



Vancouver Chapter

CONTACT NUMBERS FOR THE 2007 BOARD

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|-------------------|--------------|
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VANCOUVER CHAPTER COMMITTEES

ETHICS

David Connop

MEMBERSHIP/OUTREACH LIAISON

Adrienne Fairburn

Carmen Wiechers

NEWSLETTER

Pat McDowell

Russ Lefler

PROFESSIONAL DEVELOPMENT AND TRAINING

Colin Parcher

Jim Blatchford

Dean Davison

Keena Hicken-Gaberria

WEBSITE

Pat McDowell

Agnes Lee

MEMBERSHIP

Membership in the Vancouver Chapter of the Association of Certified Fraud Examiners is broken down into three main categories: CFE, Non-CFE and Student.

Current membership fees are \$65 plus GST for a total of \$68.90, and \$26.50 for Students.

For details and an application form, please contact Jean Michel at

cfevancouver@yahoo.ca

PRESIDENT'S REPORT

I know I am supposed to be writing about the Chapter and all the great things we are doing, but I feel like writing about the weather and how awful it has been, but I guess that is old news.

We had a great turn out for the January lunch to hear Fabian Dawson the Deputy Editor of the Vancouver Sun speak on his award winning story "Abandoned Brides – Canada's Shame". Unfortunately for the first time since I have been with the chapter we had technical problems – or in layman's terms, Fabian's Mac computer and his photo program were not compatible with the Chapter's PowerPoint projector. None-the-less Fabian did a fantastic job without the aid of his photographs.



We have some very good lunch speakers waiting in the wings. These include Federal Bureau of Investigation Special Agent Gerald F. Downes the Assistant Legal Attaché U.S. Consulate in Vancouver and Lynda Pasacreta the new President and CEO of the Vancouver Better Business Bureau. See Lynda's Biography on page 3 of this newsletter for more information on this month's speaker.

I have been actively promoting for the past while the fact that we are hosting the 2nd Annual ACFE/IIA Joint Fraud Conference on March 7 & 8, 2007. Well I am pleased to say that the full information package along with the registration package is now linked to our website.

You are strongly encouraged to register early. With the lead prosecutor from the Enron Case as our feature speaker the interest and registration to date have been outstanding.

The Chapter is also pleased to announce that we will soon have the ability for the members to pay for their membership, lunches and Chapter hosted training with either Visa or MasterCard. This includes the March 7/8th Joint Conference.

On January 25, 2007 the board held a planning session to look at what we accomplished in 2006 and if we met our goals. As well; we set new goals for 2007 and dealt with a number of other issues that we do not have the time in the one hour board meetings prior to the lunches.

Of interest to the membership will be the classification of membership. In the past we have had two categories of members – CFE's and Associates. The problem was that this created confusion as the World Headquarters in Austin has CFE's and Associates who get some extra benefits that a Chapter Associate does not get.

You can obtain additional information on the benefits of ACFE Associate membership at <http://www.acfe.com/Membership/benefits.asp>.

The Chapter has agreed to host a booth at the 2007 Canadian Conference in Toronto to promote the 2008 Conference in Vancouver. Austin is waiving the cost of the booth and the Chapter will staff the booth and have promotional material promoting the Vancouver event.

The Board also got to preview the new Chapter website. Pat McDowell has done a fantastic job with our web designer.

Continued on page 2 ►

UPCOMING EVENTS

THE SECOND ANNUAL JOINT

ACFE/IIA FRAUD CONFERENCE

March 7 & 8, 2007

Featuring **John Hueston** - Lead Prosecutor of the Enron case speaking of warning flags that were ignored, and more.

...and many more interesting speakers.

The Empire Landmark Hotel
1400 Robson Street
Vancouver BC
604.687.0511

\$89 per night...*tell them who sent you!*

Go to our website at www.cfevancouver.com to see the brochure and registration form. **We also have the registration form on the last page of this newsletter.**

For a Word™ version of the registration form, please email cfevancouver@yahoo.com.

Registration deadline February 23rd!!!

MONTHLY LUNCHEONS:

We are well into another fantastic year of educational and interesting luncheons on the 4th Wednesday of every month at the Hornby Banquet Centre.

Come for the networking opportunities as well as the CPE and the food.

Contact Jean Michel at cfevancouver@yahoo.ca to register, please enter 'luncheon' in the subject line.

