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# Fraud Examination Report

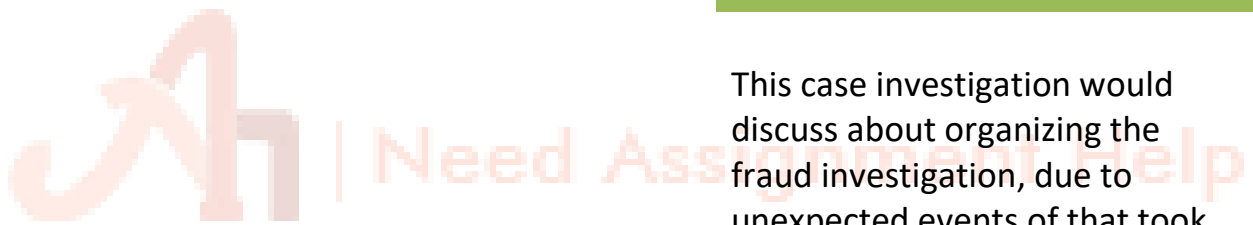
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**Case: “Operation  
Easygo” case  
investigation.**

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This case investigation would discuss about organizing the fraud investigation, due to unexpected events of that took place in the Easygo Travel firm.

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## 1. Introduction

This paper examines about the unethical incidents that occurred in the Cronulla branch in the firm Easygo Travel, which is a Sydney based travel organization with workplaces in North Sydney (Head office), Parramatta and Cronulla. The general manager James Perkins, after considering the anonymous daily paper tip, protestations about the Viceroy Cruise price, the missing insurance guidelines and premium and the anonymous hotline call with respect to Cronulla employees, Easygo Travel, chooses to organize the formal fraud examination.

## 2. Background

Easygo Travel had faced some unexpected events in the past few weeks. To begin with, the Cronulla division was the highest rated and well performed branch who lost their elite contract towards representing Viceroy River Cruises. This most important Viceroy contract gave Easygo Travel selective rights to deal with every booking for Viceroy yet Viceroy as of late transferred their commerce towards a contender. Secondly, a long term staff at Cronulla division, Fiona Davis, left the job on 13th August, her last day being 17<sup>th</sup> August. James views her resignation as a huge loss to the firm.

The Easygo Head Office got an envelope delivered towards 'The General Manager'. It was conveyed to James with another email. Inside that envelope had a torn page of a daily paper with the words "Watch out! Look for the scam at Cronulla branch." James Perkins had no clue who could be that person that sent the word of warning.

On 21st August, a protestation was alluded to Easygo Travel Head Office through ATAS. The protest identified with a Viceroy River Cruise organized out by Easygo Travel, Cronulla division. The complainant, Betsey Cummings, alleged that the cost that was publicized and what was initially cited for her Viceroy Danube cruise, being \$9,000, was varied towards the final cost of \$10,800 that Cronulla division asked for her to pay last time. At the point she thought there was a rise in price before her last repayment was expected yet, but on addressing different travelers on the cruise, she understood she had charged 20% more than any other individual for a similar size cabin.

On Wednesday, James Perkins addressed a representative from the financier for Easygo Travel Insurance who directs they had acknowledged travel insurance for lost baggage from Dennis Guthrie, a long-term Easygo Travel client. Guthrie expressed he took out his travel insurance policy at Cronulla division yet the insurance delegate advised that there is no record with respect to Guthrie's arrangement or the \$1500 premium that Guthrie contends was remunerated for the policy.

Easygo Travel got an anonymous call through its recently actuated fraud hotline expressing that it should investigate employees at the Easygo Travel Cronulla division. The caller expressed that a specific trusted employee's at the Cronulla division was stealing from Easygo Travel and cheating employees and clients of their well earned cash through different secret plans.

After considering the anonymous daily paper tip, protests about the Viceroy cruise cost, the missing insurance policy and premium and the anonymous hotline call in regards to Cronulla employees, Easygo Travel, chooses to organize the formal fraud examination. James Perkins, as General Manager of Easygo Travel has chosen to lead a formal fraud examination concerning the potential for fraud through appointing a fraud examination group to direct the fraud examination.

