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Vancouver Chapter Committees Committee members were appointed on December 15, 2010. 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
Dan Dalton**

PROFESSIONAL DEVELOPMENT AND TRAINING

**Margaret Woods
Rosanne Terhart
Martin Nicholls**

NEWSLETTER

John Dumfries

PAST PRESIDENT

Kim Marsh

RECORDING SECRETARY

Jean Michel

WEBSITE

Russ Lefler

PRESIDENT'S MESSAGE

Hello Vancouver CFE Chapter members!

I would like to extend our thanks to the 83 people who completed our Member Survey. The Survey provided the Board with valuable input to assist us in the planning of future Chapter events.

As always, the Vancouver CFE Chapter is committed to providing local and affordable options for CPE credits. The Member Survey revealed that there is a lot of interest in our annual training event and Survey respondents provided great suggestions for topics and speakers. We are currently planning our training day that will be held on May 25, 2011, more details to follow.

Please join us for lunch on March 23, 2011. Our speaker will be Inspector Brad Desmarais of the Vancouver Police Department. He will be speaking on the diversification of criminal activities relating to gangs and organized crime. Lately, as access to information is more readily available, organized crime groups are migrating away from the classic criminal activities into more sophisticated schemes. Being aware of these trends is not only important to us as fraud examiners, but also as citizens.

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 rterhart@deloitte.ca.

*Rosanne Terhart CA, CFE
President, Vancouver Chapter*



UPCOMING EVENTS

VANCOUVER CFE MONTHLY LUNCHEON

When: March 23, 2011

Time: 12:00 to 1:30 PM

Speaker:
Insp. Brad Desmarais

Topic:
Gangs & Diverging Criminal Markets

Where:
Terminal City Club,
837 West Hastings St.
Vancouver

Price:
Members - \$35
Guests - \$45
Contact Jean Michel to register today,
send email to: cfevancouver@yahoo.ca

Visa™ and MasterCard™ accepted.

VANCOUVER CFE CHAPTER FULL DAY SEMINAR (HALF DAY OPTIONAL)

When: May 25, 2011

Time: 8:30 to 4:30 PM

Speakers:
Mr. Michael Hewitt and TBA.

Topics:
Session #1 - Civil Fraud Litigation and
Professional Liability –
How to Advance Claims.

Session # 2 - Risk Management for
Investigative Professionals.

Other Sessions TBA

Where:
Terminal City Club,
837 West Hastings St.
Vancouver

Brad Desmarais' Bio

Inspector Desmarais joined the Vancouver Police Department in 1979. From that date to present, he has served as both a Vancouver Police Officer and as a member of the RCMP. As a member of the VPD, Inspector Desmarais worked in a variety of operational, administrative and investigative positions including Patrol, Emergency Child Abuse Unit (Car 86) and the Mental Health Unit (Car 87), Strike Force, Criminal Intelligence, and Proceeds of Crime. During this period Inspector Desmarais engaged in a number of peripheral projects including co-authoring the proposal and implementation of the VPD Post Critical Incident Trauma Team as well as the VPD Car 87 program.

Inspector Desmarais has developed expertise in a variety of investigative techniques including managing covert operations, large scale criminal project management and conducting foreign investigations. Further, Inspector Desmarais is an internationally acknowledged expert in money laundering and business systems associated to organized crime. Inspector Desmarais has traveled throughout the world delivering training on a variety of topics as well as undertaking transnational organized crime investigations.

Inspector Desmarais left the Vancouver Police Department in 2003 and joined the RCMP and subsequently promoted to Inspector and assigned as the Major Case Manager, and later Operations Officer, at the Integrated Proceeds of Crime Section, located at RCMP Headquarters in Vancouver. Inspector Desmarais was transferred to the Burnaby Detachment of the RCMP as the Operations Officer in 2007 where his span of control included sworn members and municipal employees assigned to General Duty (Patrol), Operational Communications Centre, Emergency Planning, four Community Police Offices and Traffic Services.



PD OPPORTUNITIES

UPCOMING WEBINAR

Uniform Fraudulent Transfer Act (UFTA): Recouping Fraud Losses

March 31, 2011 at 2:00 PM EDT

This webinar will describe how the UFTA may be used to enable the seizure of the separate personal property and real estate of various family members, assistants, and associates who become instruments of the scheme, often without understanding their own involvement.

