

FRAUD TALK – EPISODE 100

Behind the Scenes of Wirecard's Billion-Dollar Accounting Fraud

Listen to Mason Wilder, CFE, ACFE senior research specialist, and Brian Fox, vice president of strategic partnerships at Thomson Reuters and president & founder of Confirmation, discuss the rise and fall of the German payments group, Wirecard.

Transcript

Mason Wilder: Hello. Welcome to *Fraud Talk* the ACFE's monthly podcast. I'm Mason Wilder, a senior research specialist at the ACFE, and today, I'm joined by Brian Fox.

Brian Fox: Hey, thank you, Mason. Just to give my background, I'm a CPA. I spent my early years working in audit for Ernst & Young and then went to PricewaterhouseCoopers where I worked in mergers and acquisitions and spent some time in auditing and then ended up going back to business school and starting confirmation.com right at 20 years ago.

Mason: All right. Today, we are going to be talking about the Wirecard fraud scandal that has been very prevalent in the news recently. I wrote a brief article on the-- just kind of summarizing the scandal for the fraud examiner newsletters, so all our members can go read that article at the fraud examiner archives or in your e-mail inbox, but I'll give a brief summary of the who, what, where, and when of this scandal. Then Brian and I are going to go a little more in-depth, and Brian being the expert is going to talk about the audit side of things that happened here and ways that auditors can avoid becoming involved in some kind of scandal like this or things that companies should be doing to avoid this happening.

Wirecard is a financial tech firm based in Germany that specializes in payment processing. So that's -- whenever people are making online payments and things, they have to hire a company that processes those payments. Wirecard started out in 1999 and managed to grow into a really big international firm with almost 6,000 employees in 26 different countries and evaluation of almost 27 billion by late 2018. Everything was looking really good for them, getting lots of investment and operations all over the world until there was a *Financial Times* story in early 2019.

Then another *Financial Times* in October 2019 reignited the scandal, and ultimately, in June 2020, Wirecard's regular audit firm, EY, refused to sign off on Wirecard's 2019 books saying that they could also not verify the existence of that \$2 billion. That's when it really blew everything open. The CEO of Wirecard, Markus Braun ended up resigning, and he was later arrested; authorities in Germany and Austria raided Wirecard offices. There were some other executives charged, and the stock absolutely tanked and lost more than 90% of its value. They had to declare themselves insolvent, at least the German headquarters if I'm not mistaken. That's kind of the overview of this scandal.

Getting into the specifics of some of these arrangements. At the heart of it, this is about third parties that Wirecard used. And so the reason that they've given in response to some of these allegations and as part of these investigations is that they partnered with third parties in some jurisdictions where they did not have the necessary licensing to conduct these payment processing operations. And so as many compliance folks or in lots of other different disciplines amongst our membership will know, your risk goes

up when you're involving third parties, especially depending on the jurisdiction. Some jurisdictions are higher risk than others for third parties.

Wirecard gets all these agreement with these third party payment processing companies in jurisdictions all over the place. Then rather than having a traditional arrangement to where Wirecard refers business to this third party and then basically takes a commission of that as a referral fee that that third party pays to Wirecard, for some reason, this arrangement was set up to where all that money went into not an account controlled by Wirecard, but a trustee account. Brian, do you think it would be worth explaining what a trustee account is and how those might be involved in a legitimate business arrangement?

Brian: Sure. The trustee arrangement is a pretty typical type of business arrangement. I think as the auditors, as the regulators, have started to peel back the layers of this particular fraud, what they're seeing is that really this trustee relationship in utilizing third parties in foreign jurisdictions is really just a cover story. I think as they've begun to look at it, what they're seeing now is that a lot of these third parties were really just shell companies set up by Wirecard or previous employees at Wirecard.

They actually are going and investigating some of these and really that was how the *Financial Times* reporter, the investigative reporter, uncovered this, was he actually went and looked at the facilities, looked at the offices of some of these supposedly third parties that they were dealing with, and it turned out to be residential homes or manufacturing plants that had nothing to do with the payments world and the payments space or FinTech. And so that was where the early suspicions came in. And I think as we continue to go through time, more and more of the relationships will probably be shown to be shell organizations that were never legitimate organizations in the first place.

