



Vancouver Chapter

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Linda Murray	250 390 0114
Jean Michel	604 682 1562

VANCOUVER CHAPTER COMMITTEES

Following are the Chairs and committee members for each committee:

ETHICS

Jim Blatchford

MEMBERSHIP/OUTREACH LIAISON

Dean Davison
Jim Blatchford
Jo Orton

NEWSLETTER

Pat McDowell
Russ Lefler

PROFESSIONAL DEVELOPMENT AND TRAINING

Kim Marsh
Colin Parcher

WEBSITE

Russ Lefler
Pat McDowell

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.

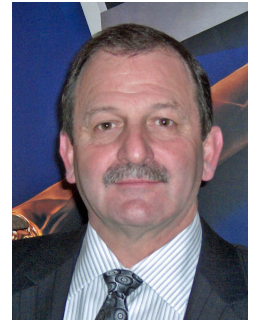
Contact the committee chair directly or send an email to

info@cfevancouver.com

PRESIDENT'S REPORT

“Success brings Success”

Over the past few years the Vancouver Chapter has been very successful in its various undertakings. This includes but is not limited to our Wayne McIlroy Memorial Scholarship; our participation in college career fairs; the joint IIA/ACFE fraud conference; and the 2008 Canadian Fraud Conference.



What these successful endeavors have translated into is the fact that our chapter having the largest membership ever. During the 2008 board planning session we set our goal for increasing membership at 150, which we achieved and have now have over 160 chapter members. Achieving these numbers is a credit to the entire board who regularly promote the ACFE, the CFE designation, and membership in the Vancouver Chapter.

Our challenge will now be to have everyone renew their membership as we continue to encourage others to join the chapter. You will be getting a notification for renewal in early September and I encourage you to get your renewal in promptly as we are working on several draws for those who are renewed by a certain date which is to be determined at our next board meeting which will be on June 25th prior to the monthly luncheon. More information on this luncheon and the speaker is found elsewhere within this news letter.

While the June luncheon will be our last before the two month summer break, the board has a number of initiatives that we will be continuing with during this time. These include continuing with our ongoing membership drive and the commencement of the planning for the Joint ACFE/IIA 2009 fraud conference to be held next spring. Additionally I will be going to Boston to the ACFE Annual Conference in July and will attend the Chapter Representatives meetings while there.

In the last newsletter I asked for membership input on topics or speakers that you would like to see brought in to either the joint conference and/or a luncheon session. Suggestions may well include past speakers, who we may wish to invite back.

In conclusion, on behalf of the board I would thank you for your continued support and wish each of you a safe summer. We look forward to your continued involvement with the chapter and seeing you in September. ■

*Colin G Parcher CFE
President, Vancouver Chapter*



UPCOMING EVENTS

MONTHLY LUNCHEON

Our monthly luncheons are held, unless otherwise indicated, on the fourth Wednesday of each month. The Hornby Banquet Centre is above the Keg at Hornby and Dunsmuir, on the 3rd floor.

When: Wednesday, June 25, 2008

Time: 12:00 Noon

Speaker: Parvine Khunkhun,
Compliance Officer
FINTRAC

Topic: **Bill C25**- an overview of highlights (current state of money laundering and terrorist financing in Canada.)

Where: Hornby Banquet Centre
595 Hornby Street,
Vancouver

Price: \$20 members and students,
\$30 for non-members

Contact Jean Michel to register today:

luncheon@cfevancouver.com

Visa™ and MasterCard™ accepted.

Remember to mark your calendars on November 26th, 2008 for our annual Half day Training and Annual General Meeting.

A positive attitude may not solve all your problems, but it will annoy enough people to make it worth the effort.

Herm Albright 1876-1944

LET'S ALL INVITE A FRIEND OR COLLEAGUE TO THE NEXT LUNCHEON IN JUNE!

NEW MEMBER'S BIOGRAPHY

Daniel Laflèche, CA, CFE

I recently returned to Vancouver from a two and a half year secondment in Toronto working with Grant Thornton LLP's CEO and executive team and working as the firm's National Director of Knowledge Management. Upon my return I joined the ACFE and obtained the CFE designation in May 2008. Working with colleagues in Vancouver, and across the country, I focus on fraud investigations and forensic accounting.

My early career with Grant Thornton LLP had me providing audit services for many years to a variety of sectors, with a focus on IT intensive organizations, like financial institutions. I left financial statement auditing to pursue a program at UBC for Electronic Business and focused on IT consulting and systems design, development and project management. A few years later, combining IT skills and my previous audit skills, I studied for and passed the CISA examination and provided IT focused internal audits to financial institutions, and other organizations.

