

# Reveal the Threat of Fraud

With Justin Lawson & Sarah Patterson

# Agenda

- Fraud Awareness
- Statistics
- Three Lines of Defense
- Red Flags
- Case Studies
- Risk Assessment Activity

# Fraud Awareness

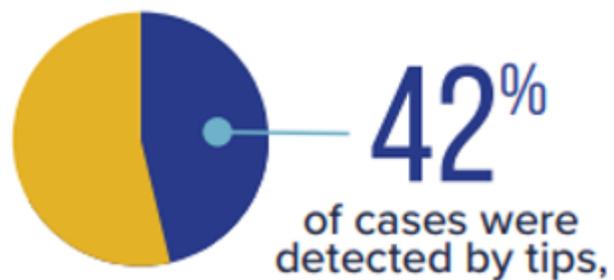
## What is Fraud?

- Fraud is wrongful or criminal deception intended to result in financial or personal gain.

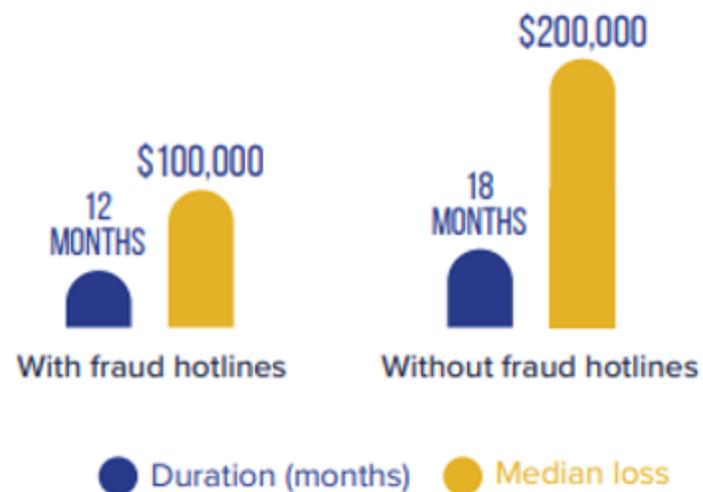
## Awareness is Key!

- Mitigate Fraud Risk
- Increase Effectiveness
- Ensure Policies & Reports are Followed

# 2022 Statistics



**ORGANIZATIONS WITH HOTLINES**  
detect fraud more quickly and have lower losses than organizations without hotlines.

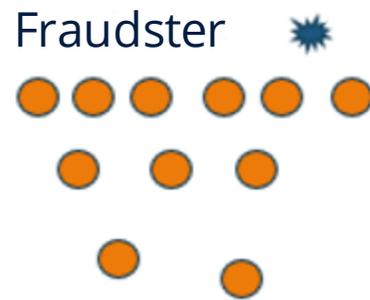


# Reporting Fraud

- Accounting and Auditing Concerns
  - 1-844-492-0905 or <https://suncommunities.navexone.com/>
- HR Hotline
  - <https://www.sunhrportal.com/contact-hr>

# THREE LINES OF DEFENSE

**Team Owner** – Board of Directors  
**Head Coach** – CEO  
**Offensive Coordinator** - CAO



- ← **First Line** – Operations (Our people, policies, procedures)
- ← **Second Line** – Support Functions (Accounting, Team Relations, IT, Internal controls)
- ← **Third Line** – Internal Audit – a periodic review of first line and second line



