

Current Trends in Financial Institutional Fraud – Fraud Schemes and Due Diligence – Three Day Programme

Introduction:

Financial crime is constantly evolving. As one threat is countered, another emerges. Everyone within an organisation has a part to play in protecting the firm and this course provides practical knowledge and useful skills in financial crime prevention.

Corporate crime is an unlikable fact in today's big business world. It has touched every country, every industry, and has no signs of stopping. Throughout the past 5 years, the number of reported cases of fraud and corruption has continued to grow radically. Compounding this are the challenges faced by the audit team and a general lack of the necessary skill sets to collect the right audit evidence so critical to criminal investigations.

We are aware of the most current cases on violation of the anti-money laundering regulations and the cost associated to it. The fines imposed by the Regulators are quite severe and damaging to any organisation without mentioning the cost to their reputation.

No part of any corporate business structure is safe from predatory attacks which come in a variety of guises. So the need for increased vigilance is greater than ever before.

So, what is Financial Institutional Fraud?

Bank fraud is the use of potentially illegal means to obtain money, assets or other property owned or held by a financial institution, or to obtain money from depositors by fraudulently posing as a bank or other financial institution. In many instances, bank fraud is a criminal offence.

While the specific elements of particular banking fraud laws vary depending on jurisdictions, the term bank fraud applies to actions that employ a scheme or artifice, as opposed to bank robbery or theft. For this reason, bank fraud is sometimes considered a white-collar crime.

While we talk about Banking, there are numerous other areas open to Fraud Exploitation including Investment corruption and Real-Estate and property embezzlement. Anti-Money Laundering - Privacy, Data and ID Theft.

This course in Financial Institutional Fraud – Fraud Schemes and Due Diligence examines:

- Anti-financial crime controls
- Combating financing of terrorism
- The red flags that indicate fraud might be taking place

- Best practice systems and processes to combat institutional fraud while complying with international reporting standards

Objectives:

The objectives of this three day course are to provide:

- Understanding global best practice in the prevention of fraud and money laundering
- Practical guidance on anti-financial crime controls
- Examples of successful fraud prevention, detection and recovery
- Learning the requirements of regulators globally
- Implementing crucial internal controls, systems and documentation
- Preventing and detecting market abuse and anti-competitive practices in your organisation
- Practical application of FATF and sanctions
- Detect red flags of fraud
- How to combat financing of terrorism

Training Methodology:

The training methodology is highly interactive and participative with high profile business case studies and role play; presentations and discussion groups, analysing and discussing real life dilemmas.

Organisational Return on Investment:

The figures relating to financial institutional fraud speak for themselves. Few corporations can afford the losses experienced by the banking sector as research below indicates:

The return on investment, therefore, of this course where employees are taught to forensically recognise red flags that may indicate that fraud is taking place is absolutely invaluable in terms of prevention, but also international sanctions or fines on the financial institution itself. The savings to the corporation of early detection, if based on the above figures, can run into millions.

Personal Impact:

The course focuses on not only the international systems, processes and standards that govern institutional fraud, which for an individual, is a valuable addition to their knowledge base, but also hones their intuition to recognise or get a feeling for practices or transactions that might indicate fraud or funding of terrorism. These are skills that can substantially enhance an individual's career.

Competencies Emphasised:

On completion of this course, participants will have developed competencies that will see them flourish in their careers and become valued employees. In particular they will:

- Develop the competency to identify and examine potential areas of financial fraud within a corporation and within transactions with the financial organisation
- Acquire the competency to put internationally agreed systems and processes in place to combat financial fraud
- Have the competency and confidence to speak out if fraud is suspected in terms of market abuse of anti-competitive practices

- Develop the competency to practically apply international FATFA and sanctions policies

Who Should Attend?

The programme is designed for:

- Financial crime prevention employees
- Counter Fraud employees
- Chief Internal Auditor
- Head of Department for Auditing
- Forensic Auditors
- Investigation Auditors
- Financial Auditors
- Internal Audit Managers
- Project Audit Managers
- Accountants
- Financial Controllers
- Risk Managers

It is also ideal for middle, senior managers and Board Members who have ownership of the responsibility of overseeing the audit process as it relates to the detection and prevention of economic crime.

Programme:

Day One:

Fraud Schemes and Red Flags:

- Embezzlement Schemes
- Detection Methods
- Suppression of deposits and cheques
- Loan Fraud Schemes and its Red Flags
- Real Estate Fraud – Fraudulent Appraisal and Red Flags
- Mortgage Fraud
- New Account Fraud Scheme
- Money Transfer (Wire) Fraud Scheme
- Letter of Credit Fraud
- Credit Card Fraud
- Prevention and Detection of Credit Card Fraud
- Electronic Bill Payment and Person-to-Person Payments

Real Estate – Risks and Compliance:

- Use of complex loans or credit finance
- The role of non-financial professionals
- Corporate vehicles
- Manipulation of the appraisal or valuation of a property
- Mortgage schemes
- Investment schemes and financial institutions
- Red Flags indicators

Diabolically Clever Laundering Schemes:

