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**PROFESSIONAL EXPERIENCE**

**Craig Malcolm**, CFE, is the Sr. Managing Director of our Consulting and Investigative practice, former Managing Director of GardaWorld C & I, former Principal of LECG and founding Managing Partner of (FAIS) Forensic Accounting & Investigative Services prior to its amalgamation with Grant Thornton. Craig has investigated and managed hundreds of cases including corporate fraud, theft and embezzlement, inappropriate employee conduct (encompassing incidents of aggression and harassment), the tracing of assets and the recovery of loss. Considered by his peers as an accomplished identifier and assessor of risk, Craig has undertaken many Threat, Risk and Security “GAP” Policy & Procedure reviews and assessments for a wide variety of clients.

With over 40 years of experience in his field, Craig is recognized as an expert witness in fraud detection and asset tracing in both civil and criminal courts of law.

His unique qualifications include senior criminal investigation for the Ontario Provincial Police and Peel Regional Police services, where he made outstanding contributions in the areas of criminal intelligence, major crime, homicide and fraud.

His clients include private, public and crown corporations, financial institutions, partnerships and professional governing bodies.

***Civil, Tort, Criminal and Other Investigations***

Managed and coordinated numerous investigations into the activities of employees and/or management of public and private companies, financial institutions, government agencies, unions and private individuals on matters related to fraud, secret commissions, forgery, theft and allegations of professional misconduct against members of a professional governing body.

**(i) *Fraud, Secret Commissions & Theft***

- Conducted and coordinated investigation into an international investment scheme that used a legitimate tax shelter and unrealistic returns to defraud 70 investors. A portion of the \$92 million invested was skimmed into several offshore bank accounts. Investigation identified commissioned sellers and perpetrators of the scheme which provided counsel with a corridor for recovery.
- Conducted and managed a multimillion dollar “*Ponzy scheme*” investigation with a view of identifying all profit-takers and maximizing recoveries to legitimate victims, without jeopardizing the prosecution of the authors of the scheme.
- Investigated a number of Nigerian based email “*Phishing schemes*” that fraudulently instructed individuals and/or corporate finance departments to re-directed wire transfer

payments from legitimate destinations to offshore bank accounts. Immediate investigation and intervention in one matter resulted in the seizure and recovery of approximately 90% of the misdirected funds and the arrest of a participant in Warsaw, Poland.

- Investigated a fraudulent webpage scheme that posed as a reputable supplier of valuable silicone material through a web based supplier portal. This scheme enticed two international manufacturers to enter into multimillion dollar contracts with the bogus supplier. Once the victims paid upfront payments ranging from \$2.4 - \$4.0 million, the conspirators quickly transferred the funds through several off-shore accounts and closed shop. Our investigation, through the application of a *Norwich Pharmacal Order* and *Mareva Injunction*, identified the operators of the scheme, confirmed that no product ever existed and successfully recovered \$1.8 million of the misappropriated funds in Hong Kong.
- Coordinated the environmental segment of an investigation into several land transactions on behalf of a provincial government. The environmental investigation (in part through the successful application of a *Mareva Injunction*) revealed evidence of kickbacks, falsified and inflated invoicing, forgery, bid-rigging, secret commissions and corruption among government employees and servicers.
- Conducted an investigation for a client who had provided product to a reseller who, after its receipt of the client's product, alleged insolvency. The investigation revealed that the proceeds of the sale of the product had been redirected to an undisclosed closely held entity. The investigation resulted in a *Mareva Injunction* and ultimate full settlement.

#### **(ii) Workplace Investigations**

- Managed and conducted investigations centering on complaints submitted to a professional governing body regarding its members. Such inquiries are undertaken by specific appointment under the Regulated Health Professions Act 1991 and can result in referral to the College's Discipline Board.
- Supervised and conducted an internal investigation at a law firm which had experienced a theft of critical client and internal information through unknown means embarrassing their client and compromising the firm's engagement. The investigation uncovered the individual responsible for the theft and our report provided the basis for LSUC disciplinary action to be brought against the opposing counsel who had released the information. Our final report provided recommendations to prevent a recurrence and ways to contain and safeguard the firm's client material and IT systems on an ongoing basis.
- Managed and conducted an investigation for a government department whose employees experienced harassment from striking workers. The investigation confirmed the extent of the harassment and the identity of the individuals responsible and provided management with a remedial 'return to work' plan to deflect a negative post-strike workplace environment.
- Coordinated and conducted an investigation at a head hunting firm, where three contracted representatives and a support person had conspired to secret away the firm's core asset database. Our investigation confirmed the client's suspicions and allowed for complete recovery of the misappropriated database and assisted counsel in the acquisition of a *Restraining Order* to prevent any of its use in the competing startup undertaken by the dismissed employees.



- Managed and conducted an investigation into the anonymous harassment (telephone calls, hate mail) of the spouse of a Senior Executive in a large multinational organization. The investigation revealed that the harasser was an employee who had in the past harassed other spouses of senior executives to the point where two managers had left the company. Assisted the client in supporting the dismissal of the malfasant and then establishing pre-employment screening, investigative protocols and procedures to quickly address such issues in the future.