[Fraud Prevention](#)

[Digital Forensics Tools & Techniques](#)

Arlington, VA **March 14 to 16, 2011**

[Introduction to Digital Forensics](#)

Portland, OR **March 21, 22, 2011**

[Building Your Fraud Examination Practice](#)

[Mortgage Fraud](#)

Chicago, IL **March 21 to 23, 2011**

22nd Annual ACFE Fraud Conference & Exhibition

San Diego, CA **June 12 to 17, 2011**

CANADA:

17th Annual Canadian Fraud Conference Toronto, ON

November 27 to 30, 2011

Upon returning to the Vancouver Police Department in 2009, Inspector Desmarais was assigned to the Gangs/Drugs Section as the Officer in Charge and oversaw a number of successful major gang-related investigations. Inspector Desmarais will take over command of the VPD Major Crime Section in May 2011.

Inspector Desmarais has received a FBI Director's Certificate of Recognition for leading a joint forces investigation into an organized crime group, as well as an RCMP Commissioner's Commendation and an RCMP Commanding Officer's Certificate of Appreciation for leading various complex organized crime investigations.

Gangs & Diverging Criminal Markets Introduction

Historically the term "street gang" suggested a collection of low level, unsophisticated thugs whose main source of income was drug dealing, but not any more.

Today's gang member is often a savvy criminal and a businessperson that is always on the lookout for high gain, low risk ventures in their quest for easy, untaxed money. A further challenge for police is the fact that gangs in the Lower Mainland of BC are unique in Canada, and possibly North America. The make-up of these criminal organizations, how they operate and their criminal business lines are unlike anywhere else. This results in local police having few road maps to follow, and where investigative innovation is the name of the game in bringing gang members to justice.

Inspector Desmarais will be discussing the current gang picture in the Lower Mainland, talking about what makes our gangsters unique and, most importantly, the diversification of criminal markets at all levels of organized crime in BC.



FIND A FRAUD EXAMINER

The Vancouver Chapter website www.cfevancouver.com 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 new feature of the website is a Jobs Posting page. 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 Russ Lefler at website@cfevancouver.com.

March Member's Profile

Martin Nicholls – Senior Investigator – Enforcement Division BCSC

Marty retired as a sergeant after a very rewarding 22-year career with the RCMP. He then worked for ICBC as a peace officer specialized in fraud investigation and internal theft investigations. Marty moved on to work as Senior Investigator at Market Regulation Services, a self-regulatory agency associated with the BCSC. Martin then joined the BC Securities Commission in 2004 as a Senior Investigator. When he joined the Securities Commission, he brought 26 years experience as a white-collar crime investigator with him. Marty is a Certified Fraud Examiner (CFE) and has qualified as a Canadian Risk Manager (CRM)

Marty currently works with the Criminal Enforcement Section of the Enforcement Branch of the BCSC. His main focus involves investigation of illegal distribution of securities, insider trading, and fraud against both individuals and the public markets.

Marty is currently serving as an ACFE Vancouver Chapter board member in the role of Vice President and is on the Professional Development committee.

IN THE NEWS

Social Media

Our recent ACFE Vancouver membership survey showed that only 39% of respondents use social media such as LinkedIn, Facebook or twitter. According to Adrienne Gonzalez's February 23, 2011 article on www.goingconcern.com, a survey of more than 500 accountants conducted by Sage indicates that 28% use LinkedIn, 19% are on Facebook and only 7% use Twitter. 43% of respondents don't use social media at all.

Mr. Norman Marks, in his article entitled "the Value of Social Media for Internal Auditors" in the July 2010 edition of The Internal Auditor magazine, states that he doesn't



use Facebook professionally just personally and privately. He uses LinkedIn “to ensure I can still reach people. I have also been able to use the search capability and reconnect with many old friends.” He states “LinkedIn is the #1 source recruiters use to find people”.

Mark Wardell’s Social Media and Accountants article in the September/October 2010 edition of the CGA magazine states that “LinkedIn is essentially a massive network of rolodexes”. He advises that “to be effective on LinkedIn, you need to invest a little time up front creating a comprehensive resume, including links to your website, blog, Twitter, and Facebook”. Furthermore, “A big part of the LinkedIn value proposition is showcasing your connections”. He also recommends that you keep your profile up to date.

The discussion boards on LinkedIn are a source of information for questions, comments, advice and share experiences.

Regarding Twitter, Mr. Marks advises the following:

1. Select “tweeps” who tweet on the topics you are interested in. People are basically doing the sifting through the news for you and letting you know what might be interesting.
2. The major news services offer Twitter feeds so you can get breaking news, whether general, business, sporting or other news
3. Your company may have official and unofficial representatives on Twitter. You should consider following to see what they say.
4. Consider using the search capability to see what others are saying about your organization. It might give you some interesting insights into employee morale, customer concerns, and other risk-related information

Mr. Wardell states that Twitter “ is most effective for people who have a website and/or blog and an abundance of fresh content to share. It’s a great way to broadcast

pieces of information to your audience and encourage them to seek out your website, blog podcast, or other platforms like Facebook.”