NEXT LUNCHEON:

When: February 28th, 2007

Time: noon

Speaker: Lynda Pasacreta *

President & CEO of the Better Business Bureau

Where: Hornby Banquet Centre, 595 Hornby St, Vancouver

Cost: \$20 - members/ students, \$30 - non-members/guests

Contact Jean Michel today to book your spot at cfevancouver@yahoo.ca

* See Ms. Pasacreta's bio on page 3.

MEMBER PROFILE

FRED LEIBEL

Fred Leibel served 26 years with the RCMP at a variety of postings throughout British Columbia and the Northwest Territories. His duties included both uniform and plainclothes positions.

He retired from the RCMP in 1999 as a Sergeant in the Internal Affairs Unit. Fred then worked with the Insurance Corporation of British Columbia in the Special Investigations Unit. Here he conducted fraud and internal investigations.

In 2003 Fred began working for WorkSafe BC as a fraud investigator. He continues to work in this role at the Richmond WorkSafe BC office. Fred received his CFE designation in November 2006. ■



PRESIDENT'S REPORT (CONT'D)

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I encourage you to check it out at www.cfevancouver.com. You will find the newsletters, future events including the joint fraud conference, membership categories, and Find a Fraud Examiner.

In closing I would like to remind the CFE's to enter their professional development hours at www.acfe.com. You are required to have 20 hours of professional development each year. The certified compliance was required by January 31, 2007.

I encourage all of those who have not yet renewed their Chapter membership to do so soon, also you should encourage a friend or colleague to join too.

Remember attending the luncheon with a friend is a great way to introduce them to the chapter. ■

Colin Parcher CFE President, Vancouver Chapter ACFE

RECENT FRAUD FINDINGS

FRIDAY THE 13TH UNLUCKY FOR BUSINESSMAN CONVICTED OF GST FRAUD

West Vancouver businessman, Samir Fawaz, was sentenced Friday October 13th, after pleading guilty to one count of Goods and Service Tax (GST) fraud in Robson Square Provincial Court on September 12, 2005. He was fined \$82,537, an amount equal to 100% of the refunds he fraudulently sought and obtained. In addition to the fine, Fawaz received a conditional sentence of 12 months which includes six months house arrest and requires Fawaz to file his GST returns with the Canada Revenue Agency (CRA) should he conduct business during the term of his sentence.

A CRA investigation revealed the former taxi driver entered into a number of leasing agreements with a Coquitlam taxi company during the mid-1990s. The lease agreements lapsed in 1994-1995. However, over a three-year period, from January 1997 to December 1999, Fawaz personally prepared and filed monthly GST returns claiming input tax credits for expenses related to the lease of taxis and for gas expenses for those taxis. CRA investigators also found that Fawaz used his knowledge of the taxi industry to defraud the government of \$82,537 in GST refunds by falsifying records to substantiate his returns. Many of the drivers listed in his records were real and former acquaintances of Fawaz from when he did drive taxis.

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UPCOMING EVENTS

THE 13TH ANNUAL ACFE CANADIAN FRAUD CONFERENCE AND EXHIBITION

May 9 – 11, 2006

Toronto

Advance your fraud fighting knowledge by choosing from 15+ informative workshop sessions to attend. New practitioners and experienced professionals alike will find opportunities to enhance knowledge expand capabilities and learn new skills.

- Educational sessions including topics regarding challenges, trends and resolution to different fraud scenarios.
- Dedicated networking time to meet with colleagues from all over Canada.
- The sharpest professional minds will be there — take advantage of this unique opportunity to tap into their knowledge!

Conference Pricing

Early Registration Price:

Member: CAD 695

Non-Member: CAD 895

Cut-Off Date: March 21, 2007

Regular Price:

Member: CAD 895

Non-Member: CAD 995

For more information call:

1 800 245 3321 or register online at:

www.ACFE.com .

CFE CHAPTER WEBSITE

I would like to thank Colin Parcher for his kind words about the new website in this month's President's Report.