### **3. Executive Summary**

The fraud examination in the Easygo Travel would determine whether there was an existence of a possible unethical practice of money laundering, economic extortion and asset misappropriation in the Easygo Travel (Acfе.com, 2016).

The fraud assessment started, after considering the anonymous daily paper tip, protests about the Viceroy Cruise cost, the missing insurance policy and premium and the anonymous hotline call in regards to Cronulla employees, James Perkins, as General Chief of Easygo Travel, chooses to organize the formal fraud examination. Perkins prompted that he had got a number of anonymous charges and, following circumspect inquiries prepared by him inside his association, he had a few worries regarding their Cronulla division and the reliability of employees. The fraud examination was carried out by Safe- Connect Investigations, whose employees and workplaces are situated in Sutherland, NSW, and this is a fraud examination organization specialized in organizational deception. A Letter of Engagement was made up contracting Safe-

Connect Investigations to direct a fraud examination, which was to be at first dependent on the whistleblower claims and concerns with respect to the employee's execution.

An individual from the fraud examination group, Millie Meddle, was introduced by James Perkins in his workplace. Milly states that while observing the entire office, she had huge trouble shadowing Felicity Jacobs. Felicity doesn't mix with any other employees, she declines to explain Milly even the essentials of accounting and keeps everything safely guarded. The group that directed external surveillance over a two-week time frame on Felicity detailed some irregular movement and behavior. Following work every Friday, Felicity stops at an ATM in Cronulla and makes use of two separate cards towards withdrawing money for each card.

The group likewise observed that eight money expense transactions of \$2,000 each were deposited into Account No 28653 on each after Tuesday during September 2018. A similar pattern supposedly had happened for each Tuesday of the month in the 12 months preceding 30 September 2018. An installment for a similar sum was then transferred that similar date to the Travel Holdings Ltd Account No 754301.

The 'Operation Easygo' examination group, utilizing the Travel Holdings ABN No 77 156 789 456 observed that Travel Holdings Ltd had 3 chiefs in the organization, Felicity Jacobs (Secretary), Robert Kearney and Agnes Kearney.

Subsequent to acquiring adequate documentation, the Chief Investigator (CI) interrogated Felicity concerning the evident difference among the primary journal entries in the Easygo Travel Cronulla division payroll general ledger and the debit and credit entries in the Easygo Travel Cronulla division working account No. 28653 outfitted through the First State Bank.

Operation Easygo' investigation exposed proof that shows that money payment transactions totaling \$4,000 on a TAB account in the name of 'Felicity Jacobs' were remunerated into that account every Saturday amid the period September 2017 – September 2018. Felicity expressed that he could make it to up throughout the end of the week and pay it back the following week. Thus it could be said that 'Felicity breached the Competition and Consumer Act 2010 (Cth) rules in carrying out the wrongful activities.

## 4. Scope

The objective of the Fraud Examination Group was to decide the existence of a possible unethical practice of money laundering, economic extortion and asset misappropriation in the Easygo Travel carried out by Felicity through the re discrepancies in the pattern of debits and credits in the Easygo travel Cronulla division working account no. 28653 given by the first state bank and the Easygo travel Cronulla division general ledger. Operation Easygo investigation proof showed that money payment transactions totaling \$4,000 on a TAB account in the name of 'Felicity Jacobs' were remunerated into that account every Saturday amid the period September 2017 – September 2018. The assessment is predicated on an anonymous call through Easygo Travel recently prompted fraud hotline expressing that it should investigate staff at the Easygo Travel Cronulla division.

## 5. Approach: Fraud Investigation Procedures

The team members of the Fraud Examination are

- Millie Meddle, the Certified Fraud Examiner
- Arthur Smyth, the IT forensic investigator
- David Lang and Jennifer Hart, members of the 'Operation Easygo' investigation team
- The Chief Investigator
- Michael Kent, an investigation team member

### Investigation inquiries conduct

An individual from the examination group, Millie Meddle, was introduced by James Perkins in his workplace. It was determined that Millie would be acquainted with the Cronulla division as the substitute for Fiona Davis with the point of recognizing any frauds that have or are being carried out, to distinguish the culprits of any fraud found and to accumulate and safeguard any proof found.