- Smurfs and Structured Transactions
- Shell Companies
- Offshore Corporations and the Internet
- Loan-Back Schemes

Fiendishly Complex Money Laundering Schemes:

- Invoice Scams:
 - Under-invoicing
 - Investigating Invoice Scams
- Buy-Backs:
 - Investigating a Buy-Back Scheme
- Securities Manipulation:
 - Documentation
 - Investigating a Securities Manipulation

Day Two:

Analysing Financial Records for Leads

- Finding leads in Bank Records
- Financial Records to Examine
- Uncovering Patterns
- Identifying Indicators of Illegal Activities
- Applying critical thinking to bank records
- Using Graphs and applying Critical Thinking

Case study in analysing bank records to detect leads of money laundering and account analysis

Trade-Based Money Laundering (TBML)

- How does TBML work?
- The use of Invoice Fraud – over-invoicing and under-invoicing
- TBML and export incentives
- Case study – Vehicle, TBML, and terror finance
- Questions to ask if shipment of goods looks suspicious
- Black Market Peso Exchange (BMPE) – how a typical BMPE value transfer scheme works
- Chinese flying money – how does it work?
- Misuse of the international gold trade
- How is gold manipulated to launder money and transfer value in terrorist financing
- Red-flag indicators of TBML
- Taking prudent steps

Case study – HSBC fined \$1.256 billion – involvement with BMPE

Common Cyber Crime Risks for Financial Institutions:

- Phishing
- Identity Theft

- Worms and Trojan horses
- Spyware
- Search engines/Google
- Blackmail
- Denial-of-service/distributed-denial of- service attacks

A Protection Strategy – Risk Assessment Activity

Terrorist Financing:

- Similarities and differences between:
 - money laundering and financing terrorism
 - proliferation finance and terrorist financing

Standards for combating the financing of Terrorism:

- The FATF Recommendations relative to Terrorist Financing
- EU CFT initiatives
 - Money laundering directives
 - Regulations of fund transfers
 - Payment services directive (PSD)
- The Wolfsberg Group of Banks statement on the Suppression of the Financing of Terrorism

Consent Regimes:

- What is meant by a “consent regime”?
- The legal basis on which the consent of a Financial Intelligence Unit (FIU) must be obtained
- The scope of the FIU consent regime

Day 3:

The Path to a Greater Corporate Compliance, Accountability, and Ethical Conduct:

- Internal Controls
- Anti-fraud Programs
- Internal Fraud – Protecting a Company
- Designing a Robust Fraud Prevention Program
- Whistleblowers and hotlines
- Background checks and training
- A fraud prevention culture that works

Group session:

- Part 1 - Develop a money laundering investigation plan considering some of the schemes and how you would proceed
- Part 2 - Develop and present to the rest of the group your fraud prevention program

Complying with Sanctions and Freezing Requirements:

- Why are sanctions relevant to the financial sector?

- Global sanctions framework
- The FATF Standards 2012
- Complying with financial sanctions regimes
- Designing a compliance framework
- Sanctions lists and screening
- Quality assurance and testing
- Internal communications and training

Developing the Control Framework:

- Options for developing the control environment and screening assessment
- Screening Systems and Controls
- What to screen, fuzzy matching thresholds
- Dealing with non-exact matching
- Personal name variations and ownership
- Domestic versus non-domestic payments
- Screening Innovations
- Role of Technology
- Secondary screening Engines
- Case Study – Trade Finance Screening Managing Alert Investigations
- Top 10 Common Challenges in Screening

Reporting of Breaches@

- Voluntary Self Disclosure
- How to report breaches and associated regulatory factors
- What and when to report
- Internal review and investigation
- Freezing of Funds and Incoming Payments
- The holding of Sanctioned Funds – obligations, annual reporting responsibilities

Case Study – 2012 Libyan Central Bank - Sanctions Lifting **Case Study – Iran**

Group Size:

This course is designed to accommodate between 16 and 20 delegates in order to get good group work participation, interesting and varied discussions and ensure that all delegates benefit from the course.

Language:

The course is delivered in English by a native English speaking instructor whose mother tongue is English

Client Evaluation:

Our training programmes are constantly evaluated over a range of criteria according to a scale ranging from below standard to excellent. We have achieved scores of 4.25 and 4.42 out of a maximum of 5 for our program topics and trainers over 516 employee evaluations.

Trainer's CV:

Juan Carlos Venegas CIPFA (Afill) AAIA ACPA CFC ICFS FCFIP



Summary

Juan Carlos Venegas is a highly experienced accountant, certified forensic investigation professional, counter-fraud specialist, and trainer, specialising in taxation (UK/Spain), financial management, budgeting and forecasting, financial reporting and financial planning. He also specialised in fraud prevention, detection and investigations, and forensic accounting. He advises clients on taxation, financial management, budgeting and strategy implementation, fraud prevention and detection and internal control. His clients are companies from different sectors: construction, retail, multimedia, manufacturing, etc. and provides regular consultancy for the Global Bankers Institute.

Employment History

2008 to date

**Jasper Global Corporation
Lead Trainer**

Lead Trainer for different international organisations and their clients, including Oil & Gas companies and banks, worldwide.

