

# Frauds, Scams and Financial Euphoria

Jack Lang

\*\*\*Health Warning\*\*\*

DO NOT TRY THIS AT HOME

You will meet strange new people and change your life...not for the better

Its easy to steal. Its much harder to enjoy the proceeds...

# Frauds and Scams

- **Straightforward dishonesty**
  - False accounting
    - Insider abuse
  - False goods
  - False customer claims
  - Credit cards etc: Attacks and counter measures
  - Identity theft
  - Long firm
  - Con tricks
- **System weaknesses**
  - Telco fraud
  - Hack attack: blackmail – DoS attacks
- **Unreal Maths**
  - Ponzi schemes
  - Lotteries
  - Financial Euphoria
- **Inside trading and market manipulation**
  - Insider trading: Guinness, and others
  - Boiler room schemes
  - Money laundering: layering
- **Institutional fraud**
  - Enron, false customer numbers, churn
- **Countermeasures**
  - Follow the money
- **This list is not exhaustive!**
  - “Searching For Evil” <http://www.lightbluetouchpaper.org>
  - <http://www.cl.cam.ac.uk/~rnc1/talks/080306-searching.pdf>

# Dishonesty

- Most likely attack
  - Insider with authorised access
    - False accounting
      - Spoof invoices
      - Spoof purchases
      - Spoof bank orders etc
      - Poor control: Leeson etc
  - Countermeasures:
    - Cleanliness:
      - Double entry book-keeping; asset register; purchasing system
      - Separation of front and back-office functions
      - 2 signatures for critical functions (e.g. cheques)
    - Good control systems and audit
      - Locks & keys: password control
      - Vet staff & have good staff relations
      - Risk assessment for critical jobs
      - Corporate culture
    - Unusual behaviour patterns
      - Unsocial hours, expensive tastes

# Credit Cards

- **Overall cost of fraud**
  - Spain 0.01%
  - UK 0.2%
  - USA 1.0%
  - BUT for certain sites, customer not present – 40%
- **Motivation – who gets the reward?**
  - Huge hype “Evil Hackers”
    - Employment for security types
  - No case of fraud resulting from online or mail interception!
    - Getting sense from mail is hard
  - Real problem: crooked end systems
- **Many ways to collect or generate valid card numbers**
  - “Shoulder surfing” – video camera
  - Garage security cameras
  - External hacking end systems more for show than practicality

# Dishonest merchants

- Fake goods
  - Medicines
  - Fashion goods
  - Tickets
  - Jewelry
- Non-existent goods
- Lock-ins
  - Service agreements, supplies, mortgages



Pharmaplanet

Your cart: **\$0.00** (0 items)  
[Proceed to Checkout >](#)

# Canadian Pharmacy

#1 Internet Online Drugstore

## Products list

### ★ Bestsellers

- Anti-Acidity
- Anti-Allergic/Asthma
- Anti-Depressant/Anti-Anxiety
- Anti-Diabetic
- Anti-Herpes
- Antibiotics
- Blood Pressure/Cholesterol
- General Health
- Men's Health
- Pain Relief/Muscle Relaxant
- Weight Loss
- Women's Health

[Support center](#)

### Viagra + Cialis

**68<sup>72</sup>\$**10 x Viagra  
100 mg  
10 x Cialis  
20 mg[ORDER NOW](#)

### Soma

**42<sup>08</sup>\$**30 pills  
350 mg[ORDER NOW](#)

### Viagra

**76<sup>07</sup>\$**30 pills  
100 mg[ORDER NOW](#)Search by name: [A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#)

Search:



## Today's Bestsellers



### Viagra

Our price  
**\$1.79**[More info](#)[Add to cart](#)

### Viagra Soft Tabs

Our price  
**\$1.88**[More info](#)[Add to cart](#)

### Cialis Soft Tabs

Our price  
**\$3.93**[More info](#)[Add to cart](#)

### Cialis

Our price



### Viagra Jelly

Our price



### Levitra

Our price



"blood pressure/cholesterol" "Licensed by The C

Search

[Advanced Search](#)  
[Preferences](#)

Web

Results 1 - 10 of about 23,700 for "blood pressure/cholesterol" "Licensed by The

[Canadian Pharmacy](#)

**Blood Pressure/Cholesterol** - Tricor Ismo Imdur Trandate Liv.52 Lasix Vasodilan Vasotec ....

**Licensed by The College of Pharmacists of British Columbia.** ...

[antoncool.freehostia.com/viagra17.html](http://antoncool.freehostia.com/viagra17.html) - 45k - [Cached](#) - [Similar pages](#)

[Canadian Pharmacy](#)

**Blood Pressure/Cholesterol.** Coreg. Coreg. This medication is an alpha- and beta-

blocker .... **Licensed by The College of Pharmacists of British Columbia.** ...