While the website is mostly up and running, there are still a couple of bugs we are working on. For instance:

- ❖ Most of the email addresses that are ...@cfevancouver.com are still not working.
- ❖ The Joint IIA/ACFE Fraud Conference Brochure is available for viewing but for some reason won't print.
- ❖ Our Events and Activities page is not yet working as we would like

Please let us know if you find anything else that is not working properly, and thank you for your patience ■

Pat McDowell CFE

FEBRUARY SPEAKER BIO

LYNDA PASACRETA – PRESIDENT AND CEO OF THE BETTER BUSINESS BUREAU OF MAINLAND BC



Ms. Pasacreta has been very involved in the BC real estate market as the former CEO of the BC Apartment Owners and Managers Association. She maintained a high profile through government lobbying, media relations, education initiatives and membership growth prior to joining the Better Business Bureau.

She has also been very involved in community work with fundraising efforts for organizations such as Covenant House and Canuck Place, A Hospice for Children. Her involvement also extends to participating as a director with CHIMO Crisis Services, Richmond BC and as a director with a foundation that provides housing to people in need.

"I'm thrilled to begin this new adventure with the Better Business Bureau," said Ms. Pasacreta. "I've got a great team to support me, a very involved board of directors and I'm looking forward to bringing more value to BBB membership."

Consumer education is high on her list to ensure that the most vulnerable people are protected, consumers continue to have trust in the marketplace and that companies with ethical business practices are recognized.

Over the next few months, Ms. Pasacreta will be meeting with media and other key organizations to promote the message to consumers to "check with the BBB first" and to always ask a business if they are a member of the Better Business Bureau before committing to a major purchase or service. ■

RECENT FRAUD FINDINGS (continued)

◀Continued from page 2

An important element of the GST is the provision of Input Tax Credits that allow businesses to claim a refund for the amount of GST they pay. The overwhelming majority of Canadians and businesses comply with the GST remittance process. However, when individuals or corporations are convicted of GST fraud, in addition to any fines imposed by the court, they are obligated to repay the GST plus interest owed, as well as any civil penalties that the CRA has assessed.

"Canadians have to be confident that the tax system is fair," said Michel Dorais, Commissioner of the Canada Revenue Agency. "That's why the Agency works to ensure that the vast majority of Canadians who pay their taxes are not penalized by the few who don't." ■

The information in this news release was obtained from the court records.

PRIME BANKNOTE FRAUD

International fraud artists have invented an investment scheme that offers extremely high yields in a relatively short period of time. In this scheme, they purport to have access to "bank guarantees" which they can buy at a discount and sell at a premium. By reselling the "bank guarantees" several times, they claim to be able to produce exceptional returns on investment.

For example, if \$10 million worth of "bank guarantees" can be sold at a two percent profit on ten separate occasions, or "traunches," the seller would receive a 20

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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. See www.cfevancouver.com

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

Please provide the following info:

Name:

Professional Designation(s):

Address:

City:

Telephone #:

E-mail:

Website:

Specialty or Area of Practice: for instance, Forensic Accounting, Risk Consulting, Investigation, Employment Law, etc.

MEMBERSHIP

Membership in the ACFE and Vancouver Chapter is a fabulous way to support your career as an anti-fraud professional.

We can help you:

- ❖ enter the Anti-Fraud profession, with CFE accreditation,
- ❖ excel by providing continuing education, training and help keep you informed,
- ❖ advance your career by providing a place to network with your peers and maybe even find a mentor,
- ❖ share your knowledge with others, and
- ❖ build your practice.

For more information about membership and a downloadable application form, please go to www.cfevancouver.com and/or www.acfe.com ■

RECENT FRAUD NEWS



◀Continued from previous page

percent profit. Such a scheme is often referred to as a "roll program."

To make their schemes more enticing, con artists often refer to the "guarantees" as being issued by the world's "Prime Banks," hence the term "Prime Bank Guarantees." Other official sounding terms are also used such as "Prime Bank Notes" and "Prime Bank Debentures."

Legal documents associated with such schemes often require the victim to enter into nondisclosure and non-circumvention agreements, offer returns on investment in "a year and a day", and claim to use forms required by the International Chamber of Commerce (ICC). In fact, the ICC has issued a warning to all potential investors that no such investments exist. The purpose of these frauds is generally to encourage the victim to send money to a foreign bank where it is eventually transferred to an off-shore account that is in the control of the con artist. From there, the victim's money is used for the perpetrator's personal expenses or is laundered in an effort to make it disappear.

