adjudication process American civil procedure, 126-128 American criminal procedure, 107 applications, 108-109 burden of persuasion, 121-122 burden of production, 121-122 Canadian civil procedure, 107-108 Canadian criminal procedure, 103-107 case in reply, 117 circumstantial evidence of guilty mind/intentional deception, 122 civil action, 109-111 claim, third party, 109, 127 class actions, 111-112 closing arguments, 117 conduct of trial, 123 crime-fraud exception to privilege, 124 criminal prosecution for fraud, 99-100 cross-examination, 118 defendant's case, 117 discovery plan, 337, 378, 380, 1205-1206 discovery process, 109-110 English civil procedure, 128-129 examination for discovery, 110 examination in chief, 117-118 exclusion of witnesses, 112-113 implications, 129-130 indictable offences, 103 insurance policies as admissible evidence, 125 lawyer/client privilege, 124 modus operandi, 122-123 motions in limine, 112 opening statements, 116 plaintiff's case, 117 pre-enquete hearings, 100-103 private prosecutions, 100-103 re-direct, 118 settlement privilege, 123-124 summary convictions, 103 testifying, tips on, 125-126 testifying as expert, 114-116 trial judge's decision, 119-121 trial record, 125 voir dire, 113-114 appendices applying and ranking inculpatory and exculpatory factors, 1413-1414 bankruptcy duties and offences, 693-694 black ops top 20 checklist, 1217-1234 Canadian criminal procedure vs. civil procedure, 135 claiming loss of profits in fraud case, 528-532

```
common rationalizations for consequential fraudsters, 1534-1536
    conflict of interest checklist, 1147-1148
    construction fraud data analytics, 1172-1173
    criminal fraud and similar offences, 936-940
    e-trial checklist, 380-382
    find arson before you look for arsonist, 1412
    FINTRAC's red flags of suspicious transactions, 1446-1451
    forensic investigator's testimony at trial, 131-133
    fraud and similar offences, 941-956
    group ranking and inconsistent rankings, 1408-1411
    impeachment checklist, 134
    interviewing suspect and other witnesses, 933-935
    invasion of privacy, new tort of, 1482-1500
    metadata and emails, 1476-1481
    methods of tracing, example, 667-672
    piercing corporate veil, 533-536
    police checklist - information police need for filing complaint of fraud, 957
    questions for examination of personal debtor, 737-746
    tracing and banking system, 678-692
    typical case involving pro rata sharing of funds, 673-677
    verification method, 1415-1416
    victim impact statements, 958
    witness statements, 747-749
arm's-length and non-arm's-length relationships, 5-6
arson investigations, see insurance fraud and arson investigations
asset misappropriation schemes
    defined, 4
backtracing, 600
badges of fraud, 179, 199, 557-558, 560, 1104, 1239-1240
Bank Act freeze, 184-186
Big Data Analytics, big financial institutions and big money fraud litigation
    banks, protection by, 1429-1437
        Canadian case law, 1430-1432, 1436-1437
        constructive knowledge, 1430, 1432-1433
        conversion, 1429
        FINTRAC, 1433
        suspicious activity report (SAR), 1433
        U.S. case law, 1434-1436
    Big Data Analytics (BDA)
        defined, 1418-1422
        financial institutions, and, 1424-1425, 1437-1438
        fraud detection, and, 1423-1424
        hallmarks of big data, 1419
        how it works, 1422-1423
    credit cards, fraud risks, and, 1425-1428
    customer's right to privacy, 1437
    FINTRAC's red flags of suspicious transactions, 1446-1451
    generally, 1417-1418, 1445
    personalization, 1421-1422, 1427
    smurfing, 1419
```

```
steps in Big Data Analytics
        identify risks of loss and moral hazards in network, 1441-1442
        identify stakeholders, 1438-1439
        understand information and liability flow within network, 1439-1441
        understand limitations of BDA, 1442-1445
    typical fraud schemes, 1420-1421
bitcoin, 1511-1512
blockchain, 1511
chain of custody
     "electronically stored information" (ESI), 1133-1134
    HASH values, 1134
    real evidence, 1092, 1119-1120
clawback tracing
    generally, 626-649
    mixed funds, 642-643, 645
    pyramid and Ponzi schemes, 626-627, 628-632, 633-640
confidentiality orders, 186-187
construction fraud
    bid bond, 1156
    bid contract, 1156
    call for tenders, 1156-1158, 1161, 1162, 1163
    construction contract, 1156
    construction fraud data analytics, 1172-1173
    construction pyramid, 1155-1156
    discretionary clause, 1157
    duty of fairness, 1158
    fraud audit of bidding process
        bid process, 1162-1166
        closing out project, 1168-1171
        construction contract administration stage, 1166-1167
    management and employee fraud, 1159-1160
    management fraud in procurement process, 1157-1159
    precedents
        employee conflict of interest policy, 1174-1179
        supplier code of conduct for hospital, 1180-1182
    procurement process, 1156-1157
    red flags, 1161-1162
    response to tender, 1156
    stages of fraud during project life cycle, 1160-1162
conveyances, see insolvency fraud, fraudulent conveyances and tracing
corruption
    defined, 4
court-ordered receiver, 187-190
Criminal Code and planning the fraud engagement
    actus reus, 827, 904-905
    advance fee scams, 826
    aiding and abetting fraud, 828-830
    attempted fraud, 826-828
```

```
authority
    apparent, 867
    ostensible, 867
bona fide purchaser, 890
bribery, 838, 842, 843-864, 892
burden of proof, 840
Canada Evidence Act, 888-889
civil fraud, 821-822, 880, 920-921, 926
civil litigation as investigatory tool
     "implied undertaking" rule, 908-909
    no stay of civil case pending completion of criminal proceeding, 908
commercial dishonesty, 822
common pecuniary fraud, 839
compensating victims of fraud
    disclosure of Crown brief, 916-918
    res judicata and prior criminal conviction, 918-922
    restitution, forfeitures and recovering property, 909-916
conflicts of interest and bribery of domestic and foreign officials, 843-864
constructive fraud under civil and penal statutes
    full disclosure and franchisee, 875-880
    full disclosure and securities legislation, 867-874
corporate fraud, 821
credit card checks and invasion of privacy, 885-886
credit card fraud, 824, 831, 887
Criminal Code provisions, 825-826
criminal fraud, 822-825, 842, 880, 901, 921
criminal fraud and similar offences, 936-940
criminal organizations, 831-833
disclosure, 844, 867-874, 875-880
    material change, 868, 870, 871, 873, 876
disclosure document, 879
discovery rules, 917-918
domestic and foreign officials, conflicts of interest and bribery, 843-864
due diligence, 888
evidence gathering
    absolute liability offences, 1068-1070
    aiding and abetting, 844, 906
    Canada Evidence Act, s. 5, 888-889
    Canadian Charter of Rights and Freedoms, s. 13, 315, 888-889, 1075
    directing mind of corporation, 899-906
    identification doctrine, 899-903
    money laundering, 890-897
    smurfing, 894
    use of testimony from regulatory proceedings, 888-889
extortion and compounding, 884-885
