



# CLAIMS EXAMPLES

## NON-PROFIT ENTITIES – NOT IMMUNE TO LOSSES CAUSED BY FRAUD

***Fraud is on the rise. All entities, be they non-profit organizations, private family-owned companies, or multi-national publicly traded corporations, are subject to fraud.***

If one acts as a director, officer, or in any other position of trust of a non-profit organization or association, it is incumbent upon you to protect the monies and assets bestowed upon the association. Protecting grants, donations or other contributions of cash or property from theft, not only by employees, but other parties as well, is not simply an option but an obligation of the director or officer to the association. The purchase of a fidelity bond with an adequate limit is a must, with the very real expectation that the association will be the victim of fraud. When an enterprising employee or outside party manages to circumvent the internal controls of the organization, a fidelity bond provides protection to directors and officers against their implicit fiduciary responsibility for the theft of the association's monies and property.

The threat of fraud comes from a variety of avenues. If the association has employees, a bookkeeper, volunteers or a bank account or if it receives cheques, cash or other property as donations, does online banking, has computers or other physical property on its premises, then it has a significant exposure to theft of monies and property. The threat is real as evidenced by losses experienced by numerous non-profit associations across Canada. Consider the following examples of actual losses that have reached the headlines and average over \$500,000:

### **Langara dismisses manager in fraud scheme**

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The Manager of administrative services stole \$426,000 over two year period. He used college funds to pay for non-existent instructors, and funnelled the money into his own pockets. The Manager's duties included authority to initiate purchase orders for instructors' services and approve payments for those services.

***The Vancouver Sun - April 3, 2007***

### **Royal Vancouver Yacht Club staffer charged with 'sophisticated' fraud**

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An Accountant stole over \$400,000 by manipulating payments and bank accounts over an 18 month period.

***The Vancouver Sun - October 23, 2007***

### **Executive confronted with evidence she embezzled \$600,000**

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The Chief Information Officer of the Council of Ontario Universities embezzled at least \$600,000 involving the payment of funds for services never rendered.

***The Globe and Mail - June 10, 2008***

### **Nuns' cash spent on plush digs**

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Accountant allegedly stole over \$1.5 million by siphoning money out of the nuns' retirement fund.

***The Hamilton Spectator - July 6, 2007***

### **Nurses union hit by massive theft**

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The Director of Finance was fired after admitting to skimming \$700,000 from the union over six year period.

***CBC News - July 6, 2006***

### **Daycare Supervisor Charged with Fraud**

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A former supervisor stole over \$100,000 from Parkdale Childcare Centre in Ontario by charging personal expenses to the daycare.

***The Toronto Star - March 2, 2007***

### **Ex-Club Treasurer Charged with Theft**

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Former treasurer of the Clarington Bay Swim Club charged after more than \$49,000 went missing.

***The Toronto Star - December 7, 2006***

### **Public Guardian Took \$1 million property for \$1**

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An employee of the Public Guardian and Trustee of BC transferred property of a client into his own name valued at \$1 million. He also forged the Will of another client making himself a 20-per-cent beneficiary of the estate valued at \$1.32 million.

***The Vancouver Sun - March 7, 2009***

The above examples of fidelity claims demonstrate not only the importance of the coverage, but also the importance of carrying sufficient limits of liability. Purchasing fidelity coverage through a Business Office Package Policy with limits of \$5,000 to \$25,000 are simply not enough.

At Trisura Guarantee Insurance Company, we are fidelity specialists, committed to providing exceptional service and a solutions-oriented approach on each and every risk.

Refer to your policy for complete details. In case of inconsistency between this document and your policy, the policy terms, conditions and limitations will apply.