Mason: To do the specifics involving some of those shell companies that reporter went to one in the Philippines that was named ConePay International. He showed up at the address, and it was a residence housing, a retired seaman, and his 12-member extended family. Then there were two other third party payment processing companies: Centurion Online Payment International and PayEasy. They were both at the same address, which was shared with a tour company that just had a bunch of tour buses on the lot.

They looked at public records and saw that the tour company and one of the payment companies were registered and owned by a former Wirecard Asia Pacific executive and his wife. That certainly added to the speculation that these are not legitimate companies, and therefore, the volume of business that they were reporting was probably not legitimate either.

Brian: A lot of times, what ends up happening and the reason some of these fraudsters get caught in this fraud cycle is because in the sense of a public company, they have earnings reports, and they want to show a continued good news and growth. Certainly, that was what it appears Wirecard was trying to do. They had recently been put onto the German Dax 30, which is Germany's version of the Dow Jones. It was very prestigious. They had actually just replaced Commerce Bank on that Dax 30. They were, I think, the first FinTech company to be listed in the Dax 30. They wanted to show continuous earnings.

In this case, what I've seen historically is that fraudsters, they think that first year that they just need an extra penny or two on the earnings per share to make sure they hit the earnings estimates. They book revenue, just enough revenue to hit that maybe Ag-Medics or penny or half a penny that they need to inflate revenue by offsetting journal entry to cash; in this case, maybe your receivables and other cases. They think they'll catch up the next year and yes, the expectations grow. And so the mess grows and so the fraud grows.

After a period of time, you end up with what turns out to be a very material fraud on the balance sheet income statement. Whereas initially, it may not have been a material amount as it relates to what an auditor looks at when we think of materiality, but there's other definitions of materiality. When I was

auditing, we had a materiality threshold that maybe we didn't audit below a certain dollar threshold. I know in the case of HealthSouth's fraud, for example, in the US that the auditors, in that case, they did not confirm or verify any bank account balances below \$10 billion because that was considered immaterial.

But if \$10 million or say \$9 million would allow a company that extra, maybe penny per share and earnings? Well, that's a material result. While it may not be a material amount in the overall audit, it may be material in terms of what it allows that company to have good news for the public markets. In this case, you could certainly paint a picture and project that that may have been the case here, where they set up maybe some shell company with some extra revenue and therefore extra cash early on, hoping that they could get out of that eventually.

The public demand for better results every year, they just continue to perpetrate that type of a fraud setting up more and more shell companies and keeping these "assets" in this case, cash, offshore and in some a shell facility that gave enough cover story that didn't raise the early suspicions for the auditors.

Mason: Have you run into situations that are similar to this in terms of some of those cash assets stashed in foreign jurisdictions? And if so, how have you handled the challenges associated with confirming those account balances?

Brian: Great question. Confirmation fraud really dates back a hundred years at this point. The very first confirmation fraud documented was McKesson & Robbins way back in the 1920s and '30s. That same fraud technique where you inflate revenue and have the offsetting journal entry to cash receivables then therefore circumvent the auditor's confirmation procedures, is the same fraud that we see, unfortunately, that I've seen over and over and over again. As I mentioned, HealthSouth, while it had a couple, I think \$2.5 billion of fraud, \$400 million was fake revenue, and therefore \$400 million of fake cash.

We've seen it really in certain fraud. Anytime you see a company where they have inflated revenue, because the offsetting journal entries should go to either cash or receivables, typically in those inflated revenue scenarios or where cash is missing, significant material amounts of cash are missing, the way the company got away with that was by circumventing the auditor's confirmation procedures.

We've seen that here in the United States with the Peregrine Financial Group fraud, where the CEO of that business stole \$200 million over a 20-year period. The big one now that we're talking about obviously is Wirecard with \$2 billion in missing cash, but the Parmalat fraud, they had \$4.9 billion of fake cash. In the Olympus fraud, which was in — Parmalat was Europe's largest fraud ever. Olympus was Japan's largest fraud ever. It was a confirmation fraud. Satyam was India's largest fraud ever. Again, another receivable confirmation fraud, but circumvented the auditor's confirmation procedures there. About half the reverse Chinese merger frauds in 2009 dealt with inflated revenue and phony confirmation procedures.