false document, 825, 865-866
forensic investigation, 927-928
forfeiture order, 913
forgery, 864-867
franchisees, full disclosure and, 875-880
fraud and similar offences, 941-956
gathering evidence
    conspiracy to commit fraud, 906-908
    hearsay evidence, 914
```

```
management fraud, 897-898, 900, 910
indemnification, 922-923
indictable offence, 832, 846, 883-884, 887, 893
insider, reporting, 869
interviewing suspect and other witnesses, 933-935
mail fraud, 822, 823, 837-838
mens rea, 827, 828, 842, 888, 899, 890, 900, 902, 904, 905
misuse of criminal law, 924-926
money laundering, 873, 890-897
    cash-intensive businesses, 891
    defined, 890
    "designated offence", 890
    embezzlement, 892
    mortgages, 892
    "mutual legal assistance", 892
    real estate, 891-892
    shell companies, 891
    smuggling, 891
    trade-based laundering, 891
    U.S. Anti-Money Laundering (AML) laws, 895-897
negligence, 888
planning fraud investigation, 926-927
police checklist - information police need for filing complaint of fraud, 957
precedents
    affidavit in support of DAGG motion, 987-989
    application for management order, 959-960
    application for restraint order - bank account, 962-963
    DAGG notice of motion, 984-986
    endorsement of the warrant, 974
    Feeney warrant to enter dwelling house, 976-979
    general warrant to search under s. 487.01, 964-965
    information to obtain Feeney warrant, 980-983
    information to obtain production order, 966-967
    management order, 961
    order on DAGG motion, 990-991
    production order, 968-970
    production order for financial or commercial information, 971-972
    relinquishment of interest, 975
    telewarrant to search, 973
pretexting, 882-884
professional investigation, 929-932
recovery of assets, 881-882
re-litigation, 919
    new evidence, 919
requisite intention for fraud, 841-842
restitution order, 825
restrictive (non-competition) covenant, 877
secret profits, 868
sentencing, 833-837, 901, 910-912
special relationships, 871, 873, 938
summary conviction, 849, 883, 887
tipping, 868, 871-874
torts, 885-886
victim impact statements, 958
```

```
witness cooperation, 897-898
        blow it up, 898
        rain down, 898
cryptocurrencies, 1511-1512
cyberfraud
    charity fraud, 1510
    generally, 1507
    hacking
        clickbait, 1509
        defined, 1507-1508
        drive-by downloads, 1509
        phishing, 1509
        ransomware, 1509
        social engineering, 1508-1509
        social media attacks, 1509
        steps, 1508
        watering hole attacks, 1509
    Internet merchandise fraud or Internet auction fraud, 1510
    investment fraud, 1510
    Nigerian letter fraud, 1510-1511
    payment and over-payment schemes, 1510
    re-shipping schemes, 1510
DAGG motions, see Criminal Code and planning the fraud engagement
defending fraud claims
    abuse of process, 1202 "black ops"
```

```
checklist, 1217-1234
    generally, 1215-1216
blame others, 1187-1189
blame victim, 1184
burden of proof, 1193
correctness, 1195
cross-border issues, 1194
delay, pre-trial conferences as device for, 1209-1211
discoveries and undertakings, 1209
discovery plan, 1205-1206
entrapment, 1214
ex turpi causa defence, 1184, 1187-1188
expert witness
    scope of expertise, 1211-1212
    suing, 1195-1201
    suspect as, 1212
fault, 1187-1188
foreign judgment procured by fraud, 1194-1195
fraudulent concealment, 1186
fraudulent conveyances, 1215-1216
improper inducement, 1193-1194
improper purpose, 1201-1202, 1226-1227
"innocence at stake" test, 1213-1214
investigation, 1211-1212
jurisdiction, 1189-1194
```

```
justice system, 1183
    knowing assistance or receipt, 1187
    laches, 1185
    limitation periods, 1185-1187
    Limitations Act (Ont.), s. 4, 1185-1186
    motion for particulars, 1202-1205
    motion for security for costs, 1205
    pre-trial conferences, 1209-1211
    presumption of regularity, 1214-1215
    principles of proportionality, 1207
    privilege, challenging plaintiff's claim to, 1212-1214
    procedural fraud, 1194-1195
    production motions, 1206-1209
    refusal motions, 1209
    striking pleadings, 1202-1205
    suspect as expert witness, 1212
derivatives and the 2008 financial crisis
    case studies
        Barings Bank, 1520-1522
        Bernie Madoff's Ponzi scheme, 1522-1524
        housing bubble, 1517-1520
        London Interbank Offered Rate (LIBOR), 1524-1526
    defined, 1515
    generally, 1515
    types of derivatives
        forward contracts, 1516
        futures contracts, 1516
        options, 1516
        short selling, 1516-1517
        swaps, 1517
embezzlement
    defined, 5
evidence
    expert, see expert evidence in litigation process
    privilege, see privilege
    rules of, see fraud investigations and rules of evidence
examination in aid of execution
    admissibility, 722-723
    apportionment of liability and releases, 730-732
    contempt order, 725-726
    express acceptance, 729-730
    finances, examination of, 720-721
    full and final release, 768-769
    intentional misconduct, 727
    jury, 722, 732
    minutes of settlement, 750-767
    net worth analysis, 721-723
    notice, 770-771
    property held in trust, 724
    property transferred prior to judgment, 718
    questions asked on examinations in aid of execution, 720-721, 737-746
```

```
releases, 726-730, 730-732
    res judicata and subsequent lawsuits, 732-736
    rule requiring debtor to attend examination, 717
    rules of privilege, 719
    scope of examination permitted, 717-718
    tax evasion, 722
    third parties, examination of, 723-725
    void trust, 724-725
    witness statements, 747-749
expense scandals, 1526
expert evidence in litigation process
    bias of experts, factors considered, 790
    conflict of interest, 812
    contingency fees and objectivity, 788-793
    cross-examination, 797-799
    evidence-based testimony, 786-788
    expert testimony, 773-774, 776-777, 779-781, 802
    forensic standards, 807-812
    generally, 773
    impartiality, 783, 785, 788, 790-792, 798, 800
    introducing expert evidence at trial, procedure, 812-817
        expert's curriculum vitae, 813-814
        expert's report, service of, 812-813
        fraud engagement, 814-817
        rejection of expert evidence, 800
    jury, 775-776, 779, 785-786, 791, 794, 797-798, 801-802, 814, 816
    "learned treatises", use of, 778
    motions in limine, 800-803
    negative judicial comments, admissibility, 799-800
    objectivity and expert witness, 782-793
    order for experts to "meet and confer", 819-820
    pre-trial conferences, 116, 801-802, 819, 1209-1211
    primary facts, 781, 803, 814-816
    privilege and expert's report, 803-806
    qualifications of experts, 774-775, 791-792
    rejection of expert testimony, 793-797
    relevance, 775
    reliability, 775-776
    role of expert witness, 817-819
    scope of expert testimony, 776-777
    statistics, use of, 778
    trier of fact
        necessity in assisting, 777
        proper inferences, 781, 814
    weight given to evidence, 779-780
    who can be expert, 779-782
financial statement frauds
```