[cheap-canadian-meds.com/item/blood\\_pressure\\_cholesterol/coreg.html](http://cheap-canadian-meds.com/item/blood_pressure_cholesterol/coreg.html) - 83k -

[Cached](#) - [Similar pages](#)

[Canadian Pharmacy](#)

**Blood Pressure/Cholesterol** - Lipitor Zocor Tenormin Norvasc Plavix Plendil Pravachol ....

**Licensed by The College of Pharmacists of British Columbia.** ...

[cheap-canadian-meds.com/item/general\\_health/herbal\\_phentermine\\_slimfast\\_.html](http://cheap-canadian-meds.com/item/general_health/herbal_phentermine_slimfast_.html) - 75k -

[Cached](#) - [Similar pages](#)

[ [More results from cheap-canadian-meds.com](#) ]

[Canadian Pharmacy](#)

**Blood Pressure/Cholesterol.** Lotensin. Lotensin. Lotensin can be used in treating high

blood .... **Licensed by The College of Pharmacists of British Columbia.** ...

[homemade1.com/item.php?group\\_id=55&id=773](http://homemade1.com/item.php?group_id=55&id=773) - 45k - [Cached](#) - [Similar pages](#)

[Canadian Pharmacy](#)

**Blood Pressure/Cholesterol.** Lopid. Lopid. Lopid is used along with a proper diet to help ....

**Licensed by The College of Pharmacists of British Columbia.** ...

[homemade1.com/item.php?group\\_id=55&id=771](http://homemade1.com/item.php?group_id=55&id=771) - 47k - 20 hours ago -

[Cached](#) - [Similar pages](#)

June 12, 2008



Better information. Better health.

SEARCH

- Sign In
- Bookmark This Page
- Site Map
- Sign up for WebMD Newsletters

- HOME
- HEALTH A-Z
- DRUGS & TREATMENTS
- WOMEN
- MEN
- CHILDREN'S HEALTH
- NEWS & BLOGS
- MESSAGE BOARDS

WebMD Home > Health News

PRINT ARTICLE EMAIL A FRIEND

- TOP 12 health topics**
- MEN WOMEN CHILDREN
  - 1 Sex Mistakes
  - 2 Six-Pack Abs
  - 3 Heartburn
  - 4 Virtual Sex
  - 5 Smoking Pot Risk
  - 6 Lose the Gut
  - 7 Premature Ejaculation
  - 8 Fitness Test
  - 9 Stroke Warning Signs
  - 10 Stop Smoking
  - 11 Cocoa for Diabetes?
  - 12 Worst Allergy Cities

# Health News

This article is from the WebMD News Archive

FONT SIZE A A A

## FDA: Fake Drugs on Canadian Web Sites Preliminary Lab Tests Show Some Sites Are Selling Counterfeit Rx Drugs

By Miranda Hitti Reviewed by Louise Chang, MD WebMD Health News

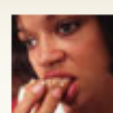
Aug. 31, 2006 -- The FDA is warning people not to buy prescription drugs from certain Canadian web sites that have reportedly sold counterfeit prescription drugs to U.S. consumers.

The web sites are those that have orders filled by Mediplan Prescription Plus Pharmacy or Mediplan Global Health in Manitoba, Canada.

According to the FDA, some of the sites operated by Mediplan or that fulfill orders through Mediplan are:

- www.RxNorth.com
- www.Canadiandrugstore.com
- www.Rxbyfax.com
- www.Northcountryrx.com
- www.Canada-pharmacy.com
- www.Mycanadapharmacy.com

today on WebMD daily

- Night Eating in Your Sleep
 
 What causes people to get up in the middle of the night to eat while still sleeping?
 [WATCH VIDEO](#)
- Tips to Eating Out
- So You Think You Can Dance?
- Look Sexy in Your Swimsuit
- Too Stressed to Work Out?

video library >

- TOP 12 communities**
- 1 Pregnancy Boards
  - 2 Parenting Boards
  - 3 Women's Health Boards
  - 4 Sex & Relationships
  - 5 Getting Pregnant Boards
  - 6 Fibromyalgia Board
  - 7 Genital Herpes Board

ADVERTISEMENT

### Allergic Asthma?

Learn about allergic asthma with an Educational Article



[ENROLL NOW](#)




IT'S MY STYLE!!  
LG CYON-SD870


WELCOME TO MY WORLD




 **Product Catalog**

 [Televisions](#)


 [Notebooks](#)

 [GPS system](#)


 [DVD player](#)

 [Photography](#)

 [Phones](#)

 [MP3 MP4](#)

 [Musical](#)

 [Consoles Systems](#)

 [Toys and Other](#)



**Nikon D70s Digital SLR  
R Camera Outfit with  
1870mm**

**Item Number: 340200612**

**Market Price: ~~240~~ EUR**

**Member Price: 160 EUR**

**VIP Price: 160 EUR**

All customers may use the following payment options:

	<p>Western Union: <a href="http://www.westernunion.com">www.westernunion.com</a> First Name: Hong Last Name: Cui City: Beijing Country: China We will need the following information from you after you have sent the payment: - Money Transfer Control Number - Senders Name and shipping information - items ID - Total Amount Sent</p>
<p>Bank Transfer: If you wish to pay using this method, kindly request our bank details along with your order.</p>	
	<p>Bank of China Chengshousi subbranch of bank Feng Tai District , Beijing, China. A/C holder's name :CUI HONG A/C No. : 4141 7000 1880 0579 97 SWIFT code : BKCH CN BJ 110</p>
	<p>Paypal online Payment</p>
	<p>Bank of China Chengshousi subbranch of bank Feng Tai District , Beijing, China. A/C holder's name :CUI HONG A/C No. : 4141 7000 1880 0579 97 SWIFT code : BKCH CN BJ 110</p>

# Dishonest customers

- False customer claims and repudiation
  - “I did not order these goods”
  - “You did not ship me the goods I ordered”
  - Countermeasures:
    - Audit
      - Secure audit trails
- Stolen credit cards
  - Countermeasures:
    - Check card before shipping
      - e.g. \$1 transaction end to end
    - Check ship address is card address

# Credit Cards

- Originally fraud risk borne by banks
- Introduction of mail order and telephone (and web) order (MOTO) risk for transactions with the cardholder not present passed to merchant.
- MOTO have lower floor limits, and in delivery only to cardholder address
  - Not possible to check addresses for e-delivery, or overseas or services like Worldpay)
  - 40% fraud for some sites
  - Paypal fraud
- Traditional frauds:
  - Stolen cards
  - Pre-issue
  - Identity theft

# Credit Cards

- Evolution of forgery

<b>Attack</b>	<b>Countermeasure</b>
<b>Simple copy</b>	<b>Hologram</b>
<b>Alter embossing</b>	<b>Check mag strip</b>
<b>Emboss mag strip #</b>	<b>TDC</b>
<b>Make up strip</b>	<b>CVV, CVC</b>
<b>Skimming</b>	<b>Intrusion detection</b>
<b>Free Lunch</b>	

# False Identity

- Legend:

- e.g. Giles Stanley Murchison

- Date of Birth -> Birth certificate ->Passport

- Passport + Utility Bill -> Bank Account

- Bank Account -> Credit Card

- -> NHS record, Employment benefit

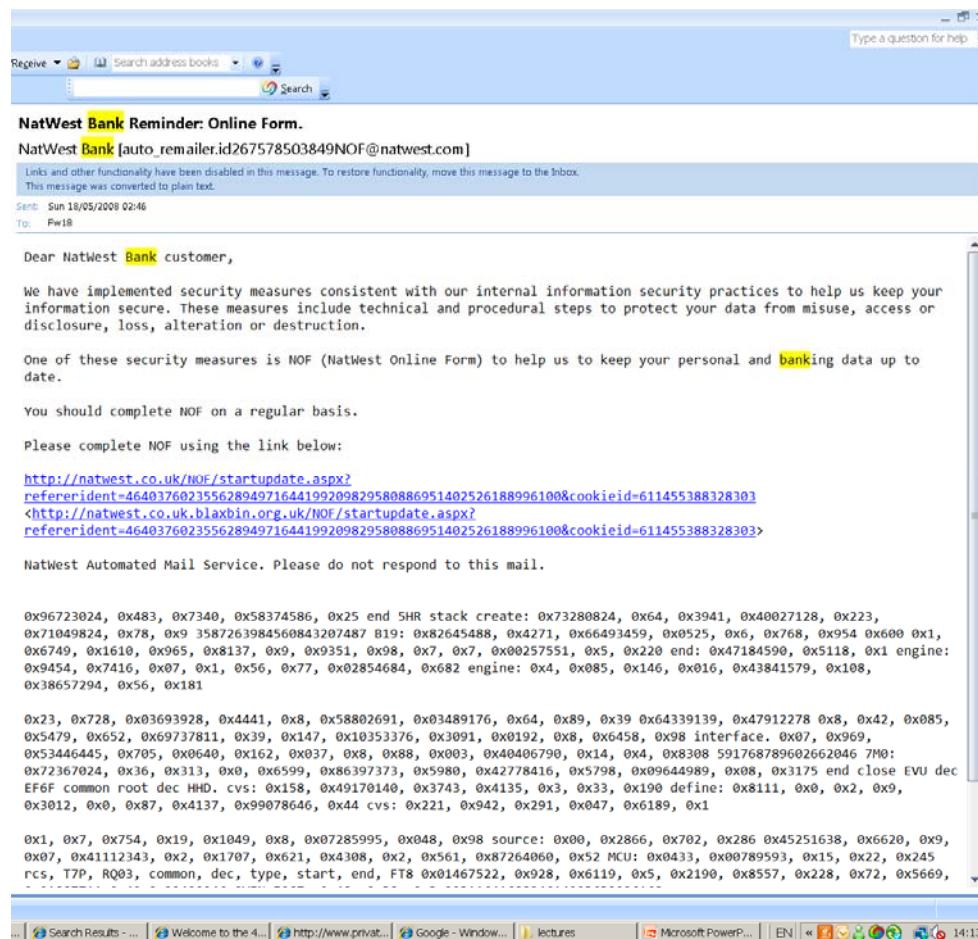
- Email address (e.g Hotmail, NetIdentity)