We continue to see it over and over. More recently, we've seen Luckin Coffee, which inflated a third of their revenue, over \$300 million of fake revenue. You look at NMC Health, which is a Middle Eastern company, and TAL Education, another Chinese company. The facts are all still coming out for some of the more recent ones, but it appears it at the forefront at this point that inflating revenue by circumventing the auditor's confirmation procedures are really what the technique was used to commit fraud in each of these cases.

Mason: Right. You talk about these massive frauds with these huge losses. This does kind of fit in with the data that we get consistently on our *Report to the Nations* that we put out every two years and that survey, we have financial statement fraud as the most expensive average loss by far, well above corruption and asset misappropriation. In our most recent 2020 *Report to the Nations*, based on our survey results, the average loss in financial statement fraud was just under a million dollars. When you're

talking about company balance sheets and everything, these schemes, the losses tend to get a lot bigger than just your average fare of frauds.

Brian: Then really what ends up happening, certainly with the public company frauds, and even with a lot of the private company frauds, where we have private investors or lenders. What ends up happening is they're the ones that really take the biggest hit. In the case of Wirecard, what we've seen is an estimate of over \$20 billion in total investment and loan losses because of the \$2 billion of fake revenue and fake cash. The company has gone into insolvency, which is Germany's version of bankruptcy. The stock typically tanks, the investors lose billions of dollars of money lent. Sometimes they get pennies on the dollar back. The true financial damage, even beyond the specific fraud amount that was manipulated, are the investor in debt losses that everybody else ends up incurring because of that fraud.

Mason: It's often a bigger deal than it just looks on the surface. So getting a little more into the audit side of this specific case, one of the ramifications from this scandal is there's been a lot of scrutiny on the audit partners of Wirecard and that the main one is Ernst & Young or EY, and a German affiliate of EY was Wirecard's auditor ever since 2008 after they had to conduct a special audit in response to allegations of financial statement deficiencies. In that engagement, they ended up signing off on everything and saying there weren't any major issues. After that, they got hired by Wirecard to be their regular auditor. They signed off on all of Wirecard's statements right up until June 2020 of this year when this whole thing kind of blew open.

Specifically, EY is receiving some scrutiny because they signed off on Wirecard financial statements from 2016 to 2018, which featured some of the same arrangements in trustee accounts that are rearing their ugly heads for the company today. Brian, can you talk a little bit about, from basically the reporting that's come out, why EY would have signed off on those arrangements from 2016 to 2018? For instance, what they might've missed or what kind of verification methods they might've used?

Brian: Sure. When you look at the Wirecard fraud specifically and what the auditors did, a lot of that information will still be forthcoming and we get new and updated information as we've talked about almost every day right now on Wirecard, but if you look at the fraud technique that was used, typically, I can illustrate that with how other companies did it, but particularly, what I see in confirmation fraud particularly what happens is you have revenue, but you can't -- as an auditor, you can't touch revenue. The only thing you can touch is that—you can see that the cash was either by the customer or that it's owed as a valid receivable. That's where for 100 years, we've been sending confirmation requests, mailing them.

Then more recently we started using things like fax and e-mail and phone calls, but the way the fraud happens is really pretty simple. What happens is, unfortunately, it's going to sound more simple than it really is, then people would believe, but really, it's very simple. The auditor comes in and says, "where should I send the confirmations?" So Mason, if you're my customer, I'd say, "Hey, Mason, where do I need to send these confirmations?" You're like, "Brian, send them to this mailing address." Believe it or not, the auditors just universally do not check mailing addresses. They mail the confirmation, Russell Wasendorf provided a PO box that he said was US Bank, which it was not.

He controlled that PO box and mailed the confirmation there for 20 years in a row. With Parmalat fraud, they provide a fax number that they said was Bank of America's fax number. But it was a fax number for the law firm that Parmalat had hired, and when the law firm got the fax confirmation, they didn't really understand or know what it was. The executives at Parmalat had said, well, just give it to us every year that it comes in; so they did. The executives would fill it out and fax it back to the auditors.