### ***(iii) Financial Institution and Insurance***

- Conducted an investigation into a multi-million dollar construction mortgage loan portfolio for an international life insurance company. The investigation revealed that mortgage instruments were not registered on all properties proposed, appraisals were falsified and the funds (through a *Norwich Pharmacal Order*) were not used for the purpose for which they were intended.
- Investigated the conduct of a VP of an international life insurance company that had sold fictitious estate planning products which allowed him to misappropriate client funds in excess of \$3 million.
- Assisted the insurer in understanding and quantifying a \$17.5 million loss at a northern Ontario gold mine. The claim included business interruption, loss of equipment and physical damage. Our on-site investigation resulted in allowing the Underwriters to fully understand the nature/scope/size of loss which resulted in the reduction of claims to \$8 million.
- Coordinated a conspiracy investigation among an insurance underwriter, an auto appraiser and an auto repair shop to defraud both the insurer and insured of over \$1.7 million.
- Assisted the Insurers' claims process in understanding the possible financial motive for fires categorized as "*cause unknown*" with highly suspect circumstances present. Claim values ranged from \$400,000 to \$6,000,000. A portion of these claims were denied with charges laid for arson, forgery and fraud.
- Investigated numerous files involving dishonest activity on the part of registered investment representatives, which included:
  - Warehousing stocks
  - False promotions
  - Insider trading - undisclosed ownership and self promoted dealing
  - Discounting and rebating

### ***(iv) Litigation Support***

- Assisted counsel in establishing whether a mode of conduct (inappropriate use of a Certificate of Pending Litigation) was a means of obtaining an improper advantage in real estate transactions.
- Conducted an investigation to identify the relationships between purportedly independent parties intrinsic to the opposing side in an ongoing law suit.
- Conducted an investigation for a Schedule B bank to assist in determining the disposition of loan proceeds to a borrower which had later declared bankruptcy. The investigation revealed that the original loan proceeds in fact went to purchase a home and that the assets of the operation (after bankruptcy) were transferred to a similar operation owned by the subject's brother. Investigation resulted in a 90% recovery.

- Conducted an investigation addressing claims of failure to fulfill full investment commitments towards the re-establishment of a coastal ocean port business venture. Our investigation revealed that the behind the scenes backers of the venture were directly connected to organized crime and had not disclosed previously bankrupt projects.

**(v) Threat, Risk Analysis, Executive Protection Assignments**

- Assembled, coordinated and conducted a multi-facility overall Threat, Risk Assessment and *Security "GAP" Analysis* for BC's "Translink" provincial/regional light/heavy rail, ferry and bus public transportation services (4 operating facilities) in preparation for the 2010 Olympic Games.
- Conducted a pre-strike *Security "GAP" Analysis and Threat Risk Assessment* for a remote diamond mine with a view of strike readiness, in the event that there was a collapse of the collective bargaining agreement process. This assessment included all production, sorting and valuation operations in Canada's far north.
- Conducted a multi-site *Threat Risk Assessment* of a remote gypsum mine. This assessment included all production, storage and product transportation operations (both land and marine).
- Conducted numerous *physical/IT/HR security assessments* for publicly traded companies who wanted to ensure their facility's premises, policy, procedures and practices were reasonable and effective.
- Conducted numerous *policy, procedure and employee handbook* engagements wherein a full operational assessment and policy and procedure review was undertaken. After ongoing consultation with management, Policy and Procedure Guidelines were set and a corresponding employee handbook was prepared for publication.
- On numerous occasions, as a further service to clients that have been victimized by fraud or theft, provided a *risk assessment* to establish what controls were circumvented or not in place that permitted the fraud/theft to be perpetrated and recommend changes to their policy and procedures to minimize any recurrence.

**(vi) Criminal Investigations**

- Unique qualifications include senior criminal investigation for the Ontario Provincial Police and Peel Regional Police services, where he made outstanding contributions in the areas of major crime (homicide, criminal intelligence and fraud) over his enforcement career.
- Managed, coordinated and assisted in investigations centered on:
  - an airline employee based international smuggling ring at Toronto (*Pearson*) International Airport, directed by Montreal based Organized Crime family;
  - a sexual predator and killer in the Mississauga area;
  - a Montreal based organized crime contract killer who after being convicted of assassinating a "target" in Vancouver B.C., turned Informer which resulted in numerous charges being laid against Organized Crime figures throughout eastern Canada;
  - an extortion ring that utilized prostitutes and hidden cameras to compromise unwitting "Johns";
  - a "union busting" prominent investigative "management support" firm that planted explosive device components on union organizers and caused covert extensive damage to strike bound plants in an attempt to "make work" for themselves and to



- have the organizers criminally charged. The same firm planted a listening device in the Board Room of the Prime Minister, in an effort to gain notoriety for themselves;
- a multi-national international travel agency multimillion dollar fraud, and
- all of the foregoing investigations resulted in successful criminal indictments against the center of the inquiries.
- Managed a multi force investigation (RCMP, OPP, Toronto, Peel Region) which resulted in a Royal Commission that addressed the need to revamp the Private Investigators Act for Ontario (RSO).

### **EXPERT TESTIMONY**

As a seasoned investigator, Mr. Malcolm is recognized as an expert witness in fraud detection and asset tracing in both civil and criminal courts of law. His various litigation “appearances” have included Discoveries, pre-trial Hearings, Arbitrations, Mediations, professional Disciplinary Hearings and both civil and criminal Trials at Bar.

### **PROFESSIONAL INVOLVEMENT**

- CFE, (Certified Fraud Examiner) and member Canadian Association of Certified Fraud Examiners
- Member ACFI, Association of Certified Forensic Investigators
- Member IAFCI, International Association of Financial Crime Investigators
- LSI – Advanced Training Certificate (SCAN – *Statement Content Analysis*, detecting deception from statements of witnesses or suspects)
- Contributor to the “*Accountants Handbook on Fraud*” published by the Canadian Institute of Chartered Accountants
- Authored articles relating to Post 9-11 Risk for both *Workplace Today* and *Plant Magazine*.
- Featured in the New York *Wall Street Journal* on the application and use of “*Norwich Pharmacal Orders*”.
- Guest Lecturer for ACFE, ACFI, and Federated Press on a host of topics centering on the issues of fraud, theft and employee dishonesty.