



# CLAIMS EXAMPLES

## AN INCREASE IN FIDELITY CLAIMS

Despite government and regulatory efforts, recent headlines demonstrate that employee fraud continues to be a growing threat. This, coupled with the current state of the economy, makes it a challenging environment for companies to remain prosperous.

According to a new study by the CA Queen's Centre for Governance, 70% of insiders who are found guilty of fraud face jail time and only one in 53 cases are acquitted. Despite these results, the headlines point to a rise in both frequency and severity of losses.

To help protect against fraud, fidelity insurance offers companies protection against losses that may occur as a result of fraudulent acts by employees who have an incentive and the opportunity to commit fraud. Often companies feel they will never have a fidelity loss. The reality is that even the best internal controls and compliance procedures cannot fully protect against the criminal element. Even when employers have antifraud strategies in place, detection is still difficult, with almost one quarter of fidelity losses being discovered by accident.

Fidelity insurance is an integral part of effective risk management practices and procedures. The following headlines of companies experiencing significant fidelity losses demonstrate not only the importance of the coverage, but also the importance of carrying sufficient limits of liability.

### **Bookkeeper Accused of Defrauding Vaughan Employer of \$3 million**

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A Vaughan bookkeeper [who took care of all the firm's accounting duties] defrauded her construction-company employer of more than \$3 million over six years...Police allege the woman simply deposited company cheques into her personal bank account, withdrawing the cash for her personal use.

She left the company last May, amid suspicion over her conduct.

***National Post – February 10, 2009***

### **Former Newfoundland Resident Facing Multiple Fraud Charges**

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A former resident of Newfoundland and Labrador is facing 53 fraud-related charges in connection with a mortgage broker business in St. John's.

The total loss is estimated to be about \$1.9 million. As a result of the investigation, 53 charges of fraud have been laid against the 52 year old accused who is currently a resident of Alberta.

***The Telegram, St. John's NL - January 13, 2009***

### **Newmarket CIBC Branch Staffer Siphoned \$2 million from Accounts, Police Say**

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A Newmarket CIBC bank branch employee gradually stole nearly \$2 million from customer accounts, police said.

The alleged fraud, carried out over more than a year, came to the attention of CIBC's own corporate security department in August, 2008.

"In some cases, funds were withdrawn at the request of a client and used to purchase various bank products but the purchases were never completed. In other cases, funds were simply withdrawn without authorization of a client and it is believed the suspect has forwarded a portion of these funds abroad, for his personal use," the police service said in a release.

***National Post – January 21, 2009***

### **Paralegal Faces New Charges – Sum of Alleged Fraud Rises to \$2.6 million**

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A Hamilton Paralegal was re-arrested yesterday on new fraud charges that bring the total she's alleged to have stolen to \$2.6 million.

Thirteen charges are for the theft by conversion while the rest are for theft by power of attorney, perjury, obstruction of justice and uttering forged documents.

*The Hamilton Spectator – August 12, 2008*

### **Gas Distributor Files \$10-million Lawsuit, Refers Case to Toronto Police**

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A former supervisor at a subsidiary of Enbridge Inc. allegedly diverted at least \$6.3 million from the company through an elaborate scheme that involved creating four phoney suppliers.

Toronto-based Enbridge alleges the scheme went on for six years involving five other non-employees who laundered some of the cash through a series of numbered companies.

"...the fraudulent vendor entities were shell entities that carried on no legitimate business whatsoever..." court filings allege.

*The Globe and Mail – June 23, 2008*

### **Winnipeg Woman Gets 1 Year in Jail for Stealing From Credit Union**

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A Winnipeg woman who likes to gamble has been sentenced to one year in jail for stealing more than \$200,000 from a credit union where she worked.

Slipetz, who has a new born son, pleaded guilty to stealing \$229,117 by defrauding the credit union 107 times. She spent the money on gifts and gambling.

*Winnipeg Free Press – February 2, 2009*

### **Law Firm Fraudster Gets Four Years in Jail**

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A former Calgary woman who defrauded a local law firm and a car dealership of more than \$500,000 to feed a gambling habit was sentenced to 4 1/2 years in jail Monday.

"The offences were planned, deliberate and sophisticated," provincial court Judge Terry Semenuk said in sentencing Lindsey Elizabeth Alexander, 54.

In frauds against both companies, Alexander wrote cheques to either herself or her credit card to cover advances she made to gamble.

*Calgary Herald – September 30, 2008*

### **WCB Staffer Gets Prison For Fraud; Woman Sentenced to Three Years After Falsified Claims Scheme Drained \$800,000 From Board**

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A former Workers' Compensation Board case manager has received a three-year prison sentence for defrauding her employer of nearly \$800,000.

Sandra Leona Plumite must also return \$769,106.77 to the WCB, the amount she illegally paid to more than a dozen workers between May 2000 and June 2003.

Plumite, 40, was hired by the WCB in February 2000 using a doctored resume, claiming she had two diplomas from Grant MacEwan College and a previous job at the Bank of Montreal.

She admitted to overpaying 14 workers using falsified claims, sometimes providing child-care expenses to people without children and even making payments to a dead man.

*National Post – January 14, 2009*

## **Woman Jailed Three Years for Defrauding Employer**

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A former Kitchener woman was sentenced to three years in prison yesterday for defrauding a Kitchener business of nearly \$189,000. Lisa Provo, 41, had pleaded guilty to uttering forged documents – namely, 61 cheques – altering the books of her former employer, and fraud over \$5,000.

The aggravating factor was that Provo committed the offences in 2006, while still on parole for similar crimes committed in 2004.

***Waterloo Region Record – January 15, 2009***

## **Canadian Western Bank Sues Former Executive**

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Canadian Western Bank is suing its former assistant vice-president of energy lending, alleging she defrauded the Edmonton-based bank of more than \$2 million in order to finance her lifestyle and feed a gambling addiction.

Canadian Western alleges that Debra Chapin “designed, orchestrated and implemented a scheme to defraud [the bank].” It is claiming damages of at least \$2 million, plus further punitive damages and costs.

***The Globe and Mail – July 23, 2008***

## **Former Civil Servant Going to Jail for Fraud**

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A former federal civil servant has been sentenced to two years in prison for defrauding the federal government of millions of dollars.

Judge Lynne Landry called the prison time appropriate for the \$2.7 million fraud, CBC reported.

Mr. Gagnon, 51, issued 780 fake cheques for \$3,500 each to his wife’s name between 1996 and 2007, court heard.

***The Globe and Mail – December 12, 2008***

## **About Trisura**

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