- Telephone entry

- Long Firm Fraud

# Stolen identity

- Credit card + pin
  - Bank account + Utility Bill (fake)
  - Online trail
- Phishing
    - Please enter your bank/card details....
    - Fake banks



# Mule Recruitment

- Mule recruitment
- Receive money into bank account; remit by non-repudiable route, e.g Western Union
- Proportion of spam devoted to recruitment
- shows that this is a significant bottleneck
- Aegis, Lux Capital, Sydney Car Centre, etc, etc
- mixture of real firms and invented ones
- Only the vigilantes are taking these down
- impersonated are clueless and/or unmotivated
- Long-lived sites usually indexed by Google

## 1. Regional Sales Manager

Status: Part-time

Job description:

- Work as a member of a group, helping to enlarge a base of customers in countries all over the world and liaise with head office on a daily basis;
- Deliver high standards of customer service ensuring high delivery speed and quality of orders;
- Manage a part of a sales cycle - ensure fast remittance of payments through your bank account and then - through world wide Western Union system and calculate fees at each step;
- Create and maintain positive relationships with existing clients that result in new customers, lead to and maximise opportunities for expansions and renewals to enhance revenue stream.

Employees should be able to perform:

- Excellent spoken English & communication skills (oral and written).
- Professional approach on the phone conversations
- PC literate: Microsoft Outlook and Word as a minimum
- Proven ability to communicate effectively at all levels in a relaxed confident manner.
- Extroverted and outgoing, with a positive outlook.
- Significant attention to detail.
- Excellent organisational skills.
- Customer focused.
- Focused on own personal goals, integrating the achievement of company objectives.
- Ability to work unsupervised No previous sale or accounting experience is necessary, though it will be valued.

Your Personal situation must allow you to travel around your place 1-2 hours a day on company assignments( that would be particularly trips to the bank and Western Union branches)



# 419 Frauds “Nigerian letters”

FEDERAL MINISTRY OF WORKS & HOUSING  
MINISTRY COMPLEX IKUPRIYANOVYI, LAGOS, NIGERIA



- <http://www.419eater.com>



Dear Lang,

I will like to solicit your help in a business proposition, which is by nature very confidential and a top secret. I know that a transaction of this magnitude will make any one worried and apprehensive but I am assuring you not to worry, as all will be well at the end of this endeavor.

Receive Search address books Search

Type a question for help

**FROM JENNIFER ALICE KOSSA**  
Jennifer Alice Kossa [jennyaakossa0012@yahoo.com]

Links and other functionality have been disabled in this message. To restore functionality, move this message to the Inbox.  
Extra line breaks in this message were removed.  
This message was converted to plain text.