I am happy to be back in Vancouver and I am looking forward to extending my career in fraud examinations, meeting people in the Vancouver CFE community, and spending time with my little daughter introducing her to mountains, the ocean and how to operate an umbrella (to shield her from the sun – of course). ■

Editor's Note: While Daniel provided a very fetching picture of himself for this column, we were unable to find a way to copy it to the newsletter. If possible we will publish it next edition.

MAY SPEAKER'S SUMMARY

Maritime Fraud

Our thanks again to Andrew Mayer, Bernard & Partners, solicitors in maritime law.

What is maritime law? It is not simply the law of the Maritimes. Maritime law is a broad area which basically deals with anything wet.

Examples: navigation, shipping, transportation of passengers and goods, pollution, use and charter of vessels, smuggling, piracy (illegal detention of goods or passengers), deviation fraud (illegal movement of cargo), insurance fraud (coverage and claims issues), bill of lading fraud (carriage of goods), charterparty (contract between owner and user of vessel) fraud, etc.

Is piracy a part of fraud? Piracy is generally considered to be a robbery unless the cargo is sold or the vessel is used for other purposes or sold, in which case there could be elements of fraud. Although piracy tends to occur in or near political or economic transition countries, Canada is among countries who act as middlemen and the goods or vessels often come through our ports. Piracy is quite common (1,567 acts reported over the past 15 years, with 3 major incidents in May 08). It comes within the jurisdiction of the federal government and also international conventions. Ex. Alondra Rainbow

Insurance contracts (general and maritime) require full disclosure and the utmost good faith or they are void from the start or coverage is denied. Scuttling cases can be particularly difficult. In the absence of a reasonable explanation, the onus shifts to the owner and the court can consider circumstantial evidence. Cases are generally heard in Federal Court of Canada. Ex. Panache IV.

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PD OPPORTUNITIES

USA

SPOKANE ANNUAL 2 DAY FRAUD CONFERENCE, NOVEMBER 13-14, 2008. Go to www.spokanefraud.org or www.cfevancouver.com for more details.

19th ANNUAL ACFE FRAUD CONFERENCE AND EXHIBITION
Boston MA July 13-18, 2008

FRAUD PREVENTION / E-FRAUD
Philadelphia PA August 4-6, 2008

PROFESSIONAL INTERVIEWING SKILLS
Portland OR August 11-12, 2008

ADVANCED COMPUTER-AIDED FRAUD PREVENTION & DETECTION
Columbia SC August 18-19, 2008

CFE EXAM REVIEW COURSE
Washington DC August 18-21, 2008

ADVANCED FRAUD EXAMINATION TECHNIQUES
Austin TX September 8-10, 2008

MORTGAGE FRAUD
Chicago IL September 11-12, 2008

FINANCIAL STATEMENT FRAUD
Albany NY September 15-16, 2008

PRINCIPLES OF FRAUD EXAMINATION
Toronto ON September 15-18, 2008

AUDITING FOR INTERNAL FRAUD
Detroit MI September 18-19, 2008

Go to the main ACFE website for details and registration for these and other extensive training opportunities.
www.acfe.com

WE HAVE RECENTLY HAD A COMPLAINT THAT THE INFORMATION ON THE "FIND A FRAUD EXAMINER" webpage is not up to date. Check your entry and contact website@cfevancouver.com to have a correction made.

MAY SPEAKER SUMMARY

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How to avoid being the victim of maritime fraud: know and investigate carriers of cargo through Baltic & International Maritime Counsel, Lloyd's of London, Fairplay, Jane's, a cargo agent, broker, etc. Check the ISO designation. Do you need a bill of lading (which is negotiable upon delivery) or is there a safer way to arrange payment.

Maritime law includes some unusual remedies: (1) **power of arrest** ie. if your cargo is loaded onto the wrong ship or taken you can arrest the vessel or cargo and there are remedies in BC Supreme Court and similar remedies in many other countries. You only have to show an arguable case and do not need to show imminent risk of removal; (2) **Mareva Injunction** which restrains removal of the vessel from the jurisdiction and is harder to get than arrest since you need to show imminent risk of removal of assets and that the harm to that person is less than to you; (3) **Anton Pillar Order** which is a civil search order with criteria similar to a Mareva Injunction (4) **sister ship arrest** where a second vessel is owned by the same person and enters the jurisdiction it could be subject to arrest for issues relating to the same owner and/or first vessel. You have to show that the owner was somehow involved in the original fraud. If there is P&I insurance coverage security for costs could be posted and the sister ship could be permitted to sail. ■