defined, 4-5

Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)

generally, 892-894, 1433

FINTRAC's Red Flags of Suspicious Transactions, 1446-1451

Fintech, 1511

```
forensic investigation as science
    Anton Piller order, 1245
    audit evidence, 1235-1236
    auditing process, 1235-1236
    Canadian Institute of Chartered Accountants, 1235
    checklist to successful engagement, 1251-1254
    conducting investigation with due care, 1250-1251
    disclosure, 1250
    forensic examination, 1244
    phases of investigation
        freeze and formulate phase, 1238
        investigation phase, 1239
        pre-engagement and planning procedure phase, 1238
        reporting and wrap-up phase, 1239
    rejecting evidence, 1244-1245
    sales and collection cycle, 1236-1237
    systematic evidence gathering, 1239-1251
    tax evasion, 1250
forensic investigator, see also professional obligations and liabilities of investigator
    Certified Forensic Investigators, 288
    client interview, 1137-1139
    conflict of interest checklist, 1147-1148
    engagement acceptance considerations
        assistance throughout litigation process, 1143
        conflicts of interest, 1143
        fees, 1143
        independence and objectivity, 1143
        quality and competence, 1142-1143
        timing and staffing considerations, 1144
    engagement letter
        generally, 1141-1142
        precedent, 1149-1153
    forensic, meaning of, 1-2
    forensic investigator, duties of, 1-2
    forensic team, 13-17
    notes of initial meeting, 1139-1140
    obtaining information from client, 1140-1141
    performance of engagement, 1144-1146
    Personal Information Protection and Electronic Documents Act, 1140
    steps of investigation, 20-31
    SWOT analysis, 20, 23, 30
    toolkit, 24-29
fraud investigations and rules of evidence
    adverse inferences, 1099-1100
    affidavit evidence, 1099, 1116-1117, 1120
    apology, 1110-1111
    badges of fraud, 1104
    burden of proof, 1105, 1107
    business records rule, 1118-1119, 1122
    chain of custody
        "electronically stored information" (ESI), 1133-1134
```

```
HASH values, 1134
    real evidence, 1092, 1119-1120
circumstantial evidence, 1100-1103
co-conspirator's exception to hearsay rule, 1117-1118
credibility, 1097-1099
document preservation, 1127-1133
documentary evidence, 1092-1093
"documents in possession" doctrine, 1126-1127
"electronically stored information" (ESI), 1133
evidence, admissibility
    admissions, confessions, statements of responsibility not admissible, 1109
    evidence obtained in contravention of Charter, 1111-1114
    Personal Information Protection and Electronic Documents Act, 1114-1116
    privilege, 1095
    real and demonstrative evidence, 1092, 1119-1120
evidence obtained in contravention of Charter, 1111-1114
evidential burden, 1104, 1105
exhibits, 1120
hearsay
    affidavit evidence, and, 1116-1117
    business records rule, 1118-1119
    co-conspirator's exception to rule, 1117-1118
    double hearsay, 1123
    generally, 1093, 1095-1097
    testimonial evidence, 1093
inadmissibility provision, 1110
onus and standard of proof for fraud, 1104-1108
onus of proof, generally
    civil proceedings, 1091-1092
    criminal proceedings, 1091-1092
    reverse onus and adverse inferences, 1099-1100
Personal Information Protection and Electronic Documents Act, 1114-1116
presumptions, 1094-1095
prior consistent statements, 1127
proving fraud, 1103-1104
real and demonstrative evidence, 1092, 1119-1120
red flags, 1101-1103, 1104, 1108
remorse
    admissions, confessions, statements of responsibility not admissible, 1109
    apologies, generally, 1110-1111
    Apology Act (Ont.), 1109
requests to admit, 1120-1121
right to remain silent, 1124-1125
similar fact evidence, 1123-1124
spreadsheets and other summaries, 1122-1123
standard of proof, 1091, 1106-1107
surveillance evidence, 1092
use of evidence from civil procedure in criminal trial, 1108-1109
voluminous records rule, 1122-1123
```

