

TRAINING PROGRAMMES IN

THE PREVENTION, DETECTION, REPORTING AND PROSECUTION

OF WHITE-COLLAR CRIME

DEVELOPED AND PRESENTED BY

Dr Janette Minnaar-van Veijeren

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1. INTRODUCTION

The negative impact of fraud becomes evident in numerous ways, such as a lack of foreign-investment prospects, bad publicity and embarrassment, a decrease in a company's share price, loss of revenue and poor staff productivity. The high cost of an investigation and of civil action and criminal prosecution may be financially devastating.

Workplace dishonesty has a significant effect on professional service delivery and an organisation's reputation. Incidences of crimes such as fraud and corruption cause mistrust in the administration of an organisation and place management under pressure.

South African legislation, such as the Public Finance Management Act; international conventions, such as the UN Convention against Corruption; and the well-known King II Report on Corporate Governance recommend that companies implement sound crime-prevention policies. This will be echoed in the new King III Report (to be published early 2009), which will stipulate that a company should run a sound business operation, live by ethical standards and build a culture of integrity.

An increasing number of companies are realising that the prevention of crime is a critical element of good corporate governance. Crime prevention-training programmes assist in protecting revenue and, ultimately, increasing profit margins.

2. OBJECTIVES OF CRIME-PREVENTION PROGRAMMES

The objectives of specialised white-collar crime, fraud and anti-corruption programmes will broadly be to:

- show, through international and local surveys and case studies, the effect of white-collar crime and fraud on organisations;
- provide an in-depth understanding of the complexities of fraud, corruption and white-collar crime;
- impart practical skills on how to prevent and detect fraud and employee dishonesty;
- teach the importance of sound screening processes and integrity testing;

- discuss the profiles of fraudsters and early fraud indicators;
- explain the obligations in terms of relevant legislation; and
- discuss good corporate-governance standards and the governance of organisations.

Strong emphasis is placed on the practical application of theoretical knowledge in order to empower participants to make a difference in the performance of their duties.

3. TRAINING APPROACH

All training programmes can be tailor made to suit the specific needs of a large organisation (private or public), or a small entity that wants to protect its hard-earned assets. All programmes can be presented in separate modules within the time frames available. Organisations are welcome to choose those modules that are most relevant to their business areas.

The programmes are developed to provide accurate theoretical knowledge of white-collar crime, fraud, corruption and corporate governance. The theory will be supplemented by practical case studies and surveys to enable delegates to internalise the facts. During the course of the programme, delegates will be empowered to apply the knowledge gained in their respective work areas and even to teach the principles to others.

International and local case studies will serve as practical examples of the devastating impact that fraudsters can have on a company.

Programmes are supported by manuals, PowerPoint slides and resource material. The manuals are professionally printed and used during the training sessions as a comprehensive reference guide.

Prices will be negotiated depending on the number of delegates and the duration of the training.



4. DELIVERABLES

1. Each delegate will receive a professionally printed and bound manual, which will serve as a complete reference guide.
1. The PowerPoint presentation and manuals will be updated at regular intervals, to ensure that the information remains relevant and current.
2. Delegates will complete an attendance register and will be provided with an attendance certificate, proving that they have attended the training.
3. Each delegate will be required to complete an evaluation form, which will include questions on how the training changed their behaviour and the perceived benefits of the training.
4. A written feedback report will be provided to the client.

5. OUTLINE OF COURSES PRESENTED BY DR JANETTE MINNAAR-VAN VEIJEREN

THE PREVENTION, DETECTION, INVESTIGATION, REPORTING AND PROSECUTION OF WHITE-COLLAR CRIME (2 – 3 DAYS)

Introduction

- Personal introductions.
- Objectives of the programme.
- Agenda.
- Participants' expectations.

Module one: Setting the scene

- Magnitude of white-collar crime and fraud in South Africa and international benchmarking.
- Internal crime:
 - - **Local and international statistics and surveys.**
- Legal explanation of theft, fraud, corruption and white-collar crime.
- Prevention and Combating of Corrupt Activities Act of 2004.

