

## ADVISER NEWS

**lance on SMSF fraud critical**

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**actioners must take greater heed of potential red flags than ever as sophisticated crimes in the sector were on the rise, according to a prevention specialist.**

As you should look out for are usually obvious – higher-than-normal returns, lots of obscure investments, if you're having difficulty getting confirmation about the investment and unsolicited investment advice," Worrell's forensics partner Harlene Anderson told the Institute of Public Accountants Victoria Congress in Melbourne last Friday.

Watch out for bogus requests because you could end up transferring money and your reputation, so make sure you verify the source of the request."

She said strong internal controls were necessary.

"[Require] dual signatures, monitor what's going on, don't be gullible, check the ASIC website for scam companies and also check the New York Stock Exchange for lists like obscure investments," she said.

"And the most fundamental [piece of] advice I can give you is that if it looks too good to be true, it probably is."

The lack of controls and security for SMSFs meant extra protection and prevention measures were paramount, she added.

"Let's be honest, there really aren't any safeguards around SMSFs, which has \$520 billion [in assets] and growing daily," she said.

"Australians are generally trusting and have a 'she'll be right' attitude, so we tend to think that these things happen off in a silo or somewhere where it doesn't affect us, or to people we know such as our clients.

"That makes us targets for criminals and fraudsters – there are more and more large crime gangs that are looking at targeting [our industry] and setting up scams."

She said SMSFs were more vulnerable to investment scams.

"I'm told by practitioners all the time that it doesn't happen that much, but there is a fair bit of it and when it does happen, it tends to happen monumentally," she said.

"The changing face of fraud [means] you've got these sophisticated crime gangs that are moving large amounts of money around the world and the harsh reality is that once the money goes offshore it's impossible to find; it's very rare for our law enforcement to find it once it leaves the country."

She said practitioners needed to be across the different types of fraud, which included early access schemes, mail fraud, identity theft, phishing scams, social engineering, investment scams, adviser fraud and elder abuse.