fraud tree, 2-5

fraudulent conveyances, see insolvency fraud, fraudulent conveyances and tracing fraudulent transfers, see insolvency fraud, fraudulent conveyances and tracing injunctions

interlocutory and interlocutory mandatory, 191-193

```
insolvency fraud, fraudulent conveyances and tracing
```

```
assignments and preferences, 560-565
backtracing, 600
bankruptcy, 577-580, 705-707
bona fide purchaser
    assignments and preferences, 562-564
    fraudulent conveyances, 555-557
    mortgage fraud, 649-666
    mortgagee, 596-597
    tracing, 589-591, 591-593, 593-596, 596-597, 597-599, 613-614, 616-617, 621, 623,
    637, 640-643, 646-648, 653-666, 676
Bulk Sales Act (Ont.), 666
claim, equitable, 559, 586-587, 589-590, 592-593, 667-668
claiming rules, summary of, 623-625
clawback tracing, 626-649
    mixed funds, 642-643, 645
    pyramid and Ponzi schemes, 626-627, 628-632, 633-640
competing victims' claims, 617-621
constructive trust, 585, 589, 595-606, 611-612, 614-615, 622-626
    breach, 585, 597, 612
constructive trustee, 589, 591
equitable tracing claim, 587, 590, 593, 596, 597, 602, 604, 621-623, 642, 647
fictitious payee, 682
fictitious person, 660-662, 664-665
following assets, 588
fraudster's estate, 596-597
Fraudulent Conveyances Act (Ont.), 555-560, 564-565, 645
fraudulent conveyances and preferences, 555-565
fraudulent instrument, 661-662, 664-666
fraudulent misrepresentation, 587, 590, 593, 595, 607, 612, 614-615, 640, 641, 652
good faith purchaser, 558, see also bona fide purchaser
good title, 588, 592-594, 595, 606, 623, 640-642, 648-666
    mortgage fraud, 649-666, 673
indefeasibility of title, 653-655
indoor management rule, 651
initial bankruptcy event, 566-567, 573-576, 648
innocent purchaser, 563, 645
insolvency fraud, 553-555
insolvent person, 560, 566-567, 571, 574, 626
kiting, 682
knowing receipt claims, 611-615, 647
Land Titles Act (Ont.), 651, 654, 655, 657, 659, 661-662, 664-666
law of tracing, original assets, 590-591, 594-595, 623
matrimonial litigation, 559-560
mixed trust account, 598, 673-675
nemo dat and land titles legislation, 653-666
```

```
nemo dat principle, 594-596, 649-652
    personal accounts, 685-686, 688-689
    phoenix company, 580-584
    preferences under Bankruptcy and Insolvency Act
        arm's length, meaning of, 567-568
        Bankruptcy and Insolvency Act, s. 95(1), 567
        evidence of pressure vs. diligent creditor forcing sound business decision, 570
        generally, 566-567
        preference rules summarized, 571-573
        proof of fraud, 569-570
        three months/12 months, start, 568
        trustee in bankruptcy, role of, 571
    proprietary remedy, 586-587
    registered owners, 651, 655-665
    replacement exception to tracing, 602
    rules for following assets, 590-591
    subrogation, 600-602
    substitute assets, 596-599, 623-625
    tracing
        checklist, 640-649
        claims, 584-590, 623-625
        discharge fraudster's debt, money used to, 600-602
        forensic investigator, and, 588
        generally, 584-585, 586-588
        insolvency, and, 626
        law of, 588-592
        methods of, example, 667-672
        principles, 603-609, 609-617
        replacement exception, 602
        special rules, 592-626
    transfers at undervalue, 573-577, 632
    trust account, 597-598, 601, 608, 618, 621, 631, 673-677, 685-690
    value fraud, 649-650
    voidable title, 640
    wilful blindness, 558, 616-617, 631, 686
inspection orders, 190
insurance fraud and arson investigations
    arson for profit
        arson experts, 1374-1375, 1375-1390
        arson investigation gone awry - Whiten v. Pilot Insurance, 1390-1394
        defined, 1369
        finding arson, 1412
        group ranking and inconsistent rankings, 1408-1411
        investigating arson, 1369-1372
        need for transparency
             behavioural red flags, 1403-1407
             civil fraud, 1395-1397, 1397-1400
             situational red flags, 1400-1403
             Whiten v. Pilot Insurance, 1395
        usual suspects, 1373-1374
    group ranking and inconsistent rankings, 1408-1411
    inculpatory and exculpatory factors, applying and ranking, 1413-1414
```

```
insurance, generally
        bases or premises of, 1365
        deductible, 1363
        insurance risk, 1364-1365
        insured loss, 1363
        interpretative principles, 1364-1365
        policy governs relationship, 1363
        premium, 1363
        primary and excess insurers, 1364
        regulation of industry, 1366
        reserves, 1366-1368
        umbrella policy, 1364
    insurance fraud, 1368-1369
    verification method, 1415-1416
    Whiten v. Pilot Insurance, 1390-1394, 1395
invasion of privacy, 1465, 1474, 1482-1500
investigations, see forensic investigation as science, litigation process as part of
investigation, and public investigations
Jarvis factors, 1061-1062, 1064-1065, 1081-1082
kiting, 682
knowing assistance
    banks, 1429, 1433
    breach of fiduciary duty, 43
    constructive trustee, 90
    elements, 1432-1433
    generally, 23, 492, 509-510, 511, 585, 586, 603, 894, 1187
    lawyer's negligence, 515-516
    liability imposed, 48, 421, 478, 631
    negligence distinguished, 688
    personal claim, 483
    threshold of knowledge, 478
knowing receipt
    banks, 1429, 1433
    constructive trust imposed, 686
    elements, 647, 667
    generally, 23, 90-91, 421, 467, 478-479, 480-485, 492, 585, 586, 589, 603, 611-613, 615,
    623, 631, 636, 637, 652, 894, 1187
    lawyer's negligence, 515-516
    lawyer's trust account, 704
    personal claim, 483
    spouses, and, 511-513
lapping
    defined, 4
larceny
    defined, 4
law of fraud, generally
    actual fraud, 44, 48-50, 75
    actus reus, 33-34
```