Milly has taken specific note of the everyday office schedules of the employees and observed that each personnel wear an 'Easygo' symbol uniform and work in the office 9.00am to 5.00pm every day with a hour meal break, except Felicity Adams and Sally Liu. Felicity works 30 minutes extra every day as she is in charge of opening and shutting the office. Felicity takes two hours off every Tuesday morning to compensate for her expanded functioning hours amid the week. Sally carries out four and half days a week as she goes to Russian language course in Sydney CBD every Wednesday afternoon.

Milly updated the group on her perceptions. She states she has huge trouble investigating Felicity Jacobs. Felicity doesn't mix with the other employees, she declines to explain Milly even the essentials of accounting and keeps everything safely guarded. Felicity has her own printer thus Milly can't get to any of Felicity's documentation from the employees printer.

On 6<sup>th</sup> September, Mrs Loudon came to the office wanted to see the manager, Matthew Mason. Milly brought her into her office. Mrs Loudon expressed that while she was on the cruise Mrs Loudon got a sudden email on her iphone requesting cash. The creator of the email was aware her correct area and commanded \$5,000 or generally her home would be burnt down in 24 hours. Mrs Loudon was stunned as nobody was aware of her journey schedule, except the Cronulla division, who was aware of her personal schedule.

On 7<sup>th</sup> September, a file received from Reliance Plus Insurance with respect to a travel insurance claims put together by Dennis Guthrie, an Easygo Travel customer. The record showed Mr Guthrie made a case on the 16<sup>th</sup> August for the loss of two pieces of luggage which contained apparel and camera hardware. The total sum asserted is \$5,000.

David Lang and Jennifer Hart, individuals from the Operation Easygo' examination group, interviewed Guthrie at his house. He was not able distinguish who precisely handled his application and installment for Easygo Travel Insurance however he expressed a decent woman with dark hair helped him pick which policy was ideal. It cost him \$1500 and the woman gave him a receipt.

Because of the rise of an assortment of protestations, HR records on all Easygo Travel Cronulla employees were analyzed by the group. Various groups have made cautious inquiries and directed surveillance on every individual from staff.

Millie Meddle, reported to the group that Felicity keeps uses different reasons to disallow Millie any access towards her office while she is working. The group that led external surveillance over a surveillance time span on Felicity announced some unusual action and behavior. Felicity lives by herself in a house unit at Miranda with a cat. After work every Friday, Felicity stops at an ATM in Cronulla and uses two separate cards towards withdrawing a total of money for each card. Every Saturday, Felicity walks with a big shopping bag to the Miranda Fair Shopping, utilizes an ATM and two cards towards withdrawing more money and afterward goes to Miranda TAB where she puts down bets in money and spends the afternoon by watching the race TV broadcasts.

The surveillance group was kept occupied keeping Sally under surveillance. The 'Operation Easygo' group additionally analyzed footage from the observation camera inside the Easygo Travel Cronulla division and at the rear exit entryway.

### **Documents obtained**

Milly Meddle showed huge interest in the Sally Liu features. The story and the photographs were about Sally's most loved Asian spots. One photograph demonstrated Sally in a Chanel store within Nathan Street, Hong Kong with a gathering of Chanel bags. In another photograph, Sally is appeared at a Tiffany store counter in China World Shopping center, Beijing, China. Aware that every Easygo travel expert staff has a normal compensation of \$55,000 per annum, Milly observed these photographs as noteworthy in the examination.

As per Mr Guthrie's issue, he gave the printed receipt to David Lang and Jennifer Hart. That proof of payment was carefully set in a plastic A4 envelope and the envelope named.

On 26th September, the team gets the results of the MIC examination of the Easygo Insurance proof of payment given by Dennis Guthrie. The investigation created an understanding of a DocuColor design. The understanding distinguished a Fuji Xerox Ducolor printer, sequential number 762345. The Easygo Travel Office, Cronulla division has two Fuji Xerox Docucolor printers, one in the rear section close to the staff room and the other in the workplace of Felicity Jacobs.

