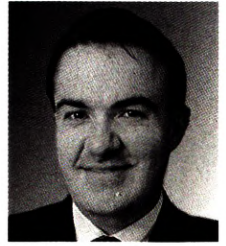


# On the trail of fraud

## Can you catch the thief?



By Darren Park, CEO, Pathfinders Forensic

**Y**ou have just been contacted by the CEO of Silhouette Incorporated, Sarah Silhouette. She informs you that \$3.5 million has just been stolen from the company bank account, threatening Silhouette's ability to trade. She estimates that her company could continue for five more days before all funds are exhausted.

Can you recover the stolen money before time runs out?

### Phase one: preliminary investigation

You and your team visit Silhouette's head office and commence your investigation. Your company search of Silhouette reveals that one of the directors, John Sneezy (Born: 3 May 1952 in Perth), resigned from the company late last week. Two directors remain: the sole shareholder and CEO, Sarah Silhouette (Born: 12 September 1964 in Melbourne) and a non-executive director (Sarah's father) Ron Silhouette (Born: 23 July 1929 in Melbourne).

Sarah informs you that Sneezy was the finance director for three years, and was terminated acrimoniously last week for poor performance. On Sneezy's departure, Sarah promoted the national accounting manager, Peter Perfect (Born: 25 November 1968 in Perth), to the role.

When you meet with Sarah, she appears distressed and anxious. She tells you that Sneezy probably stole the money, as he was very angry when he left last week. She and Sneezy had failed to work well together for quite some time, and Sarah felt that the only way forward was to exit him from the company. She also tells you that the last words Sneezy yelled at her on his final day were: "I'll get you back for this . . .".

You are provided with the company's bank statements for the last two days, and they show the following withdrawals from yesterday:

	\$	
Opening balance		2,541,892.74 CR
Cheque 100487	380,000.00	
Cheque 100488	950,000.00	
Cheque 100489	820,000.00	
Cheque 100490	800,000.00	
Cheque 100491	550,000.00	(958,107.26) OD
Bank fee	5.00	(958,112.26) OD
Closing balance		(958,112.26) OD

Five cheques totalling \$3.5 million have sent the company's bank balance into overdraft, well in excess of the bank's approved limit of \$100,000.

Sarah informs you that she has no reserves with which to meet wages and creditor payments that are due in five days time. Furthermore, Silhouette has no fidelity insurance in place.

You conduct a search of Sneezy's former office (Peter Perfect has remained in his existing office), and find the following:

- old drink coupons from the nearby horse racing track;
- a handwritten note concealed in a bookshelf: "Johnny, Thanks for a wonderful time! I can't wait to see you again. Love, SS xo"; and
- a computer forensic review of his emails reveals one of interest, sent from an unidentifiable Internet email account: "You forget who actually runs things around here. Our love is worth fighting for. I hope you will reconsider".

Your review of the company's payroll confirms that only one employee has the initials "SS": Sarah Silhouette.

### Phase two: you're closing in

While you are on site at Silhouette, you notice that Sarah is regularly coming around to see how you are progressing. Her interest in your activities is becoming unusual.

You interview a number of key employees and contractors who are regularly on site at Silhouette, most of whom provide no insight into the fraud. However, the cleaning contractor Andrew Handy has a number of things to say to you. He has heard about the fraud and agrees that Sneezy is the prime suspect. Handy tells you that he found Sneezy rude and unfriendly and his behaviour was suspicious. Handy also informs you that the night before his departure, he noticed Sneezy leaving the Silhouette offices at about 11.30pm with a handful of blank cheques in his hand. When asked why he didn't report this earlier, Handy replied that he didn't think much of it at the time but the recent events caused him to think back over the last few weeks more carefully.

Another employee, who works in the administration area, suggests to you that Sarah may have possibly stolen the money herself and constructed a story to try and get revenge against Sneezy. According to this person, Sneezy and Sarah had an intense romance that ended abruptly about a week ago. Rumour has it that it was Sneezy who ended the relationship.

### Where did the funds go?

You initiate traces to be performed on the stolen cheques and confirm that they were all paid into the following account:

Account Number:	187 3103944
Account Name:	SneezeWell
Bank:	Federated Banking Corporation (FBC Bank)
Branch:	110 Collins Street, Melbourne

A business and company name search reveals that no name exists which is identical or similar to "SneezeWell" – it appears that the information and documentation used to open the bank account was false. FBC Bank provides reference numbers of documents sighted upon account opening – they appear to be forgeries.

Your discussions with FBC Bank confirm the following:

- the account was opened one week ago, by a male person known as "Simon Reginald Smith", date of birth 25 November 1968;
- the only deposits into the account are from the Silhouette cheques;
- \$50,000 has been withdrawn in cash from the account; and
- a request for a bank cheque in the sum of \$3 million is being processed at the moment, payable to "JS Trust" – FBC Bank has agreed to slow this process down, subject to appropriate undertakings being provided by Silhouette.

### Phase three: the perpetrator is . . .

So that Silhouette's lawyers can initiate proceedings to freeze and recover the stolen funds, they urgently need the identity of the perpetrator.

The suspects are:

- **Sarah Silhouette:** did she initiate the call to you in an attempt to be involved in an investigation of herself? She may have been a little too interested in what you were up to.
- **John Sneezy:** was it pure coincidence that he resigned exactly one week before the fraud was committed? There might be a reason why Sarah dislikes him so much. Did he end a romance with Sarah? According to the cleaner, he was seen leaving the building late one night with a handful of blank cheques.
- **Peter Perfect:** was this a carefully-crafted fraud perpetrated by the new finance director, with misleading evidence designed to point to everyone else? And his birthday is an interesting coincidence.
- **Andrew Handy:** the cleaner appears to know a lot about Silhouette, and he would have had full access to the building out of hours.

Who committed the fraud? ■

(Answer on page 19)