- Criminal-law elements of fraud.
- White-collar crime.
- **Real-life case studies:**
 - ⇒ ***The Gambling Sisters of Lichtenburg.***
 - ⇒ ***McCarthy's.***
 - ⇒ ***Prof Lord.***
 - ⇒ ***Barings Bank***
 - ⇒ ***Société Générale.***
 - ⇒ ***Kevin Harvey.***

Module two: Prevention of crime

- Preventative crime measures:
 - Follow a holistic approach.
 - The three-pillar principle (legislative requirements, organisational rules and individual values).
 - Recruitment practices and employment screening.
 - Integrity testing.
 - Company values and ethics.
 - Code of ethics.
 - Internal controls.
 - Internal audit.
 - Integrated risk management.
 - Fraud-awareness training.
 - How to be prepared: A crime-prevention and -response plan.
 - ***Johnson & Johnson Tylenol case study.***
 - Corporate-governance obligations – the King II and King III Report.
 - The Public Finance Management Act (where relevant).
 - **Case studies.**

Module three: Detection of crime

- Discovery of fraud.
- Different types of white-collar crime.
- *Examples of white-collar crimes:*

⇒ ***Fidentia case study***

- Profile and personality of a white-collar criminal.
- Warning signs of fraud – tell-tale signs.
- Characteristics of management, employees, etc.

⇒ ***A practical fraud-risk “tool kit”.***

Module four: Investigation of crime

- What happens if crime is discovered?
- How you can assist?

Module five: Reporting of crime

- In-house whistle-blowing - The Protected Disclosures Act of 2000.
- Reward systems.
- Reporting to the authorities.
- Other regulators, for example, the Asset Forfeiture Unit.
- ***Case studies and corporate examples.***

Module six: Prosecution of crime

- In-house disciplinary hearings.
- Criminal prosecution.
- Civil prosecution.
- South African court system.
- Insurance claims.

Conclusion

- Closing remarks and discussion.
- **Evaluation of presenter.**

DETECTION OF FRAUD AND WHITE-COLLAR CRIME (1 DAY)

- Introduction.
- Understanding fraud and white-collar crime.
- The profile of a fraudster.
- **Case studies:**
 - ⇒ **Fidentia.**
 - ⇒ **McCarthy's.**
 - ⇒ **Prof Lord.**
 - ⇒ **Barings Bank.**
 - ⇒ **Société Générale.**
 - ⇒ **The Gambling Sisters of Lichtenburg.**
- How are white-collar crimes detected?
- What happens when white-collar crime is detected?
- Different types of white-collar crimes, for example:
 - Advance-fee frauds.
 - Money laundering.
 - Pyramid schemes and binary schemes:
 - ⇒ **Krion case study.**
 - Cheque fraud.
 - Insider trading.
 - Market manipulation.

- Cyber crime:
 - ⇒ **Standard Bank case study.**
- Insurance fraud.
- Identity theft:
 - ⇒ **Kevin Harvey.**
- Checklists.
- Warning signs of fraud:
 - Management.
 - Financial.
 - Employee.
- Fraud indicators:
 - Commercial.
 - Financial.
 - Human resources.
- Conclusion.



UNDERSTANDING AND PREVENTING CORRUPTION (1 - 2 DAYS)

Module one: Defining corruption

- Definition of corruption.
- Dimensions of corruption:
 - Bribery.
 - Embezzlement.
 - Abuse of power.
 - Conflict of interest.
 - Abuse of privileged information.
 - Favouritism.
 - Nepotism.
- Examples of corruption.
- Levels of corruption:
 - Petty corruption.
 - Grand corruption.
 - Political corruption.
- Similar crimes:
 - Extortion.
 - Fraud:
 - ⇒ *Tylenol case study.*
 - ⇒ *Pick 'n Pay case study.*
 - ⇒ *Tiger Brands.*

Module two: Legislative framework

- Explanation of the Prevention and Combating of Corrupt Activities Act.

Module three: Reasons for corruption

- Causes of corruption:
 - Social causes.
 - Economic causes.
 - Organisational causes.
 - Institutional causes.

Module four: Cost of corruption

- Negative results of corruption.
- Transparency International's rating.
- Business case against corruption – Transparency International, United Nations Global Compact, World Economic Forum and International Chamber of Commerce.