Sent: Mon 17/03/2008 11:45  
To: jennyaakossa0012@yahoo.com

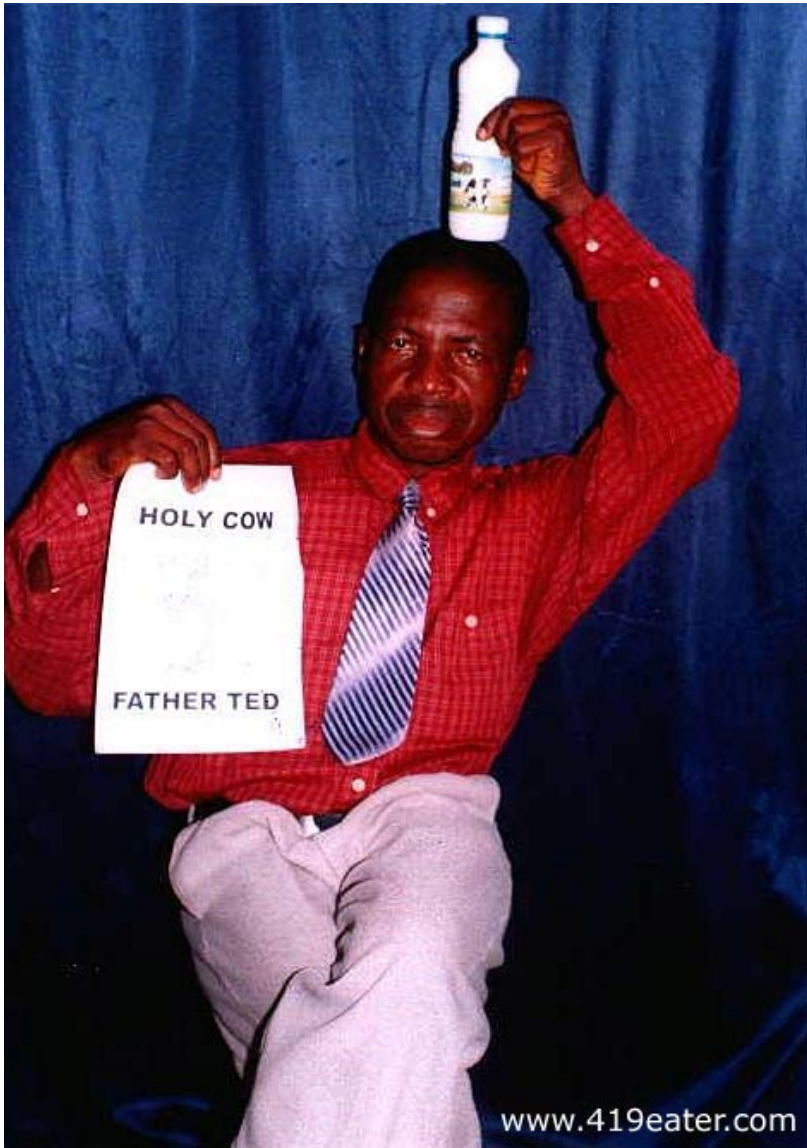
Dearest one,  
Greetings!  
I am Miss jennifer Alice Kossa.the only daughter of late Mr. And Mrs.Smith Kossa. My father was a very wealth cocoa merchant in Abidjan, the economic capital of Ivory Coast, my father died during the political war crisis that going on in my country here in ivory coast(cote d'ivoire)My mother died when I was a baby when she was about to delivers a new baby and since then my father took me so special. Before the death of my father on november 2003 in a private hospital herein Abidjan he secretly called me on his bed side and told me that he has the sum of Eight Million, Five Hundred Thousand United State Dollars. USD(\$8.500,000) left in one of the private security/finances trust services house here in Abidjan Ivory Coast ,as a family treasures that he used my names her only daughter for the next of kin in depositing of the fund. He also explained to me that he might not survive the situation he was at that present. However That I should seek for a foreign partner in a country of my choice where I will transfer this money and use it for investment purpose such as real estate management or hotel management. Sir,I am in a sincere desire of your humble assistance in this regards again.Your suggestions and ideas will be highly regarded. Now permit me to ask these few questions:- (1)Can you help me for the retrievements of this fund on my behalf in the security bank custody here to your end?  
(2)Can you make an arrangement for me to come over to your country to further my Education and to secure a resident permit in your country?

ayment Approval Committee of the Federal  
om my department. A foreigner, Late Dr.  
n the Federal Ministry of Work and Housing  
ys bus {A310300} executed a contract on  
h the paying bank (Capital Trust Bank) CTB  
he contract through my department.

but to no avail, as he had no known relatives  
registration and award forms blank and he  
gement and the board of directors are making  
ubsequently paid into the federal government  
ockets of some politicians due to our corrupt

ve decided to look for a reputable person to  
inds could be processed and released into his  
rangement with a qualified and reputable  
ent for inconveniency of you coming to my

prove your relationship with the deceased  
30% of the total sum (US\$4,650,000). Please