On 27th September, 2018, Millie checked the sequential numbers of every office printer. The printer in Felicity Jacobs workplace is a Fuji Xerox Ducolor printer, sequential number 762345.



This printer matched the MIC examination interpretation of the Easygo Insurance proof of payment given by Dennis Guthrie

Amid that day, the 'Operation Easygo' colleagues, David Lang and Jennifer Hart interviewed with every one of the complainants and who had a same experience as Loudon, where they all got an unexpected email which asked for \$5,000 or their house would be burnt down in 24 hours. Lang and Hart noticed all messages were sent from the email address admin.man@yahoo.com.uk. Arthur Smyth, the IT expert of Operation Easygo inspected the email header for every email and found out the Internet protocol (IP) address was the similar for each email.

Arthur Smyth, the IT forensic examiner looked at Felicity's PC the locksmith opened Felicity's locked file cabinet. In the drawer they had found substantial pack of blank Travel Holdings Ltd letterheads. A search of an envelope stamped 'Confidential' delivered eight finished invoices on a Travel Holdings letterhead towards Easygo Travel for \$2,000, being a sum of \$16,000 for cruise tour outing commissions. The invoices were set apart to be remunerated towards the account of Agnes Kearney, Manager, Travel Holdings Ltd, First State Bank Account No. 754301.

Another cabinet found out various TAB reports; including TAB betting tickets and a TAB account for the September month. The TAB account was in the name of 'Felicity Jacobs'. It indicated eight money payment transactions of \$2,000 each, being two payments every week.

One more locked cabinet in Felicity's workplace discovered an amount of Travel Holdings bank reports for Agnes Kearney, demonstrating the organization ABN as 77 156 789 456 and the location as PO Box 545, Cronulla, NSW. Besides, the First State Bank account explanations issued for Agnes Kearney were additionally addressed towards a similar PO address. The account No. 754301 coordinated the account particulars given on the Travel Holdings receipt found in the cabinet having a place with Felicity Jacobs.

### **Discussion of evidence**

The 'Operation Easygo' examination group presumed two employees, Felicity Jacobs and Sally Liu. Even though both Felicity and Sally are viewed as suspects, assist examination eliminated Sally from the suspect list and the primary center came to Felicity.

The Safe- Connect investigation group and Matthew Mason, the branch manager inspected the Easygo Travel Cronulla bank explanations for Account No 28653 given by the First State Bank. Matthew Mason was surprised to observe that 8 payments of \$2,000 each were by electronic means transferred from the Easygo Travel account No 28653 on the four Fridays of every month between September 2017 and September 2018 towards First State Bank Account No 754301. The reference for these installments was Travel Holdings Ltd. These installments matched the remunerated invoices situated in Felicity's work area for Travel Holdings Ltd. Matthew Mason had never approved any installments towards Travel Holdings Ltd.

The group additionally observed that 8 money transactions of \$2,000 each were kept into Account No 28653 on each following Tuesday during the month of September 2018. A similar pattern apparently had happened for each Tuesday of the month in the 12 months preceding 30 September 2018. The group additionally noticed an installment of \$1,800 was remunerated into the Easygo Travel Cronulla account on the 12<sup>th</sup> June, 2018 for 'B. Cummings Viceroy Cruises.' A payment for a similar sum was then transferred that similar date to the Travel Holdings Ltd Account No 754301. The group noticed that there were 32 comparable transactions took place over the year time frame ending September 2018. The group at that point analyzed the Easygo Travel Insurance Cronulla bank articulations for Account No 49852 given by the First State Bank for the year time frame ending 30 September 2018. There was no entry completed for a deposit of \$1500 approximately the 11<sup>th</sup> July, 2018 for Guthrie.

## Findings

Depending on the documents reviewed, the information collected, external surveillance and interviews carried out during the fraud examination, the teams tries to find out whether there was an existence of a possible misappropriation of assets done by Felicity in the Cronulla branch.