Module five: Prevention of corruption

- Prevention of corruption:
 - Cornerstones of a corruption-free society.
 - Educate yourself about corruption.
 - Other things that you can do.
 - Your role as a citizen (where relevant).
 - When in doubt.
 - Role of the government.
- Imperatives for prevention of corruption:
 - The United Nations Global Compact principles.
 - The US Federal Sentencing Guidelines.
 - Cost of corruption.
- Practical steps to fight corruption:
 - Organisational initiatives, for example, conflict of interest policies and gift registers.
 - Training.
 - Ethics codes and leadership.
- Early warning signs of corruption.

Module six: Reporting of corruption

- Duty to report in terms of legislation.
- Reasons for non-reporting of corruption.
- Institutions to approach:
 - Role of the National Anti-corruption Forum.
 - South African Police Service.
 - Watchdog bodies, for example, Independent Regulatory Board for Auditors.
 - Media.
 - Reporting facilities/hotlines.
 - Protected Disclosures Act.

Conclusion.

Evaluation.



BASIC PRINCIPLES OF CORPORATE GOVERNANCE (1 DAY)

Introduction.

Objectives.

History and definitions of corporate governance:

- Cadbury Report.
- King I.
- King II.

Developments since King II:

- Enron.
- The US Sarbanes Oxley Act.
- US Federal Sentencing Guidelines.
- UN Global Compact.
- Partnering against Corruption Initiative (PACI).

Corporate-governance failures:

- *Société Générale.*
- *Barings Bank.*
- *Fidentia.*

Basic elements of corporate governance:

- Corporate social responsibility.
- The RAFT principle – King III.
- Other.

Duties of directors:

- Ethical duties of directors.
- Ethical leadership.
- World Bank case study.

Duties of auditors.

Imperatives for good corporate governance.

Conclusion.

Evaluation.

6. OUTCOME OF THE TRAINING

The outcome of the programmes will be that:

- employees will have been made aware of the detrimental effect of dishonesty and its negative impact on the revenue stream;
- participants will be influenced to comply positively with the critical procedures and internal controls of the organisation;
- participants will come to understand their own responsibility toward the company - not only will delegates be motivated to behave more ethically, but a change in mind set will lead to positive behaviour change;
- delegates will be empowered to recognise the early warning signs of dishonesty and will be encouraged to report instances of crime and irregularities through the correct channels;
- staff will be motivated to contribute to a broader culture of honesty and integrity at work, because they understand the benefits thereof; and
- the organisation will have a better bottom line, improved service delivery and a reduction in operational costs resulting from losses.

7. TARGET AUDIENCE

These programmes will benefit employees at all levels of an organisation. It is critical for every person to understand his/her role in the value chain. Managers will be empowered to evaluate controls and recognise early warning signs of dishonesty, and lower level employees will come to understand how their own behaviour affects the company and often compromises salary scales and bonuses.

8. TRAINING FEEDBACK

8.1 FEEDBACK ABOUT PROGRAMMES

The programmes presented by Dr Minnaar-van Veijeren have received excellent feedback from both private-sector and public-sector organisations participants. Some of the remarks made were:

- The programme enhanced our knowledge of corporate governance, what is expected of each employee to ensure that the company is sustainable and is not exposed to any risks that may be avoided.
- Points well illustrated with lots of examples. Good group interaction.
- Explanations of terminology and the legal system were extremely helpful.
- Brilliant presenter!!! Excellent content! Research done was excellent.
- This programme was very relevant and absolutely important for us all.
- Very motivating! Gets the people to do the right, ethical things - makes us wary and on the look-out for fraud.
- With me being new in management, this information was so important and is very welcome.
- The programme created awareness of the types of transgression that take place in our company. It also provides a way for us to identify criminal activity and informs us as to what control measures are in place. This course added a lot of value.
- The presenter is very well informed and gave examples so that we were able to follow the topic discussed. Company-relevant examples were used so that we could relate to our day-to-day activities.

8.2 FEEDBACK ABOUT THE PRESENTER

Delegates have made the following comments about Dr Minnaar-van Veijeren's presentation style:

- The presenter was brilliant. Have never had a better presenter. She makes it interesting and funny. Well done!
- Janette, keep it up!! You're excellent - highly learned and so educative.
- Well-structured presentation by a person well trained, very knowledgeable and excellent communication skills – a real expert.
- Dr Minnaar is an authority on the subject – highly recommended.
- Presenter is highly professional, especially on giving the examples to support the course content.

