



Fraud a social phenomenon

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A CSR problem

- Association of Certified Fraud Examiners ACFE
- Fraud is not an accounting problem
- Understanding fraud prevention
- Antifraud specialists CFE's
- Financial transparency and CSR





Fraud is not an accounting problem

Three ways a victim can be unlawfully separated from money

Force

Stealth

Trickery





Fraud is not an accounting problem

Risk – reward equation

December 2005 Promail International

Involving HK \$ 7 Billion and 14 thousand victims

Trio sentenced to imprisonment from 18 months to 3 ½ years





Fraud is not an accounting problem

Risk – reward equation

June 2005 Semi-Tech International

Involving US \$ 1.8 Billion and its
disappearance

Former Chairman sentenced to
imprisonment from 6 years





Fraud is not an accounting problem

Deterrence

Certainty

Swiftness and

Severity of punishment





Understanding fraud prevention

Fraud prevention
and
Internal controls





Understanding fraud prevention

Justification





Antifraud specialists

Fraud deterrence
and
Accounting





Financial transparency

From a long list of financial statement frauds beginning in the 1970's through to today's multibillion dollar accounting scandals a distinct pattern has emerged: Corporate managements – executives, insiders and board members – have lined their pockets at the expense of shareholders..





Financial transparency

Their methods vary and are often cloaked behind complex transactions not readily apparent to the entity's auditors..





Corporate social responsibility

First, we need to understand that our problems cannot be solved by government intervention

Second, we must acknowledge the private sector has a responsibility to cure its own ills

Third, we must commit the resources necessary to find solutions that work.