# Con tricks

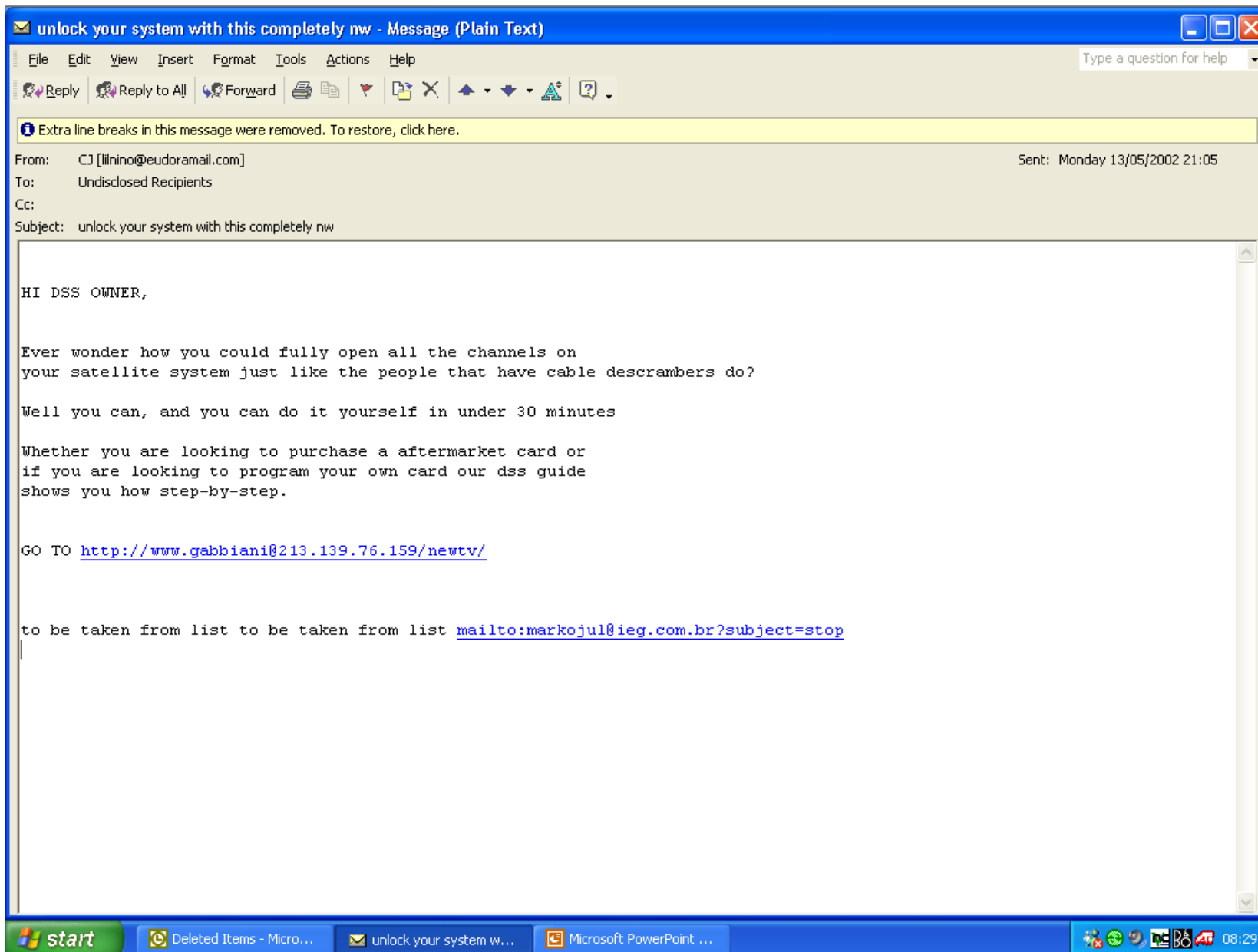
- **Setup**
  - Select the mark
  - Establish credibility
- **Hook and Bait**
  - Small steps
  - Greed and desire
- **Sting**
  - Special limited time offer...
  - Things are not what they seem...
- **Shut-out**
  - Exit route

# Overpaid cheques

- You sell some goods on Ebay etc
- Or are told you have won a prize/lottery
- You are sent a cheque for too much
- You send a refund
- The original cheque bounces...bank claims back the money

# System weaknesses

- Hack attacks:
  - blackmail –
  - DoS attacks
  - Industrial Espionage
    - Over rated!
- Google Ad Hacks
  - Privila Inc
    - Junk content (interns)
    - Google ads and job ads





# Internet Storm Center

Trends Top 10 Reports Contact About

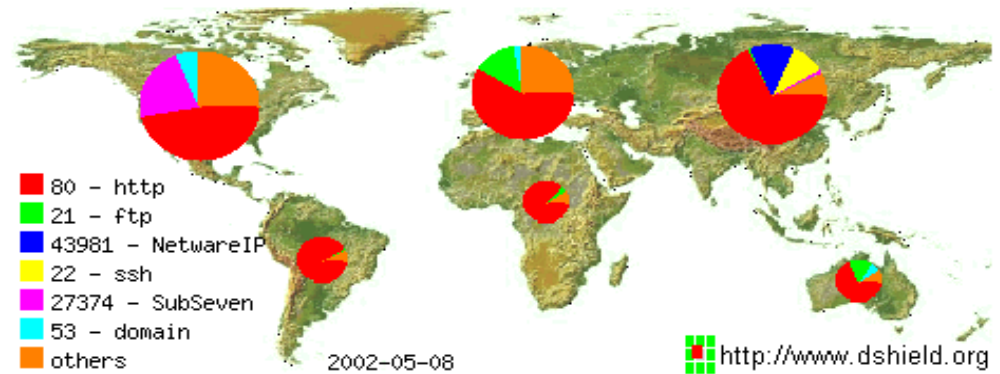
## ... no current alert ...

Widespread port 80 scans are still dominating all other activity. These scans appear to be caused by remaining Nimda/Code Red activity.