The 'Operation Easygo' examination group, utilizing the Travel Holdings ABN No 77 156 789 456 at that point directed a search of ASIC records for insight with respect to Travel Holdings Ltd. It was discovered that Travel Holdings Ltd is a unit trust enlisted with ASIC in May, 2012. Its ACN No is 156 789 456. There are three executives in the firm, Felicity Jacobs (Secretary), Robert Kearney as well as Agnes Kearney. An additional search of open genetic records revealed that Robert and Agnes Kearney is the close relative of Felicity Jacobs and both are aged. An

additional enquiries revealed that Robert and Agnes Kearney both were suffering from dementia and have located in a nation NSW nursing home for as long as ten years.

## **6. Summary**

Operation Easygo' investigation exposed proof that shows that money payment transactions totaling \$4,000 on a TAB account in the name of 'Felicity Jacobs' involves the fraud of money laundering, the matching of Felicity Jacobs workplace Fuji Xerox Ducolor printer, sequential number 762345 with the printer of the MIC examination given by Dennis Guthrie involves the fraud of asset misappropriation and the email demanding \$5,000 or their house would be burnt down in 24 hours involves economic extortion.

## **7. Impact**

By the fraud and unethical activities, the organization had bad impact as in the course of 12 months, Felicity had week after week \$4,000 debits by electronic means transferred to his account every Friday followed by \$4,000 money credits being stored into the Easygo Travel Working Record No. 28653 every Tuesday.

## **8. Recommendations**

The major supervisory body (which includes, the Australian Securities and Investments Commission (ASIC), the Australian Competition and Consumer Commission (ACCC) and the Australian Taxation Office (ATO)) have large powers of investigation towards business fraud (Thomson Reuters, 2018).

The Remedial measures are;

### **Civil penalties**

A controller could seek after an assortment of civil or authoritative requirement remedies, which includes seeking after correctional activities, for example, reimbursement orders or monetary punishments (Commonwealth Fraud Control Guidelines, 2011).

Contingent upon the nature of the wrongdoing, a controller could make regulatory move without the requirement to include the courts. For instance, the ASIC could make the accompanying move:

- Disqualification of a person from dealing with a firm, or a prohibition on giving money related services or taking part in credit exercises.
- Revocation, deferral or variety of states of a money related services permit.
- Public forewarning notices.

The ASIC and ACCC additionally have the authority to issue enforceable endeavors towards an individual or corporate firm after an examination. These could incorporate endeavors to:

- Remedy the damage caused by the behavior.
- Accept accountability regarding their activities.
- Make enhancements towards their corporate actions (Thomson Reuters, 2018).

### **Criminal penalties**

A controller would for the most part seek after criminal solutions for more severe instances of wrongdoing behavior and violations of the regulation. Contingent upon the nature of the wrongdoing, criminal punishments could incorporate jail sentences (like, the province of New South Wales enactment provides most extreme jail sentences for severe fraud going from 5 to 10 years). Criminal punishments could likewise incorporate criminal fines or non-corrective court requests, for example, community service orders (Thomson Reuters, 2018).

## **Civil suits**

Controllers could likewise seek after agent civil activity against wrongdoers for the people who have experienced loss, and could look for remuneration or financial punishments and instructions of disqualification in connection to people (Commonwealth Fraud Control Guidelines, 2011).

Easygo Travel can adopt the following strategies,

- Code of conduct - The code of conduct must clarify that there would be zero resistance of any fake action on any level of the commerce and that any such fraud would be accounted for to the police.
- Separation of duties - No individual must be in charge of a total transaction from beginning to end.
- Implementing a whistle blowing arrangement - Having a whistle blowing approach set up that outlines the measures to be taken if a worker suspects other person with fraud. Administration should likewise exhibit that they effectively follow up on every issues rose by means of the whistle blowing method.
- Monitoring worker conduct - There are various worker behaviors that might demonstrate an uplifted likelihood that a worker is carrying out fraud, which includes: the worker consistently works outside of business hours or once in a while takes leave. In spite of the fact that they might seem persistent, they might have different intentions in being in the work environment unsupervised; the worker seems, by all accounts, towards being spending or living beyond their methods (Cpaaustralia.com.au, 2011).

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