amber lights, 17-31 American criminal law, 38-40 arm's-length relationships, 5-6, 48 breach of confidence, 72 business relationships, types of, 6-9 caveat emptor, 50-53 churning, 89 Competition Act, 40 constructive fraud, 44, 48-50, 75 Consumer Protection Act (Ont.), 40-43 corporate veil, 47-48 Criminal Code, 35-38 deceit, 54-56, 63-64 definition, 34-35, 35-38 determining fraud, 35-38 disclosure, 87-89 domestic rules, understanding, 9-13 duty of director, 73-74 employee fraud, 65-75 employee's duty, 66, 69-72 employment contract, 65-75 exemption, private company, 84-85 fiduciary relationship, 49, 62, 66-67 firing employee, 67-68 fraudulent misrepresentation, 54, 63-64 fundamental breach of contract, 65, 67, 70 good faith, 49 implications of alleging fraud, 64-65, 98 insider trading, 86-89 insurance, 75-78 Land Registration Reform Act (Ont.), 51 legal concepts generally, 5-9 mens rea, 33-34 negligent misrepresentation, 54-56, 57-63 non-arm's-length relationships, 6 non-disclosure, 51 participating in fraud, 89-91 pleading fraud, 91-94 proposals, 96-98 red flags, 17-31, 94 repudiation, 65-66 Securities Act (Ont.), 80-83, 87, 88 securities legislation, 78-86 shares and stocks, 81 significance of finding fraud (fraus omnia corrumpit), 45-47 special contracts, 42 taxonomy of fraud (fraud tree), 2-5 unconscionable conduct, 49 unequal relationships, 49 voidable contract, 64 why allege fraud, 94-96 working definition, 43-44

legal professional privilege (LPP) ambit of, 1004-1006 checklist, 1036-1038 common interest privilege, 1012-1013 confidential communications and, 1011-1012 confidentiality and waiver of, 1018 crime-fraud exception, 1006-1008, 1008-1011 forfeiture and waiver of, 1018-1023 intentional wrongdoing, 1008-1011, 1031, 1034, 1037 joint clients, 1014, 1015-1016, 1019, 1025 joint interest privilege, 1012-1013 legal advisor for purpose of, 1003-1004 limits of, 1003 reasons for rule, 1001-1003 receivers and trustees in bankruptcy, 1017-1018 rules of, 1023-1025 litigation process as part of investigation ambush at trial, preventing, 365-366 best evidence rule, 367, 369, 1144 Certified Forensic Investigators, 288 Certified Fraud Examiners, 288 changes in rules of court changing investigator's role, 377-379 discovery process, 316, 319, 330-339, 366-367, 378-379 e-discovery compared with computer forensics and data, 347-350 e-discovery compared with computer forensics in fraud case, 344-347 IT audit process during e-discovery and fraud investigation, 350-351 draft reports, 360-365 examinations for discovery bifurcation to avoid discovery, 354-356 challenging opposing experts, investigator's role in, 359 critically evaluating expert opinions, 358-359 discovery of relevant facts in privileged documents, 357 finding witnesses, 357-358 generally, 352-354 expert opinion, credibility, 328-329, 362, 370-372 expert witness, role of affidavits on motions and applications, 329-330 applications and motions, 323-324 combining civil and criminal proceedings, 314-316 effect of criminal charge, conviction or acquittal, 316-318 generally, 308-312 investigators and criminal proceedings, 312-314 litigation as final stage of pre-trial investigation, 319-321 motions for summary judgment, 324-329 parties to litigation, 321-322 using courts to get evidence from non-parties, 322-323 experts of deceit, perils of investigators acting as, 299-300 forensic science, 285-286 hard drives, production of, 339-344 investigations after trial, 377 investigators assisting legal counsel, 365 negligent investigation, 286

```
standard of care, 286-288
         "witch hunt" investigation, 289-290
    lessons learned, 379
    peer review, 291-299
    strategies for avoiding investigative failures, 301-308
    trial and admissibility of evidence
        kind of evidence sought by investigator, 366-370
        trial as final stage of investigation, 376-377
        using suspect's evidence against him at trial, 370
        weighing evidence, 371-376
    tunnel vision, whether inevitable, 300-301
money laundering
    cash-intensive businesses, 891
    defined, 890
     "designated offence", 890
    embezzlement, 892
    generally, 873, 890-897
    mortgages, 892
     "mutual legal assistance", 892
    real estate, 891-892
    shell companies, 891
    smuggling, 891
    trade-based laundering, 891
    U.S. Anti-Money Laundering (AML) laws, 895-897
nemo dat quod non habet
    bills of exchange, and, 496
    debit and credit cards, and, 501
    exceptions, 594-596, 606, 641
    generally, 589, 594, 599, 603, 623, 640, 642, 1220
    land titles legislation, 653-666
    mortgage fraud, 649-652
    specific performance, and, 443
    title fraud, 649-652
non-arm's-length and arm's-length relationships, 5-6
orders
    Anton Piller order, 141, 154-160
        precedents, 223-243
    confidentiality orders, 186-187
    freezing order, 162-171
    inspection orders, 190
    interim mandatory order, 191-193
    jeopardy order, 171-177
        precedent, 267-268
    management order, precedent, 961
    mandatory orders, 474-475
    Norwich orders, 186-187, 200-202
        precedents, 269-273
    pre-judgment orders, purpose, 220-222
    production order, precedent, 968-970
    production order for financial or commercial information, precedent, 971-972
    replevin order, 146, 195-196
```

```
restitution order, 470-471 rolling orders, 159, 160 tracing order, 161-162 winding up order, 452-453
```