Watch for exploit attempt of recently announced MSFT IIS ASP overflow

New Vulnerability: ISC DHCP Server. Possible remote root compromise. (CERT CA-2002-12)

Still some reports of widespread MS-SQL scans from a limited number of sources



Geographic Distribution of attack sources. Last 5 days

# Telco Frauds

- Internal (examples):
  - Illicit provisioning
  - Illicit routing
  - Suppression of billing data
  - False credits to customer accounts
  - Changing class of service to make a prepaid phone look like a post paid and avoid decrementation.
- External:
  - Subscription fraud including id theft or lie
  - Commission fraud
  - T'ing in or clip on (connecting a handset to someone else's line)
  - Direct Inward System Access (eg hacking through a PBX to get an onward line)
  - Cloning (now possible in GSM and very dangerous in a roaming situation)
  - Redirection
  - Using the phone for a false identity
    - Export scam
- Billing issues: BT have over 30,000 products!
  - You are probably paying the wrong amount for your phone call



The Register - Microsoft Internet Explorer

Back Forward Stop Home Search Favorites Media

File Edit View Favorites Tools Help

Address <http://www.theregister.co.uk/content/59/25216.html> Go

9 May 2002  
Updated: 14:42 GMT

**The Register**

Sponsored by 

**Search The Register**  **Go!**

**How are you?** 

## Attack of the clones

By [John Leyden](#)  
Posted: 09/05/2002 at 13:05 GMT

Hackers can clone mobile phone SIM cards in minutes, and make calls at their victims' expense.

In theory, at any rate: IBM researchers have uncovered a process, dubbed partitioning attacks, which lets crackers extract secret key information from SIM cards by monitoring side-channels, such as power consumption and electromagnetic emanations.

This is much easier than breaking the cryptographic algorithms used by the card or using intrusive attacks to extract the key from the microchip. According to IBM, key information can be extracted in minutes using partitioning attacks - against hours needed for older attacks.

### Codebreaker

Some information about the internal working of computing devices can be derived by looking at power consumption and electromagnetic emanations. This is well known.

**Register Services**

-  [TheRegUS.com](#)
- [Reg Recruitment](#)
- [Reg Reader Research](#)
- [Reg Merchandise](#)
- [IT-minds bookstore](#)

**Sections**

- [Front Page](#)
- [Software](#)
- [Enterprise Systems](#)
- [Personal Hardware](#)
- [Semiconductors](#)
- [Internet](#)
- [Net Security](#)
- [Anti-Virus News](#)
- [Business](#)
- [Networks](#)
- [Bootnotes](#)
- [The Week's Headlines](#)

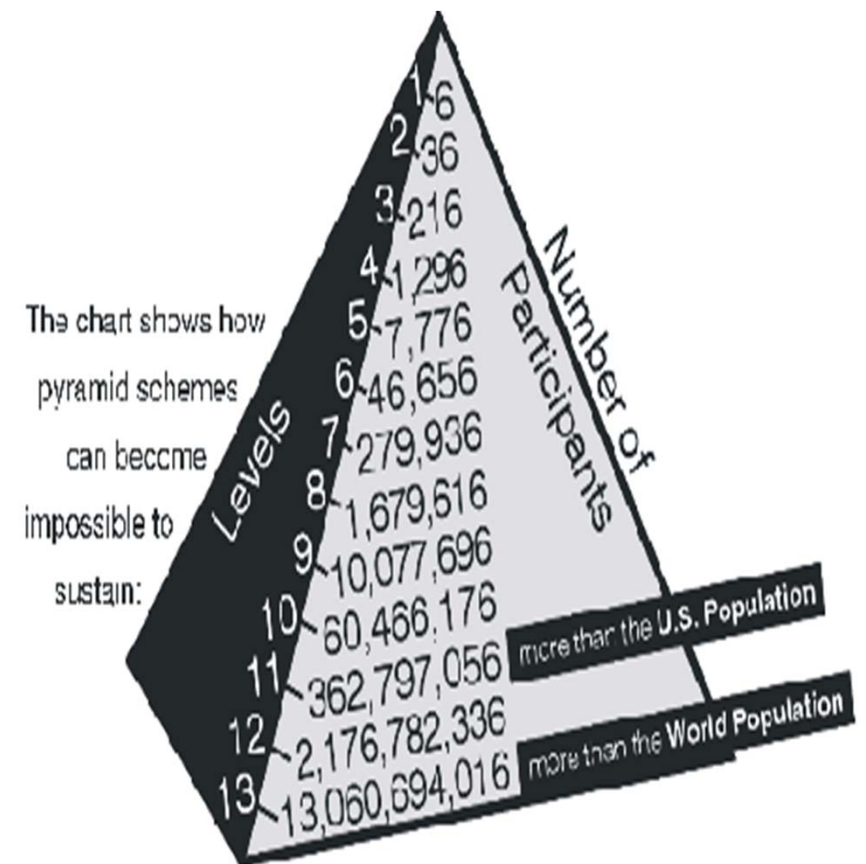
[Click here for your \*\*vodafone\*\* PDF GPRS brochure](#)

start Microsoft ActiveSync Inbox - Microsoft Out... The Register - Micros... Microsoft PowerPoint ... 08:25

# Unreal Maths

- Ponzi schemes

- Named after Carl Ponzi, who collected \$9.8 million from 10,550 people ( including  $\frac{3}{4}$  of the Boston Police Force ) and then paid out \$7.8 million in just 8 months in 1920 Boston by offering profits of 50% every 45 days.
  - Much older
- Pay early investors from later capital
- Pyramid selling (Multi-Level Marketing)
  - MM
  - Albania
  - Chain letters
  - Money parties



The Program - Work From Home! - Message (Plain Text)

File Edit View Insert Format Tools Actions Help

Reply Reply to All Forward

Extra line breaks in this message were removed. To restore, click here.

