

Fraud

Unfortunately fraud does happen and no business is immune. Below is a newspaper article relating to a recent offence:-

SATURDAY, MARCH 23, 2013 THE STRAITS TIMES

He forged cheques to get \$2.3m

A MAN who gambled away the bulk of the \$2.3 million he obtained by forging cheques from his company was jailed for seven years yesterday.

Hon Po Wah (right), 52, admitted forging the signature of his boss while working as an assistant accounts manager for ██████████ Air Transportation.

A district court was told that



the long-time employee had issued the forged cheques to either himself, his wife or her close friend to whom he owed money.

For cheques issued to his wife, he deposited them into their POSE joint account without her knowledge and withdrew money - also without her knowledge.

He spent all the money he had cheated on gambling in local and

overseas casinos, online casinos, online soccer betting, holidays and personal expenses.

The offences were discovered by ██████████'s external auditors and its senior management was informed. The company terminated his services in May last year.

Hon faced 344 charges of forgery for the purpose of cheating Standard Chartered Bank between December 2009 and April last year. The prosecution proceeded on 100 counts involv-

ing \$845,980.

Lawyer Despak Natverlal said his client, a father of two, had shown remorse by pleading guilty at an early stage. He was ashamed of what he had done and had learnt a bitter lesson. The whole episode had been "one big nightmare" for him.

He argued that Hon was a pathological gambler and resorted to the crimes to keep up with his addiction due to lack of self-control.

Mr Natverlal said Hon required treatment and rehabilitation.

██████████ had also obtained a judgment of an estimated \$2.3 million against him after he failed to appear at civil proceedings initiated by the company.

Hon, whose sentence was backdated to May 31 last year, could have been jailed for up to 10 years and fined on each charge.

engage in fraud range from gambling addictions through to greed. The availability of casinos and other gambling outlets has unfortunately provided too much temptation to some people.

In order to protect your business you must have systems and procedures to deter and in the worst case, detect fraud. Your IT systems are a key defence against fraud and they must have built in measures that will quickly alert you of any suspicious financial activity. Accounting rules are in place for very good reasons and they should be strictly followed by IT and manual systems. We are sometimes queried about why Cyberfreight enforces certain procedures as many users want to take short cuts. The procedures are in place for good reasons, including the prevention of fraud. We will always strictly follow accounting rules including full external audit compliance (this is different from a simple tax "audit").

Good IT systems alone are not enough to prevent fraud. You must put internal office processes in place and ensure that they are adhered to.

I am not going to list the type of fraudulent activities that I have seen before as I do not want to give any potential fraudster any ideas. Business owners can contact me directly and I will provide you with details of ways that fraudsters could operate and methods that you can adopt to prevent and detect fraud.

Think about the effort required to earn every dollar that is stolen. Think about the consequence of a large amount of cash disappearing from your business.

There is a real risk and there are ways that you can protect your business. Do not assume that it will only happen to someone else!

Yes, this is Singapore but fraud can happen anywhere. We have seen fraud several times in the past with our clients and each time Cyberfreight helped to detect the fraud before it became serious.

Fraudsters are very smart and they quickly detect weaknesses in systems and procedures. Fraudsters are also very skillful at blending in and appearing to be like your average employee. The reasons for staff to



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