While foreign banks use instruments called "bank guarantees" in the same manner that U.S. banks use letters of credit to insure payment for goods in international trade, such bank guarantees are never traded or sold on any kind of market. ■

www.fbi.gov

Task Force Gordian breaks up Asian crime syndicates

AN AUSTRALIAN police taskforce has uncovered and split up a major South-East Asian crime syndicate suspected of laundering more than \$93 million.

The taskforce says it has disrupted the activities of over six separate syndicates as part of an operation it has been running since March 2005. Over a period of three weeks in October, 57 people were arrested and charged with a range of money laundering and drug-related offences.

Task Force Gordian follows an earlier Australian Crime Commission investigation into Asian crime syndicates in 2003, which revealed the involvement of accountants, financial advisers, money remitters, electronic transfers and human couriers in laundering the proceeds of crime. Vietnam Airlines was implicated in the current crackdown, after the Melbourne Magistrates Court was told one of the airline's pilots had been arrested for his role in the alleged scheme. The court heard the airline had carried more than \$10 million in laundered funds since July 2005.

Accounting Fraud Convictions

Four former executives of network [infrastructure](#) company Enterasys Networks were convicted by a federal jury on charges of accounting fraud, the U.S. Department of Justice said on Wednesday.

Former Enterasys Chief Financial Officer Robert Gagalis as well as finance and development executives Bruce Kay, Robert Barber and Hor Chong Boey were convicted after a five-week trial in Concord, New Hampshire, the department said.

The convictions stem from charges the four helped falsely inflate Enterasys revenue, beginning in the summer of 2001, to bolster the [networking](#) company's stock price.

Gagalis and Kay are due to be sentenced on March 21, with the other two defendants to be sentenced on March 22. Enterasys was purchased by two private equity firms earlier this year.

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PD OPPORTUNITIES

CANADA

2ND ANNUAL JOINT IIA/ACFE FRAUD TRAINING, 2007:

Vancouver March 7-8, 2007

13TH ANNUAL ACFE CANADIAN FRAUD CONFERENCE

Toronto May 2007

U.S. & INTERNATIONAL LOCATIONS:

NEW! INTRODUCTION TO DIGITAL FORENSICS

Las Vegas February 2007

CONDUCTING INTERNAL INVESTIGATIONS

Washington DC February 2007

HOW TO TESTIFY

Atlanta March 2007

FRAUD PREVENTION AND FINANCIAL STATEMENT FRAUD

Chicago March 2007

INVESTIGATING BY COMPUTER

Ft Lauderdale May 2007

NEW! INTERVIEWING TECHNIQS FOR AUDITORS: ELICITING INFORMATION

Baltimore June 2007

CFE EXAM PREPARATION – go to

<http://www.acfe.com/membership/become.asp> for details.

For more information see the ACFE Website at: www.acfe.com

CPE COMPLIANCE

We want to remind everyone that the CPE compliance deadline was January 31, 2007.

Jean Michel has sent out the CPE hours earned by CFEs who have attended the Chapter PD sessions throughout the year. If you haven't received yours, please contact her at cfevancouver@yahoo.ca.

It couldn't be easier to update your records, simply sign on to the member section of www.acfe.com and record your compliance.

Remember we are required to earn at least 20 CPE hours per year, at least half of which must be fraud related.

RECENT FRAUD NEWS

◀ Continued from page 4.



JOINT US CANADIAN INVESTIGATION LEADS TO ARREST OF COUPLE ACCUSED OF DEFRAUDING ELDERLY WITH BOGUS CREDIT PROTECTION PLAN

A Canadian couple has been arrested on federal fraud charges for allegedly bilking elderly victims across the United States by using telemarketers who sold bogus credit card protection plans, announced J. Stephen Tidwell, Assistant Director in Charge of the FBI in Los Angeles, and Superintendent Gordon McRae of the Royal Canadian Mounted Police.

Mark Eldon Wilson, 45, and Carrie Hope, 31, of Kelowna, British Columbia, were arrested Monday without incident by officers with the Royal Canadian Mounted Police. Wilson and Hope were being held in the custody of Canadian law enforcement.

The couple was charged in an indictment with wire fraud, mail fraud and telemarketing fraud against the elderly. The indictment is part the result of an investigation by the Project Emptor Task Force, which focuses on cross-border scams in Canada and the United States.

