



COMMERCIAL CRIME PREVENTION QUARTERLY

"We mean business"

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- U.S. National Fraud Information Center
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- RCMP: Pyramid Scheme Tips
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- ScamBusters
scambusters.org
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THE WINTER 2010 EDITION of the Commercial Crime Prevention Quarterly's main focus is on financial types of crimes that the Vancouver Police Department Financial Crimes Section deals with. They are responsible for the investigation of criminal and fraud related offences which are often very complex in nature. However, not all financial crime complaints are investigated by them, as the Criminal Code of Canada is only one of several pieces of legislation that can be used to deal with fraud. Complainants may be advised to seek redress in the civil courts

as an alternative or be referred to another agency depending on the circumstances

Members of the Financial Crime Section have graciously contributed their knowledge and expertise to the Commercial Crime Prevention Quarterly Winter 2010 edition.

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SOCIAL ENGINEERING SCHEMES

– Do You Know What They are?

DETECTIVE CONSTABLE JAY AMUNDSEN
FINANCIAL CRIME UNIT, VANCOUVER POLICE DEPARTMENT

DO YOU KNOW that there are con men that actively target businesses through impersonation and deceit? Their aim is to fraudulently obtain funds without the company's knowledge. Known collectively as "Social Engineering Schemes," one such method involves the infiltration of a business in which a fake employee places himself on the company payroll and collects a salary unbeknownst to senior management.

This scheme has occurred in Vancouver on a number of occasions. One con-man arrested by Vancouver Police for this type of offence told the officers that this scheme was the "flavour of the day" in targeting Fortune 500 companies. Large companies are vulnerable to this type of infiltration due to the number of employees on staff and their relative anonymity. Businesses are usually embarrassed to admit publically that they have been hoodwinked in this manner, and warnings to other companies are seldom fanned out.

However, this scheme is easily thwarted if companies are aware of how it works and do their due diligence. The con-man begins his venture through internet research

about the company and its senior management. This includes who they are, their role in the company and even recent events they may have attended. The human resource section is also targeted by identifying the senior HR person responsible for the hiring process.

The senior HR person is then personally contacted by telephone from the convincing con-man who pretends to be the CEO of the company. The con-man is extremely knowledgeable about the company and speaks about recent company events. He then asks that a special matter be kept confidential and requests that an individual be hired for a "special project" with full company benefits. The CEO provides the name and particulars of the person to be hired.

The HR person subsequently contacts the person to be hired. The con-man confirms that he is available to work on a special project. He provides his real name and banking information and awaits the arrival of his regular direct deposit pay. No work is ever performed for the funds received.

For this scheme to succeed, it requires that the HR person



truly believes that they are dealing with and following the confidential instructions of their CEO. When employees became suspicious and double check on unusual or strange requests this scheme fails. The con-man then moves on to another corporate victim.

To protect yourself or your company from this type of scheme, due diligence is required before the pay cheques start going out. As

with many other types of scams or cons, the con-man relies on secrecy as a key ingredient to their success. Most likely your CEO would prefer that you confirm things directly with them if you are suspicious, rather than the company potentially losing thousands of dollars in this scheme. ■

NOTE – the term con-man is a generic term, but the "con" could also come from a woman.

WHAT IS YOUR BUSINESS WORTH TO YOU?

DETECTIVE CONSTABLE MARK FENTON

TECH CRIMES UNIT, VANCOUVER POLICE DEPARTMENT

IT ALL STARTED with an idea on the back of a napkin. Your idea became a business plan and you eventually obtained financial backing to start your business. You invested in the business with items that can be easily seen and accounted for: computers, stationary, office space and your staff. But what about your business data – data needed to run your day to day business? What information is crucial to run your business – customer lists, accounts received, accounts payable, suppliers? What would happen if you suddenly lost that information? What if one of your employees took your data to either obtain a better job or enter into direct competition with you? How much would it cost for you to replace that data? How do you know this isn't currently taking place?