Prepared by Linda J. Murray, CFE

HIGHLIGHTS FROM THE CANADIAN CONFERENCE

Major Capital Projects – A Wealth of Opportunity for Fraud

Vancouver was host to this year's Canadian ACFE conference which was held May 4th – 7th and resulted in an outstanding turnout of approximately 225 participants and based on feedback received was a resounding success. One of the break-out sessions was a presentation on common fraud schemes that take place in a construction environment, the associated red flags and some of the controls that can be implemented to mitigate these risks. Below is a summary of the various schemes presented by KPMG's Peter Armstrong (Forensic Advisory) and Keena Hicken-Gaberria (Major Projects Advisory).

The presentation highlighted that most organizations, whether government, publicly traded, private or not-for-profit, will at some point undertake a major capital project and these projects can have long-term consequences and present a range of risks. Those responsible for managing large capital projects must currently contend with many challenges such as over-stretched construction resources, rising prices and material shortages and, as a result, fraud risk is not always given due consideration.

The presentation also highlighted the importance of project owners being aware of the key fraud risks that occur during the project lifecycle, what signs to look for and how best to prevent and detect fraud when it does occur. The presenters highlighted three types of fraud that can frequently arise in construction/capital projects being cheque, payroll and procurement fraud. The presentation also highlighted that according to Transparency International the construction industry is most prone to bribery.

Cheque Fraud

Prevalent cheque fraud schemes referred to include forged endorsement; forged authorization; authorized signatory and altered/counterfeit cheques. The presentation highlighted that for internal perpetrators to remain undetected in the long run, they need access to cheques, bank statements and the books and records.

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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 can also accept a short narrative description of your services.*

Note that other than name, each of these fields is entirely optional.

BENEFITS OF MEMBERSHIP

- Enter the Anti-Fraud Profession, with CFE accreditation,
- Excel by providing continuing education, training and keeping you informed,
- Advance your career by providing a place to network with your peers and possibly help you find a mentor,
- Share your knowledge with others, and
- Build your practice.

For more information about membership see our website at:

www.cfevancouver.com

If you haven't renewed your CFE Vancouver membership, it is now \$94.50 and will carry you through to September 30, 2009.

membership@cfevancouver.com

HIGHLIGHTS FROM THE CANADIAN CONFERENCE

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Payroll Fraud

More common payroll schemes were:

'Ghost' Employees

- involves adding someone to the payroll who is not an employee
- time and material based contracts are at greater risk

Falsified Hours and Rate of Pay

- another common method of misappropriating funds from the payroll is to overpay wages by overstating the number of hours or rate of pay.

Procurement Fraud

As a result of the level of expenditures and the one-time nature of many purchases, procurement was highlighted by the presenters as one area that is highly susceptible to fraud. In a construction environment the important schemes to be alert for include: contract fraud (conflicts of interest, gratuity/kickbacks, tailored or vague bid specifications, manipulation of bid submissions) and billing schemes (billing non allowable costs, false invoicing & purchases, theft/mis-charging of materials and labour/equipment).

Conclusion

Fraud risks exist in all phases of the construction project life cycle. The presenters recommended that those responsible for capital projects should reduce their exposure to fraud by reducing their risks with strong internal controls and detecting and responding to incidents on a timely basis. ■

For more information please contact Peter or Keena at KPMG LLP (604.691.3000).

RECENT FRAUD FINDINGS

Under the heading of FINALLY....

Gasoline retailers in four Quebec regions have been accused of price fixing, the Competition board announced last week. The alleged scheme involved 13 people and 11 companies in the Quebec regions of Sherbrooke, Magog, Victoriaville and Thetford Mines.

Three companies -- Les Pétroles Therrien (operating under the name Petro-T), Distributions Pétrolières Therrien and Ultramar -- pleaded guilty Thursday in Quebec Superior Court in Victoriaville. The court handed out fines totalling more than \$2 million to the three companies.

Former Ultramar employee Jacques Ouellet also pleaded guilty and was fined \$50,000.

The investigation began two years ago.

"Gas retailers phoned each other to agree on the price they would charge customers for gasoline," Commissioner of Competition Sheridan Scott said. "An overwhelming majority of retailers (in those regions) participated."

Ultramar is the only major oil company implicated in the investigation. Many of the others were local franchisees operating under the Esso and Shell brands.

Scott said there is no evidence Ultramar's head office was directly involved in the scheme, which cost the company a \$1.85-million fine. ■