Areas of training include:

- Basel III, Financial Risk Management, Forensic Auditing, Fraud Prevention and Detection, Internal Auditing and Internal Controls, Money Laundering, Budgeting and Costing, Financial Management, IFRS, Procurement, Project Finance, Project Management, Banking, Risk Management, Cash Management and Treasury, Data Analysis, Financial Modelling.

Clients include:

- Capital Markets Authority (Kuwait), Kuwait Investment Authority (Kuwait), Kuwait Finance House (Kuwait), Financial Audit Department of Dubai (Dubai), Helmerich & Payne, Inc, Manama (Bahrain), State Audit Institution of Oman (Oman), HAYA Water in Muscat (Oman), Qatar Foundation (Qatar), GASCO (Abu Dhabi), Police Department (Abu Dhabi), ReCh Management Centre (UK), GTC (UK), Alexander Brookes (UK & South Africa), CrimsonLogic (Malaysia), ICTD (Abu Dhabi), Confianza (Dubai), Quickbiz Group (Pakistan), Trueventus (Malaysia & Dubai), UNI Strategic (Malaysia), Confianza (India), Marcus Evans (Malaysia), FME (UAE), FSA Labuan (Malaysia), Zenith Business (Malaysia), Fleming Gulf (India), HLTl (Macedonia), Capsource (Malaysia), UNI Strategic (Kuala Lumpur), ACCRA (Ghana), African Development Bank, Cairo (Egypt), INTECH (Turkey), GTC (UK & Kenya)

1997 to 2007

**Fiscal Accountancy
Analyst**

Managed a team of analysts with a wide portfolio of clients world-wide. Responsibilities included auditing and analysing financial and management accounts and reporting results at Board level. Provision of internal and external training.

Additional Responsibilities

Since 2013, and in addition to his full-time position with Jasper Global Corporation, Juan Carlos has held the position of UK representative of the International Institute of Certified Forensic Investigation Professionals (IICFIP) which is an accredited tuition centre in the UK and Europe. He is also an executive director and the treasurer of the Institute of Counter Fraud Specialists (ICFS) in the UK.

He is the course author of 'How to become an Expert Witness', 'Anti-Money Laundering' and 'Fraud and Corruption', a book on 'VAT for Small Businesses' and a Level 4 Diploma in Personal and Business Tax. He is the accounting tutor for Oxford College and the author of courses in Accounting, Economics and Mathematics.

He was a guest speaker at the 11th International Congress on Internal Control, Internal Audit, Fraud and Anti-Corruption Issues in Krakow (Poland) on 27-28 September, 2012. His topic was 'Understanding and Preventing Corruption: Risk, Prevention and Reporting'.

In April 2014 he was also an international guest speaker at the Global Conference of the International Institute of Certified Forensic Investigation Professionals (IICFIP) in Nairobi (Kenya). His topics were: 'Professional Interviewing Techniques', 'Understanding Fraud and Corruption: What the numbers don't tell you' and 'Data Analytics'.

He was also a speaker at the Annual Preventing Fraud and Corruption conference on 'Combating Fraud and Corruption in the Construction Industry' organised by HAYA Water in Muscat (Oman) on 3-4 December 2014.

Academic Qualifications

- Certified Anti-Corruption Manager (CACM), USA
- Certificate in International Financial Reporting Standards, UK
- Diploma in Forensic Accounting, UK
- Certificate in Business Valuations, ACCA, UK
- Certificate in AML, ICA, UK
- Bachelor's Degree in Law with Taxation, Spain
- Accountancy with the Institute of Financial Accountants, UK
- Master's Degree in Accounting and Taxation, USA
- Continuous Education in the field of Accounting, Forensic Accounting and Auditing, Fraud Prevention and Detection, Fraud Investigations and Assets Recovery.

Professional Memberships

- Chartered Institute of Public Finance and Accountancy, UK
- Association of International Accountants, UK
- Association of Certified Public Accountants, UK
- Institute of Certified Practising Accountants, UK (Fellowship)
- Chartered Banker Institute, UK
- Association of Compliance Officers in Ireland
- Institute of Banking, Ireland
- Association of Certified Treasurers, UK
- International Institute of Certified Forensic Investigation Professionals, USA (Fellowship)
- Institute of Counter Fraud Specialist, UK
- The American Anti-Corruption Institute (AACI), USA
- National Society of Accountants, USA
- International Association of Financial Crimes Investigators, USA

- Institute of Business Appraiser, USA
- Fraud Advisory Panel, FAP, UK
- National Society of Tax Professionals, USA
- Institute of Certified Management Accountants, USA
- Institute of Professional Financial Managers, UK
- Society of Corporate Compliance and Ethics, USA
- Solvency II Association, USA
- Basel III Compliance Professionals Association, USA

Publications

- Accounting courses for Oxford College
- Mathematics and Economics courses for Oxford College
- 'How to become an expert witness' course
- 'Anti-money laundering' course
- 'Fraud and Corruption' course
- Personal and Business Tax Diploma