Mr. Wardell summarizes that “the upside of these three social networking sites is that they’ve all reached critical mass, they’re free and the don’t appear to be going away anytime soon”. He concludes that “if you’re having a difficult time grasping the social concept, just think of it as marketing meets online professional networking”.

Cloud Computing

According to searchcloudcomputing.com, “*Cloud computing*” is a general term for anything that involves delivering hosted services over the Internet. The main service is called Software-as-a-Service (SaaS). The name cloud computing was inspired by the cloud symbol that’s often used to represent the Internet in flowcharts and diagrams. In other words, it’s a virtualization of hard copy financial records stored by a third party.

Kimberly Hogan, business development manager for ScanSnap sales at Fujitsu, and Taylor MacDonald, vice president of channels at Intacct Corp., make a compelling case for cloud computing at accountingtoday.com. The following is a list of their 7 benefits of cloud computing:

- 1. Increased Collaboration and Sharing.** One of the best selling points of SaaS is the ability to share documents, or, more importantly to the accounting profession, share information.
- 2. IT Infrastructure Goes Away.** Servers located in a closet within a firm or organization will become as much of a relic as the fax machine. A cloud-based document management system reduces energy costs, avoids technology obsolescence and reduces the support burden on the IT staff.
- 3. Accessibility of Documents.** This is the crux of the always-on, always-available model. It can be the middle of the night in the northernmost region of Canada, and you



could still access any document as long as you have an Internet connection. Just think of the benefits for staff who work in the field or cloud commute.

4. Scan, Capture and Populate. Scanners still capture the data, but now are used in what's become commonly known as a "scan-and-populate" process. Information loads into fields within accounting and tax systems to enable smoother workflow processes. This eliminates redundancy of data capture and offers a much more productive work environment.

5. Improved Compliance. SaaS means fewer people will handle specific information because it lives in the cloud, not on a desktop. Information is more readily available, for example, to accounting regulators and the IRS because it can be shared online.

6. Happier Clients. Because fewer errors will be made in managing the data, the risk to clients decreases while the quality of work increases. An online document management system reduces the need for paper.

7. KISS: Keep it Simple (and) Simple.

Trade shows, demos and webinars may be good ways to see SaaS at work. But Hogan and MacDonald argue it needs to begin with "a commitment to want to change."

As published in CPA Treadlines and created by *Scott Gregory, QuickBooks Specialist and CPA*, betterbottomline.com the following are a list of seven tough questions to ask cloud vendors:

1. What is your service level agreement (or SLA for short)? What happens if you don't meet it? Find out what happens when they are down.

2. Do you have a disaster recovery (business continuity) plan?

3. Can you provide documentation of your uptime for this year and last year? Or asked another way, can you provide documentation of your outages?

4. How do you communicate problems, outages, and fixes to your customers?

5. How are backups implemented and how long is my data kept?

6. Who has access to my data and/or the hardware on which it is running?

7. How is redundancy implemented within your environment? Do you have spare disk drives, servers, power supplies, Internet circuits?

DID YOU KNOW?

The phrase 'The buck stops here' has nothing to do with money. It refers to an old poker game practice of passing a Buck knife around the table to keep track of who the dealer was.

Submitted by Martin Nicholls

BOOKS ABOUT WHITE-COLLAR CROOKS

Who knew that naked short selling of shares has been around as long as stock exchanges. According to *History of Greed* by David E.Y. Sarna, the first recorded naked short selling occurred in 1609 on the Netherlands Stock Exchange. Other market manipulations include the Tulip Bulb Scandal (some consider it the first Ponzi scheme although it was 283 years before Charles Ponzi) in 1636 & 1637 and the Mississippi Company scandal of France in 1717. The *History of Greed* also contains other informative tidbits such as that like the Madoff ponzi scheme, the SEC was also informed of Stanford's \$7 billion ponzi scheme and did not follow up on 4 preliminary investigations.

History of Greed, which is available at the ACFE online bookstore, also mentions Auction Rate Securities, estimated to be a \$330 billion fraud. It is considered a fraud since investors were led to believe that these ARS were as liquid as cash and money market funds. When the secondary market (the auction) dried up, investors saw



their interest that they were being paid slashed to next to nothing and the maturity dates being postponed.

Mr. Philip Trupp, a victim of the Auction Rate Securities fraud, reports on his efforts and other ARS victims to get their money back in his book "Ruthless".

Find out more by reading:

History of Greed by David E.Sarna

John Wiley & Sons, Inc. Hoboken, New Jersey 2010

Ruthless: How enraged investors reclaimed their investments and beat Wall Street by Philip Trupp

John Wiley & Sons, Inc. Hoboken, New Jersey 2010