From: William Louis [wlouis123@hotmail.com] Sent: Monday 06/05/2002 09:59  
To: fw23@dial.pipex.com  
Cc:  
Subject: The Program - Work From Home!

If you would like to make at least \$500,000 every 4 to 5 months easily and comfortably, please read the following....  
THEN READ IT AGAIN and AGAIN!!! FOLLOW THE SIMPLE INSTRUCTION BELOW AND YOUR FINANCIAL DREAMS WILL COME TRUE, GUARANTEED!

INSTRUCTIONS:

Order all 5 reports shown on the list below.  
For each report send \$5 CASH, THE NAME & NUMBER OF THE REPORT YOU ARE ORDERING and YOUR E-MAIL ADDRESS to the person whose name appears ON THAT LIST next to the report. MAKE SURE YOUR RETURN ADDRESS IS ON YOUR ENVELOPE TOP LEFT CORNER in case of any mail problems.

When you place your order, make sure you order each of the 5 reports. You will need all 5 reports so that you can save them on your computer and resell them. YOUR TOTAL COST \$5 X 5 = \$25.00. Within a few days you will receive, via e-mail, each of the 5 reports from these 5 different individuals. Save them on your computer so they will be accessible for you to send to the 1,000's of people who will order them from you. Also make a floppy of these reports and keep it on your desk.

\*\*\*\*IMPORTANT - DO NOT alter the names of the people who are listed next to each report or their sequence on the list in any way other than what is instructed below in step 1 through 6 or you will lose out on the majority of your profits. Once you understand the way this works you will also see how it does not work if you change it.

Remember, this method has been tested, and if you alter it, it will NOT work!!! People have tried to put their friends/relatives names on all five thinking they could get all the money. But it does not work this way. Believe us, we all have tried to be greedy and then nothing happened. So Do Not try to change anything other than what is instructed. Because if you do, it will NOT work for you. Remember, honesty reaps the rewards!!!

1. After you have ordered all 5 reports, take this advertisement and REMOVE the name & address of the person in REPORT #5.  
This person has made it through the cycle and is no doubt counting their fortune.
2. Move the name & address in REPORT #4 down TO REPORT #5.
3. Move the name & address in REPORT # 3 down TO REPORT #4.
4. Move the name & address in REPORT #2 down TO REPORT #3.

start Albanian Na... Lycos Finan... Google - Mic... Deleted It... The Progra... Frauds and ... Ecommerce1 17:32

# More Maths

- Lotteries

- Tax on the poor and the ignorant
  - How Casanova made his money
  - Not all promoters are honest!

- Financial Euphoria

- Tulipmania (1637)
- South Sea Bubble (1720)
- Railways (1849)
- Radio and Aeroplanes (1920)
- Dot.Com
  - J.K. Galbraith

# Inside trading and market manipulation

- **Insider trading: Guinness, and others**
  - Market illiquid for small stocks or large orders
    - “Upstairs market”
  - What is a “fair market”?
    - Anonymity and disclosure:
      - Pre-trade
      - Post-trade
    - Chinese walls (and whispers)
  - Money laundering:
    - Layering
    - Getting it into and out of the banking system
      - Bureau de Change & offshore banks
      - Disguise as legitimate business
- **Boiler room schemes**

# Fraud?

## Cambs firm slated over share hike

BAD PRESS has hit Cambridgeshire varicose veins firm DioMed.

The company, which is listed on the U.S. Nasdaq exchange, has become a target for the *New York Post*.

The paper claims the company, originally a spin-out from Generics Group at Harston, is enjoying an unwarranted hike in its share price following the efforts of a stock promoter who has a large holding stashed away in the Cayman Islands.

"DioMed is exactly the sort of stock that should send any normal person fleeing the room at the mere mention of its name: suspect auditor (Andersen in the U.S.), offshore accounts, weird product, teeny-weeny revenues, board members with back stories -- this stock's got it all, the complete package," the *New York Post* says.

DioMed's share price has risen more than 200 per cent to \$7 this year, the greatest gain of any listed stock on Wall Street in this period.

CEN 27<sup>th</sup> Mar 2002

# Institutional & Governmental fraud

- False assurances
  - Enron
  - BP Golden Share
  - Murdoch
- Bad statistics
  - Unemployment, hospital waiting lists
  - Telco/cable customer numbers, churn
  - Web-site clicks, adverts
- Euphoria
  - 3G Telco licences
  - Privatisations

# Countermeasures

- **Caution**
  - If something is too good to be true, it probably is!
  - RISK ASSESSMENT
- **Cleanliness**
  - 2-person working/separation of function
  - Conventional double-entry bookkeeping
  - Audit
  - Culture
- **Follow the money**
  - Hard to make it disappear