Parliamentary expense scandals, 1526

Personal Information Protection and Electronic Documents Act, 1114-1116, 1140, 1458-1462

Ponzi schemes

affinity fraud, 875, 1510
American approach vs. Canadian approach, 633-640
Bernie Madoff's Ponzi scheme, 305-307, 471-472, 524, 1087, 1355, 1522-1524
clawback tracing claims, and, 626-627
generally, 453, 475, 510, 514, 545, 564, 613, 644, 674, 1417-1418, 1429, 1431, 1473, 1510
lapping, 4
money-laundering, and, 892
pyramid schemes, and, 628-632, 875, 1510

post-judgment remedies

bankruptcy offences, 705-707
contempt of court, 698-700
contempt on examination in aid of execution, 708
equitable receiver, 700-701
examination by trustee in bankruptcy, 707-708
examination in aid of execution, 697-698
exempt assets, 707
garnishment, 695-697, 702-704
Mareva injunction, post-judgment, 701-702
Quistclose trust, 704
seizure, 695, 702-704
terminating retainer, 704

practice of forensic investigator, see forensic investigator

precedents

affidavit, 712-713 affidavit in support of DAGG motion, 987-989 affidavit in support of Mareva motion, 254-260 alternative form from Bank of Montreal v. Misir, 264-266 Anton Piller affidavit, 226-231 Anton Piller notice of motion, 223-225 Anton Piller order, 232-236 application for management order, 959-960 application for restraint order - bank account, 962-963 BIA and Courts of Justice Act - court-ordered receiver, 274-283 Canada Revenue Agency jeopardy order, 267-268 Charter warnings by regulatory investigators, 1090 DAGG notice of motion, 984-986 employee conflict of interest policy, 1174-1179 endorsement of warrant, 974 engagement letter, 1149-1153 Feeney warrant to enter dwelling house, 976-978 full and final release, 768-769 general warrant to search under s. 487.01 of Criminal Code, 964-965

```
information, 139
    information to obtain Feeney warrant, 980-983
    information to obtain production order, 966-967
    John Doe rolling Anton Piller order, 237-243
    launching private prosecution, 136-138
    management order, 961
    Mareva affidavit, 254-260
    Mareva injunction, 261-263
    Mareva notice of motion, 244-246, 247-253
    minutes of settlement, 750-767
    Norwich notice of motion, 269-271
    Norwich order, 272-273
    notice of examination in aid of execution, 770-771
    notice of motion, 710-711
    order for equitable receiver from Daniels v. Daniels, 714-715
    order on DAGG motion, 990-991
    production order, 968-970
    production order for financial or commercial information, 971-972
    relinquishment of interest, 975
    social media preservation letter - opposing party, 1501-1502
    social media preservation letter - third parties, 1503-1505
    statement of claim, 537-552
    supplier code of conduct for hospital, 1180-1182
    telewarrant to search, 973
pre-judgment remedies
    absconding debtors legislation, 182-184
    affidavit, 210-214
    Anton Piller order, 141, 154-160
        precedents, 223-243
    assets, dissipation of, 178-179, 207
    Bank Act freeze, 184-186
    cautions, 198-200
    certificate of pending litigation, 198-200
    civil litigation, 141
        possession, 145-146
        rolling orders, 159, 160
    civil procedure, 142-145
        hearings
            ex parte, 143
            on notice, 143
        rights
            equitable, 142-143
            legal, 142-143
        writ of attachment, 143-144, 182-184
        writ of execution, 144
        writ of garnishment, 144
    comparing remedies, 205-210
    confidentiality orders, 186-187
    court-ordered receiver, 187-190
        precedent, 274-283
    criminal procedure, 141-142
        documentation, 142
        search warrant, 141-142
```

```
cross-border issues, 215-220
    discovery in aid of injunctive relief, 181-182
    equity, 199
        equitable bills of discovery, 200, 202-205
    ex parte proceedings, 150-153
    family law and fraud investigations, 146-150
        equalization payment, 147
    fraudulent conveyances, 206
    freezing order, 162-171
    inspection orders, 190
    interim injunction, 177-181
    interim mandatory order, 191-193
    interim preservation of personal property, 197-198
    interlocutory injunction, 191-193
    jeopardy order, 171-177
        precedent, 267-268
    Mareva injunction, 162-171, 177-181, 195-196, 215
        precedents, 244-263
    motion record, 152, 186-187, 204
    Norwich orders, 186-187, 200-202
        precedents, 269-273
    oppression, costs of investigating, 150
    pre-judgment orders, purpose, 220-222
    replevin order, 146, 195-196
    "stealing a march" on court, 193-195
    tracing order, 161-162
    wire transfer, 248, 255, 259, 269
    writs of attachment, 182-184
privacy, law of, see social media investigations and law of privacy
    bankruptcy, 1017-1018
    confidential communications, 1003, 1011-1023
        legal professional privilege, and, 1011-1012
        meaning of confidential, 1012
    confidentiality and waiver, 1018
    contributory negligence, 1026, 1027
    crime-fraud exception, 1006-1008, 1008-1011, 1031, 1034, 1036-1041, 1043, 1046
    disclosure, 1034, 1035, 1036, 1037
    discovery of evidence, 997-999, 1034-1036, 1038-1041
    exceptions, 1031, 1034
    forensic accountants, 1030, 1032, 1035, 1039-1041
    forensic investigation and privilege, 1041-1043
    forfeiture and waiver, 1018-1023
    implied undertaking rule, 1034-1036
    law of privilege, 993-996, 1048, 1050
        discovery of evidence, 997-999
        types of privilege, 999
    legal professional privilege (LPP)
        ambit of, 1004-1006
        checklist, 1036-1038
        common interest privilege, 1012-1013
        confidential communications and, 1011-1012
```