Currently, there are no laws in Canada to protect

businesses from data theft. If I worked for a company and stole all of their data to start my own business, there is nothing under the Criminal Code of Canada that I could be arrested for. The core definition of theft is that I deprive you of something. As long as I only make a copy of your information and leave the original, I have done

nothing illegal. However, if I destroy that data or “hack” into the CEO’s email account, then it becomes a criminal offence.

Where does this leave you? The courts have determined that if you did not take adequate steps to protect yourself and/or your data, then you did not deem it

important. By having a proper data retention plan, employee non-disclosure contracts and doing proper due diligence with employee hiring, you will go a long way to winning any civil action you take against former employees. A lot of time and money went into creating your business – make sure your investment is properly protected. ■



DID YOU KNOW?

THAT THE VPD FINANCIAL CRIME SECTION INVESTIGATES ALL OF THESE TYPES OF CRIMES:

- breach of trust
- cheque fraud
- computer crime, including:
 - unauthorized use of computer
 - mischief in relation to data
 - related offences such as unlawful interception of private communications
 - theft of telecommunication service
 - possession of device to unlawfully obtain telecommunication service
- counterfeiting (counterfeit money, postage stamps)
- credit card fraud (theft, forgery, etc., of a credit card, unauthorized use of credit card data)
- false pretences / false statement (e.g. obtaining credit through false statement)
- forgery (of documents, bank-notes, seal of a public body or authority, etc.)
- fraud (e.g. mail fraud, fraudulent influence of stocks, shares, etc.)
- perjury (false statement under oath, by affidavit, etc.)
- personation ((fraudulently impersonating another individual)

MEET CONSTABLE MARK JARVIE

NEIGHBOURHOOD POLICE OFFICER FOR THE SOUTH VANCOUVER COMMUNITY

CONSTABLE MARK JARVIE has been a police officer with the Vancouver Police Department since 1984. He holds the distinction of being the longest serving Neighbourhood Police officer and has been with the South Vancouver Community Policing Centre since 1998. Cst. Jarvie strongly supports community and inter-agency involvement when tackling crime problems, and enjoys working with the communities of the Sunset, Victoria/Fraserview and Kensington neighbourhoods. He applauds and appreciates the high level of time and energy these groups exude when

working together to deal with crime-related problems that impact their respective communities.

Over these past 12 years, Cst. Jarvie has collaborated with residents, business owners, schools, the South Hill BIA and the City of Vancouver Licensing branch on a variety of projects to assist with the closure of problem or criminal properties. He has experienced the positive and powerful results when the police and communities join together to take on individuals and businesses that try to operate criminal activities. ■



Cst. Mark Jarvie embodies what community policing is all about and can be reached at:

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TO FIND A COMMUNITY POLICING CENTRE NEAR YOU, GO TO
VANCOUVER.CA/POLICE/COMMUNITY-POLICING/INDEX.HTML

REPORTING

A FINANCIAL CRIME TO VPD

- If the situation is an emergency, call 911.
- If someone has used your credit card, bank card, or cheques without permission and you have lost less than \$5,000, you can report the crime via the Online Crime Reporting page on the VPD website. (www.vpd.ca).
- All other financial crimes should be reported to the Vancouver Police at 604 717 3321.
- Recol.ca can be used to report a financial crime online if the suspect resides outside of B.C. but within Canada.
- The U.S.-based Internet Crime Complaint Center can be used to report a financial crime online if the suspect resides outside of Canada.

UPDATE TO THE FALL EDITION

ON OCTOBER 29TH, the charges against a Toronto shopkeeper accused of detaining and assaulting a shoplifter in 2009 were dropped. This highly publicized case has led to a private member's bill in Ottawa asking for amendments to the citizen's arrest provisions in the Criminal Code. Although these charges have been dismissed, it is still prudent for store owners to know their rights when it comes to making a citizen's arrest. If you missed the original article "To Catch a Thief...or not," please see the Fall edition of the Commercial Crime Prevention Quarterly. ■