

# Fraud Barometer

EDITION 5 | NOVEMBER 2023



## OVERVIEW

### Overview of reported fraud cases

**\$21.6 million**

Total value of large fraud cases (>\$100k) in the 12-month period from 1 August 2022 to 31 July 2023.



### 3 'Super frauds'

'Super fraud': Frauds valued at over \$1.0 million, down four from the prior 12-month period.



**\$8.7m**

The largest fraud reported, related to fraudulent home loans obtained by property investors. The four individuals sought to invest in the Auckland property market but did not earn the income needed to secure loans. Sian Grant, Joshua Grant, Viki Cotter and Bryan Martin were charged in relation to 14 fraudulent loan applications made over a 14-month period between August 2015 and October 2016. As part of the fraud, Mr Martin used a non-trading entity named Momentum Transition Developments to create fake employment agreements for Ms Cotter and Mrs Grant and moved money between their private bank accounts. His intent was to falsely give the impression that the applicants received regular salaries to support the loan applications. Ms Cotter and Mrs Grant were sentenced in 2023 to a period of nine months' and 12 months' home detention, respectively. Sentencing for Mr Grant and Mr Martin has been adjourned.

**22**

Identified fraud cases that were reported during the period (2022: 21 cases).



**11 cases**  
committed by  
business owners

The most common type of fraud in the period continues to be committed by business owners. Of these, over 80% of cases were committed against the Inland Revenue. These were a combination of falsified returns and information to either evade tax or claim refunds the businesses were not entitled to.

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## CASE STUDIES

### Examples of different fraud cases reported in the last 12 months



**\$1,300,000**

A Canterbury winery owner defrauded the Inland Revenue through lodging false GST returns. Over a four-year period from 2017 to 2021, Colin David Rath, submitted 85 false tax returns related to his business, Waipara Winds (trading as Fiddler's Green), which operated a restaurant and vineyard.



**\$240,000**

An Auckland acupuncturist fraudulently claimed compensation from the Accident Compensation Corporation (ACC) by submitting forged payment forms for treatments that had not been carried out. The fraud was discovered when ACC analysed data from providers that identified Cheng-Yin Wu had claimed 34 hours of billings in a single day. Mr Wu had been double billing and had higher costs per claim and average treatments per claim when compared to his peers.



**\$460,000**

Vivek Goel, formerly the Westland District Council Manager of District Assets, was instrumental in several asset management contracts being awarded to companies he had personal relationships with. The companies were assisted by Mr Goel who gave advice, helped draft tenders and shared confidential information about the needs of the Council.



**\$660,000**

A former Wellington tax agent, Mohammed Shahmeem Buksh, evaded tax by filing 124 false and misleading tax returns (79 GST returns and 45 income tax returns). The tax returns, which omitted income earned, included personal or fictional expenses, or genuine expenses which were grossly inflated. These returns were filed by Mr Buksh with the intention to evade tax for himself, his wife, his companies and for some of clients of his company, Bizconnect.

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## VICTIMS

### Victims

The government and commercial business sectors were subject to the highest proportion of frauds in the past year by value, at 48% and 45%, respectively.

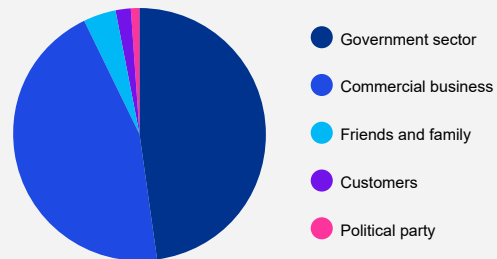
For the fifth year in a row, the government sector suffered the highest number of frauds. There were 16 fraud cases in which the government sector was the victim, this is more than half of the cases in this year's Barometer. 60% of the cases in this year's Barometer were against Inland Revenue due to high numbers of tax fraud cases. A trend continued from previous 12-month periods.

Some factors that may be contributing to government departments being consistently high targets of fraud include the inaccurate perceptions that it is a victimless crime and that government departments do not possess the types of sophisticated systems that enable them to detect fraudsters in a timely manner. This is not necessarily the case based on our experience.

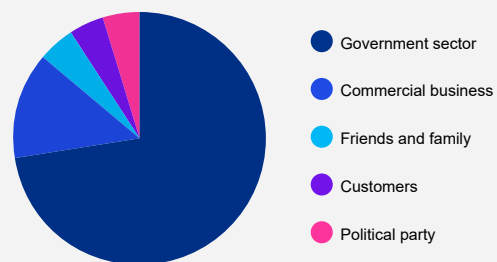
This year's Barometer sees what media have reported as the first sentencing in New Zealand on charges of obtaining by deception in regard to electoral donations. The Crown's case was that sham donors were used to disguise the true donor. Three businessmen were subsequently found guilty of making unlawful donations to the National Party and were all sentenced to a period of community detention and community work.<sup>1</sup>

<sup>1</sup> An appeal has been lodged against both the convictions and sentences.

Fraud value by victim type (\$)



No. of fraud cases by victim type



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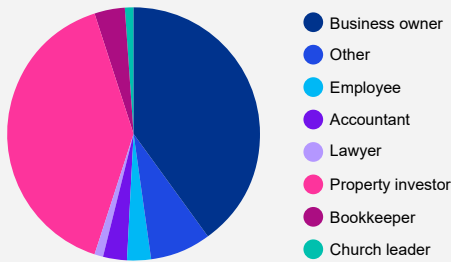
## PERPETRATORS

### Perpetrators

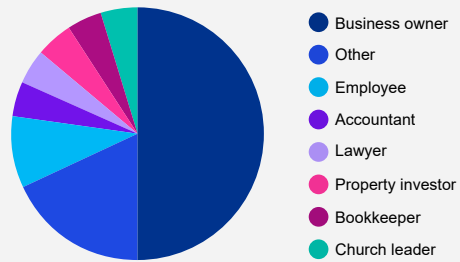
The most common perpetrators of fraud in the year to 31 July 2023 by volume were business owners. The most common perpetrators by value was impacted by the large \$8.7 million fraud by property investors. Excluding this, business owners were the most common perpetrators by both value and volume, consistent with the last two years.

Our analysis shows that other than business owners, fraud is being committed by a broad range of perpetrators. This is indicative of the fact that anyone may commit fraud under the right set of circumstances.

**Fraud value by perpetrator type (\$)**



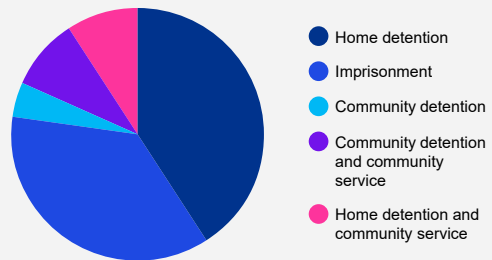
**No. of fraud cases by perpetrator type**



### Sentencing

Sentencing trends remain consistent with the prior 12-month period, as we see sentences for home detention most commonly handed down, followed by periods of imprisonment.

**No. of fraud cases by sentencing type**





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CONTACT US

## Methodology

The objective of the Fraud Barometer is to monitor, through media searches, the level of reported frauds coming before the criminal courts in New Zealand, and provide commentary surrounding the types of victim, perpetrator and fraud occurring. In order for a case to be included in our Fraud Barometer, the fraud must exceed \$100,000 and the perpetrator have pleaded or been found guilty.

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