# LARGE SCALE FRAUD

Manufactured home dealer allegedly fleeced buyers of more than \$1M

2 Calgary men charged in a multi-million-dollar fraud case involving camping, cabin lots in B.C.

RV Rental Fraud

Jury convicts Minnesota man in \$2M Bakken RV Park fraud

RV Campground Membership Scam

**Carolina Pines manager accused of stealing \$867K from the campground**

Woman accused of stealing \$13,000+ from Key Largo RV Park

**RV Repair Scam**

# SMALL SCALE FRAUD

Taking inventory from retail or F&B

**Using company card for personal purchases**

Driving the company vehicle for personal use

Hiring spouse or family as a vendor

**Printer Ink**

Taking petty cash

Taking office supplies

Keeping \$ from returned pool chemical container returns

Personal kick-backs with using vendors and contractors

Pocketing cash: visitor fees, tip jars, slush funds

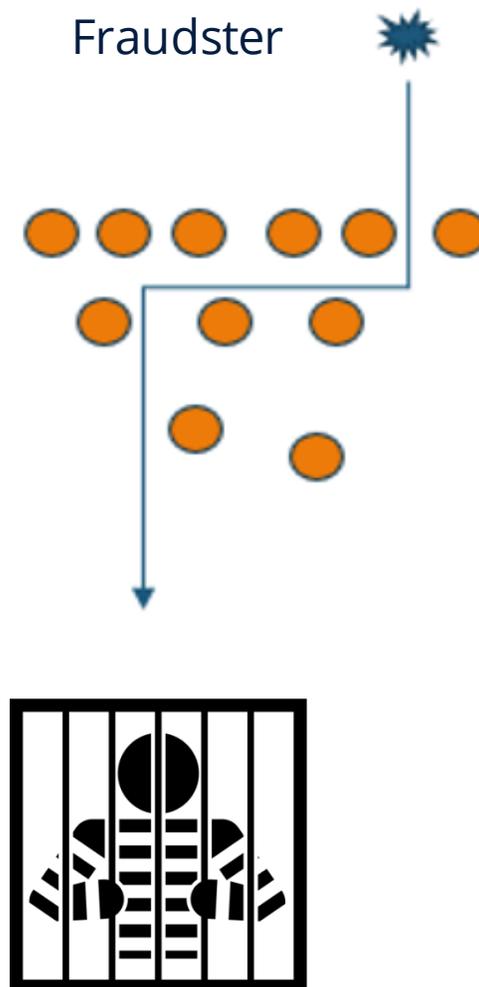
**Time clock fraud**

USING DONLEN CARD FOR PERSONAL VEHICLE

# Other Examples

- Lack of Approvals
  - Manual RV incentives created at the resort level and not communicated to the main office.
  - Unauthorized discounts.
- False RPS Counts
  - Moving somebody into a site on the last day of the month and moving them out the next day in order to gain an RPS.
  - Change of ownership with no lease documents.
  - Changing contact information.

# THREE LINES OF DEFENSE



# How long does it take?

## A TYPICAL FRAUD CASE:



Causes a loss of  
**\$8,300** per month

Lasts **12 months**  
before detection

# Fraud Triangle

Why does someone do it?

- Rationalization
- Opportunity
- Pressure



# Pressure



Status



Meet or exceed budget



Meet earnings or  
sustain investor  
confidence



Addiction



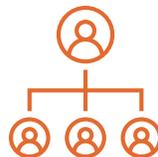
Financial Pressures



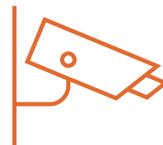
# Opportunity



Poor management oversight



Abusive use of position



Where no controls, no one is watching



Too much trust



Lack of segregation of duties

# Rationalization



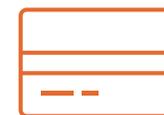
Entitlement, I'm under paid



The company owes me



My family needs it



Other people are wasting money all over the place



This company won't miss it, they have a lot



# Red Flags

## Behavioral Red Flags of Fraud

Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses.

**85%** OF ALL FRAUDSTERS displayed at least one **BEHAVIORAL RED FLAG** while committing their crimes.

### 7 KEY WARNING SIGNS



**42%**

Living beyond means



**26%**

Financial difficulties



**19%**

Unusually close association with vendor/customer



**15%**

Control issues, unwillingness to share duties



**13%**

Irritability, suspiciousness, or defensiveness



**13%**

"Wheeler-dealer" attitude



**12%**

Divorce/family problems

# Risk Assessment Activity!

# Fraud Prevention Activity!

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**“SEE SOMETHING / SAY SOMETHING”**