confidentiality and waiver of, 1018 crime-fraud exception, 1006-1008, 1008-1011 forfeiture and waiver of, 1018-1023 intentional wrongdoing, 1008-1011, 1031, 1034, 1037 joint clients, 1014, 1015-1016, 1019, 1025 joint interest privilege, 1012-1013 legal advisor for purpose of, 1003-1004 limits of, 1003 reasons for rule, 1001-1003 receivers and trustees in bankruptcy, 1017-1018 rules of, 1023-1025 litigation privilege, 1025-1034, 1035, 1038 patents, 1004, 1043-1044 privilege claims, 996, 1041 privilege flowchart, 1051 public interest, 1035-1036 reasonable prospect of litigation, 1026 selective waiver, 1022-1023 settlement privilege, 997, 999-1001 solicitor-client privilege, 995 spoliation, 1040-1041 spousal privilege, 1040 suing personally, importance of, 1038-1041 tort of conspiracy, 1039, 1041 waiver, 1018, 1018-1023

procedure, see adjudication process

professional obligations and liabilities of investigator

causation and police-prosecution continuum, 1297 Charter remedies, 1348-1350 damage awards, 1351-1352 definition of profession, 1272-1273 distress, 1295, 1340 duty of care, 1275-1278, 1283, 1295, 1340-1342 ethical conduct, standards and codes of, 1278 exculpatory evidence, 1291, 1298, 1321, 1336, 1338 false confessions, 1339 fiduciary duty, 1273-1275 gross negligence, 1284-1285, 1289 identification evidence, 1285-1286, 1333 inadmissible evidence, 1300, 1321-1322, 1336, 1337, 1338 investigator's opinion, 1321, 1323 lie detection, "scientific" approaches to behavioural red flags, 1317-1318 bias in lie detection process, 1332-1339 confessions, techniques to obtain, 1324-1332 criteria-based content analysis, 1304-1311 fabricated evidence, use of, 1318-1319 forensic linguistics, 1304-1311 inadmissible evidence, use of, 1318-1319, 1319-1324 kinesic interviewing, 1314-1317 neuro-linguistic programming, 1314-1317 polygraph evidence, 1311-1314

```
statement validity analysis, 1304-1311
    malicious prosecution, 1289-1294, 1298, 1317, 1339, 1343, 1349, 1351, 1359
    negligent investigation
        addressing problems with, 1353-1358
        bad faith, 1346-1348
        birth of tort, 1282-1289
        Charter remedies and, 1348-1350
        damage awards, 1351-1352
        factors, 1337
        private investigator and, 1342-1346
    police discretion, 1287-1288
    private investigators, 1279-1281, 1290, 1335, 1342-1346, 1348, 1352, 1360-1361
    professional, implications of being, 1273
    professional liability of investigators, 1281
    professionalism, standard of
        common practice, 1256-1257
        decision making under uncertainty, 1261-1265
        expected value, use and misuse of, 1257
        findings of credibility, 1269-1272
        new model, 1257-1261
        systematic approach to advising client in fraud case, 1256
        witness credibility analysis, 1266-1269
    profiling, 1317-1318
    proof of lie, 1339
    standard of care, 1294-1295, 1296
    successful claims, 1297-1299
    who can sue for professional malpractice, 1340-1342
    wrongful convictions, 1286, 1288, 1337, 1357, 1359-1361
psychology of fraudsters
    common rationalizations, 1534-1536
    generally, 1530-1531
    group psychology, 1529-1530
    professional vs. circumstantial fraudsters, 1527-1529
public investigations
    absolute liability, 1068-1070
    actus reus, 1067, 1068, 1070, 1071
    audit or fraud investigation, 1060-1066
    audit triggers or risks, 1058-1059
    audit vs. investigation, 1055-1056
    Canadian Charter of Rights and Freedoms
        Charter warnings by regulatory investigators, precedent, 1090
        s. 32, 1083, 1085
    case study
        Charter issues, 1082-1083
        generally, 1077-1079
        Jarvis factors, 1081-1082
        statutory context, 1079-1081
    confessions rule, 1085-1087
    cross-border investigations, 1074-1077
    Crown agent, 1083-1084
    Evidence Act (Ont.), s. 9, 1075
    fraud investigation or audit, 1060-1066
```

```
gathering evidence, Charter consequences, 1064-1065
    identification doctrine, 1067-1068, 1070
    interrogation and Charter rights, 1066-1067
    investigator, internal auditor, 1056
    Jarvis factors, 1061-1062, 1064-1065, 1081-1082
    mens rea, 1067-1070, 1071
    person in authority, 1085-1087
    private sector investigations, 1084
    public inquiries, 1053-1054
    public interest prosecution, criteria for maintaining prosecution, 1070-1071
    regulatory failure, 1087-1088
    regulatory investigation, 1056, 1060, 1064, 1083-1084, 1087
    right to silence, 1066, 1075-1076
    rules of evidence, 1053, 1054
    strict liability offences, 1068-1070
    tax evasion
        generally, 1057-1060
        prosecution for tax evasion
            enforcement steps, 1071-1072
            no-fault automobile insurance, and, 1073-1074
Qui Tam legislation, 1513, 1515
red flags
    arson, 1370-1371, 1372, 1373-1374, 1391-1394, 1400-1403, 1403-1407
    banks, 503, 506-508, 1430, 1433-1435, 1437-1438
    behavioural, 1108, 1397, 1400, 1403-1407
    circumstantial evidence, as, 1101-1103
    construction fraud, 1160, 1161-1162, 1165, 1166
    credit card fraud, 1426-1428
    derivatives, 1522
    FINTRAC's red flags of suspicious transactions, 1446-1451
    fraudulent conveyances, 558
    generally, 17-19, 33, 34, 94, 114, 285, 303, 347, 448, 480, 481, 482, 817, 850, 853, 1043,