- Dr Minnaar is an outstanding presenter, very knowledgeable and full of energy. She is very well organised and able to maintain your interest with ease. I reluctantly arrived here on Monday expecting a boring 2 days, but Dr Minnaar changed that perception within the first hour of lectures. Well done! You are doing an outstanding job with your course.
- The enthusiasm of the presenter was contagious, she is an excellent presenter that makes a difficult subject come alive and she knows her subject extremely well.
- The presenter has an excellent understanding of the topic and is very approachable.
- The presenter creates an atmosphere that is conducive to learner participation.

9. ABOUT THE PRESENTER: DR JANETTE MINNAAR-VAN VEIJEREN

After Janette obtained a BLC and LLB in law from the University of Pretoria, she travelled to Cambridge University, United Kingdom, and to the United States of America for her doctoral studies. She obtained her PhD in Criminal Law (LLD) from the University of Pretoria, in 1998. Janette started her professional career at the Bank Supervision Department of the South African Reserve Bank and was admitted as an advocate of the South African Supreme Court in 1991. She lectured at the University of Venda for two years and continued her academic career at the University of Pretoria. In 1998, Janette exchanged her career in the academic field for a consulting career in the private sector.

Janette was a director of a private company, which she co-managed until mid-2007, when she joined the Ethics Institute of South Africa as a full-time associate. She serves on the South African National Anti-corruption Forum, as one of ten representatives of Business Unity South Africa (BUSA), and was elected to be the Summit Director for the Second National Anti-corruption Summit, held in 2005, at the CSIR, Pretoria. The United Nations (UN) Global Compact invited Janette to represent business in South Africa and Business against Crime at the UN's International Anti-corruption Learning Forum held during 2006, in Accra, Ghana. On behalf of the Ethics Institute of South Africa, Janette also travelled to Nigeria to co-train senior staff of the Central Bank in Abuja.

Janette assists the Institute of Democracy of Namibia on an ongoing basis with its national anti-corruption strategy. For that purpose, she developed and presented anti-corruption training programmes to various focus groups in Namibia. Janette served on the Board of Directors of the

Ethics Institute of South Africa until September 2007. She was a member of the Institute of Directors, is a friend of the South African Fraud Prevention Services and is a strategic partner of the CGF (Corporate Governance Framework) Research Institute.

During 2008, highlights have included an invitation to present ethics training to private business in Namibia and the development of a new code of ethics for the board and corporate members of the Afrikaanse Handelsinstituut. Janette also accepted an invitation to present corporate-governance and ethics training programmes on behalf of a prestigious advanced-learning institute in Johannesburg. She took part in the 12th Annual Revenue Protection Convention, hosted by the South African Revenue Protection Association, and made a presentation on the effect of price fixing on business in South Africa at the Third National Anti-corruption Summit. Janette was invited to Kenya to present anti-money laundering training, and she gave corporate-governance training to executives of the JD Group.

Janette has entered into a joint venture with behavioural scientists and psychologists to bring about positive behavioural change in large organisations through integrity testing, training and industrial theatre. She has also taken on the duties of trustee of Dr Annique Theron, internationally acclaimed founder of Annique Skincare, one of the largest companies specialising in health and beauty in South Africa.

Over the past few months Janette has been involved in an extensive revenue-protection programme on behalf of Eskom Distribution, where she developed and presented a specialised training programme to revenue managers and staff members. Janette has accepted an invitation to serve on the Academic Board of the Graduate Institute of Management and Technology, chaired by respected business leader, Mr Gerry Vilakazi and she is a specialist advisor for members of the AHI on fraud, corruption and white-collar crime.

Janette has many years of practical experience as a result of her involvement in forensic investigations and proposals on preventative controls. She specialises in the development and presentation of fraud-prevention training programmes for large corporations and has extensive teaching experience at senior management level. She has trained hundreds of managers and staff members of organisations such as Standard Bank, the JD Group, Eskom, Murray & Roberts, Sasol, Nedbank, FNB, Barclays Africa, Momentum and officials of various local municipalities, technikons and universities.

She is a popular speaker at conferences and has published both nationally and internationally.

10. CONCLUSION

Please do not hesitate to contact Dr Minnaar-van Veijeren on +27 (0)82 337-7114 or + 27 (0) 12 342-2799 should you have any enquiry.

