 31% of fraud victims have been victimized more than once
- 14% invested more than \$25,000
- Average amount invested is \$7,634
- 91% of Canadians agree the impact of investment fraud can be as serious as the impact of violent crimes
- 68% strongly agree
- 70% of Canadians agree fraud artists get away with their crimes and even if they are caught they get off with a light sentence

Teresa then further explained the BCSC's enforcement division as well as its case assessment branch, investigations branch, criminal investigations branch, and litigation branch.

### Powers of Investigation

- Compel evidence
- Powers to Search Searches of securities industry offices during regular business hours
- Freeze Orders
- Cease Trade Orders

### Referrals to the Enforcement Division - General Inquiries

- Inquiries line – (604) 899-6854
- Website – [inquiries@bcsc.bc.ca](mailto:inquiries@bcsc.bc.ca)



Norm Grdina and John Crawford compare notes.



Teresa Mitchell Banks from BCSC discussing Securities Fraud Investigations.