    1088, 1104, 1252, 1317-1318, 1355
    Madoff Ponzi scheme, 305-306, 1524
    mortgage fraud, 649-650, 658, 663
    Ponzi schemes, 634, 635, 637
    situational, 1108, 1397, 1400-1403
remedies
    post-judgment, see post-judgment remedies
    pre-judgment, see pre-judgment remedies
remedies obtained at trial
    affirming contract, 408-409
    auditor's negligence, 513-515
    banks, liability of, 492-509
    bifurcation, 437-440
    bona fide purchaser, 422, 443, 477-478, 481, 485, 492
    choice of remedies, 520-521
    Civil Remedies Act, 2001 (Ont.), 470-474
    claims between fraudsters, 521-524
    clawbacks, 440-442
    compensatory damages, 397, 422, 426, 454, 456-461
```

```
conspiracy, joint liability and, 516-518
constructive trust, 418, 475-486
contract law and fraud, 387-389
criminal rate of interest, 462-463
cross-border considerations, 524-527
Crown's "post-judgment" remedies, 486-490
damages
    actual losses, 388
    aggravated damages, 397, 456-457
    award of damages, 388, 442, 458-459
         cost of, 391-394
        loss of, 389-391
    common law, at, 418-419
    constructive fraud, 409-411
    exemplary damages, 397, 456-457
    expectation damages, 389-390, 393
    gaps in evidence/costs of investigation, 394-396
    general damages, 396-397
    generally, 383-387
    innocent parties, 388, 399, 403, 416-418
    loss of bargain/profits, 389-391, 418, 438, 528-532
        calculating loss of profits, 390
    reliance, 390
    restitutionary damages, 420-422, 461
    special rules, 399-408
    taxation and, 411-413
    unjust enrichment, 420
    variable costs, 389, 429-431, 432-433
deductions
    betterment, 399
    foreseeability principle, 398-399
    mitigation principle, 398
disgorgement calculations, 441-442
doctrine of election, 437
electing between damages and disgorgement of profits, 437-440
employees and partners, vicarious liability for, 519-520
equitable compensation, 413-416
equitable remedies
    accounting for profits, 425-431
    constructive trust, 418-420, 427, 467, 475-486, 490, 546
    damages, 474-475
    differential/direct costs, 432-433
    differential or comparative profits, 431-432
    direct and indirect costs, 429, 432-433
    full/absorption costs, 433-434
    generally, 418-420
    restitutionary damages, 420-422, 422-425
    resulting trust, 475-486
    waiver of tort, 422, 423, 425, 428, 437
fidelity bonds, 490-492
fraudulent inducement, 392, 400-401, 403
fraudulent misrepresentation, 399-403, 417, 528-529, 549-550
```

```
imputing income
        family law, 444-445
        generally, 444
        imputing income for shareholders, 449-452
        income tax law, 445-446
        net worth method, 446-449
    injunctions, 474-475
    insurance policies, 490-492
    interest rate, 462-469
    joint liability and conspiracy, 516-518
    knowing assistance, 509-510, 515-516
    knowing receipt, 511-513, 515-516
    lawyer's negligence, 515-516
    legal costs, 469-470
    mandatory orders, 474-475
    misappropriated revenue, 429
    personal liability, 452-453, 483, 489, 492, 519, 533-536
    piercing corporate veil, 23, 45, 47-48, 450, 470, 492, 533-536
    proceeds of unlawful activity, 441, 473
    punitive damages, 454-462
    rescission, 416-418
    restitution order, 470-471
    resulting trust, 475-486
    royalty rate, 434-437
    secured creditors, 425, 489
    solidary liability, 521-524
    specific performance, 443, 474-475
    subrogation, 442-443
    taxation and damages, 411-413
    tort, void contract, 388
    trustee in bankruptcy, role of, 521-524
    vicarious liability, 442, 519-520
    winding up order, 452-453
replevin order, 146, 195-196
restitution order, 470-471
smurfing, 894, 1419
social media investigations and law of privacy
    civil litigation, and, 1469-1471
    criminal law, reasonable expectation of privacy and new technology, 1463-1466
    evidence, 1453-1456, 1458
    invasion of privacy, new tort of, 1482-1500
    investigations, 1453
    lawyers and social media investigators
        code of ethics, breach, 1471
        confidentiality of information, 1472
        deceptive or misleading conduct, 1472-1473
        pretexting, 1474
        prohibition on contacting party represented by counsel, 1474
        truthfulness in statements to others, 1472-1473
    metadata and emails, 1476-1481
    monitoring tools, 1457-1458
```

```
precedents
        social media preservation letter – opposing party, 1501-1502
        social media preservation letter - third parties, 1503-1505
    privacy legislation in Canada
        Canada's Anti-Spam Law (CASL), 1461-1462
        Personal Information Protection and Electronic Documents Act, 1458-1462
        Privacy Act, 1458, 1459
    reasonable expectation of privacy, 1463-1466, 1467-1468
    websites, 1456-1457
    workplace computers and Internet use, 1467-1468
stakeholder fraud
    defined, 5
"SWOT" analysis, 20, 23, 30
tracing, see insolvency fraud, fraudulent conveyances and tracing
transfers, see insolvency fraud, fraudulent conveyances and tracing
Uniform Occupational Fraud Classification System, 3
U.S. Anti-Money Laundering (AML) laws, 895-897
whistle-blowers, protection from reprisals and Qui Tam legislation
    Canadian whistle-blowing legislation, 1513-1515
    generally, 1512-1513
    Qui Tam legislation, 1513, 1515
```