According to the indictment filed in United States District Court in Los Angeles, Wilson and Hope ran a telemarketing scheme from 1998 through early 2001 in White Rock, British Columbia. Doing business as American Fraud Watch Services and Debt Service International, Wilson and Hope hired telemarketers to sell fraudulent credit card protection programs to customers in Los Angeles and across the United States.

As part of the sales pitch, the telemarketers falsely told victims that they were affiliated with their credit card companies. Using scripts written and approved by Wilson, they advised victims that for a fee of up to \$299 they would receive protection from fraudulent charges on their credit cars. The telemarketers failed to tell victims that United States law limits liability to \$50 if a credit card is fraudulently used. The telemarketers instructed victims to read their card numbers for verification purposes, which enabled the defendants to charge the fee to the credit cards, even if the victims had not give authorization. Authorities estimate that the scheme took in more than \$10 million from thousands of victims.

The United States has requested the extradition of Wilson and Hope from Canada. This case was investigated by the Project Emptor Task Force in British Columbia. The Task Force focuses on cross-border scams, including bogus lottery sweepstakes, bond scams and credit card protection schemes. Participating agencies include the FBI, the United States Attorney's Office in Los Angeles, the Royal Canadian Mounted Police, the United States Postal Inspection Service, the Federal Trade Commission, the Canadian Border Services Agency, the Canadian Competition Bureau and the British Columbia Consumer Protection Authority.

The FBI, in partnership with the Royal Canadian Mounted Police, has teamed up to address the growing crime problem of cross border-fraud by teaching consumers how to recognize and avoid becoming victimized by telemarketers, spam e-mailers and misleading advertisers. The federal government estimates that these types of fraud schemes cost consumers billions of dollars per year.

In recent years, the Task Force has obtained more than 40 indictments and has convicted dozens of defendant on charges ranging from wire fraud, mail fraud, mailing materials related to lotteries and telemarketing fraud against the elderly. The arrests have taken place in British Columbia, Alberta, Montreal, Nigeria and the United States. Furthermore, the Task Force works with Canadian civil investigators and Canadian law enforcement to seize telemarketers' assets, including bank accounts, property and luxury vehicles. The Federal Trade Commission works with the Project Emptor Task Force to return victims' funds seized in Canada and the United States. ■

PSST...See you at the luncheon on February 28th...bring a friend!

IIA / ACFE 2nd Annual Fraud Conference March 7 & 8, 2007



REGISTRATION FORM

Register by contacting Jean Michel
Email: cfevancouver@yahoo.ca

There are only two options available this year; a **two day registration** and a **one day registration**. Due to the demand this year we will hold the one day registrations until the registration deadline then available spaces will be allocated to the one day registrations in the order received.

| Name | Organization | Email | Telephone | CFE/IIA Member (Y/N) | Two Day (✓) | One Day (✓) |
|------|--------------|-------|-----------|----------------------|-------------|-------------|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |

Registration Deadline: February 23, 2007. No refunds or cancellations after this date. **Please advise of any dietary requirements.**

| Type | Two day Cost | One day Cost | Two day Reg. # | One Day Reg. # | Total Payment |
|-----------------------------------|--------------|--------------|----------------|----------------|---------------|
| CFE / IIA Member | \$ 400 | \$ 250 | | | \$ |
| Non-Member | \$ 475 | \$ 300 | | | \$ |
| Student (Full time students only) | \$ 350 | \$ 200 | | | \$ |
| Note: Fees include GST | | | | | \$ |

Cancellations: a full refund will be made for cancellations received in writing by February 23, 2007.

Confirmed reservations not cancelled within 4 days of the start of the conference will be billed at full rate. Substitutions will be accepted up to and including the date of the conference.

Make Cheques payable to: ACFE / IIA Joint Conference

and mail to: ACFE – Vancouver Chapter, PO Box 48751 Bentall Centre, Vancouver, BC V7X 1A6

Credit Card Payments: MC Visa

| | |
|---------------------|--------------------|
| Credit Card Number: | Expiry date: mm/yy |
| Name on Card: | Signature: |

For further information on the event contact: Jean Michel (cfevancouver@yahoo.ca) or Colin Parcher 604-953-5232 or 604-603-8500.

Room Rates: \$89.00/night (mention the IIA/CFE Fraud Conference) — for reservations telephone the hotel — 604.687.0511