It's really a very simple technique. It's all predicated on the fact that the auditor's favorite auditor is Sally, which we jokingly call it. It just stands for "same as last year." And a fraudster counts on an auditor doing the same procedure year in and year out. Even though we've been told since what we called SAS 99, and we're supposed to have a brainstorming session and to alter the nature, timing, and extent of our audit

procedures. It's ironic, but 99% out of the time, we don't alter anything in the course of an audit, and that's what the fraudsters looked to take advantage of. They test the system, and then if they can get away with it, they continue to perpetrate the fraud.

So I've always said the way I would test the system before I inflated any revenue is if I had five banks that I had accounts in, and Mason, you were my auditor and you came in and said, "Brian, where do we send the confirmations this year?" I'll give you four mailing addresses that are legitimate, and for the fifth one, maybe for Pinnacle Bank, I give you my sister's lake house. I haven't stolen anything, I haven't inflated revenue.

Nine times out of 10, what's going to happen is you're going to go, and you're going to mail those confirmations to these five mailing addresses, but in the one case where maybe out of 100, where you check that mailing address and you tell your senior that, "Hey, it looks like Brian may have given me a residential mailing address here." Well, if you come into my office, you [sound cut] the senior, and you said, "Brian, you gave Mason these five addresses, but one of them appeared to be a residential, and it doesn't seem to be the banks'." I'm going to go, "Oh, you know what? You're right, Mason, I was writing my sister a birthday card the other day, I must've had that on my mind. I wrote down her mailing address instead of the banks'. Let's look up Pinnacle Bank's mailing address together online." Then everything's good.

That way I know that that's a test, but it's not going to work. I haven't stolen or inflated revenue, but 99 times out of 100, if not more, you're going to mail that confirmation, and while I haven't stolen or inflated my revenue that year, then next year, what happens is: I inflate my revenue. I book the offsetting journal entry for cash to that Pinnacle Bank account, and when the new staff auditor intern comes in and they say, "Brian, where do we mail the confirmation letters?" I'm going to say, "Well, just send them to where Mason sent them last year." The new staff auditor is thinking to themselves, "Well, goodness, Mason is still employed, he didn't get fired last year. If I send it to the same five mailing addresses, how can I get fired? How can I go wrong?"

That's how these frauds are perpetrated for 20 years in the case of Peregrine Financial Group, 10 years in the case of Parmalat. It was just, "Hey, just send it to the same fax number they sent it to last year." Sally becomes the friend of the auditor, "the same as last year," and again, that's what the fraudsters count on. It gets really very simple.

Mason: It's pretty crazy to think that something with the magnitude of impacts like \$20 billion worth of losses and bad loans and all that was essentially all tied down to the same tactic as if I gave a prospective employer my roommate's phone number and said that they were my boss at my last job.

Brian: It's really that simple. You look at Kmart in the United States. Kmart went bankrupt on inflated revenue in a phony confirmation scheme, and what they did there was, they thought that maybe the auditor might actually check the mailing address or check that somebody was an employee for the company. I'll give you an example of what they did. The way we see it happen is either the auditor comes in, and, if I'm the fraudster, I provide you with a mailing address, fax number, e-mail, phone number, whatever that I control. That's what we saw happened to Parmalat, that's what we saw happen at Peregrine Financial Group, and that may be what happened here at Wirecard. We don't yet know; that's still to come out.

The other way it happens is if I think and I'm nervous that the auditor may check the mailing address or the identity of somebody at the other end, then what I do is I bribe, of course, somebody, a conspirator on the other side. What Kmart did, in one case, they went to the National Director of Sales for Coca-Cola, a guy named David Kirkpatrick, and they guaranteed him a certain number of cases of Coca-Cola sales. What that did is that allowed David to hit his annual target; therefore, he got his annual bonus. That [sound cut] effectively a bribe.

On the other hand, they went to a gentleman at Eastman Kodak, and they said to him, "Hey, we want you to fill this out until our auditors fill it out; say that you owe us more money than you do." These companies pay for product placement at Kmart. This gentleman was not as comfortable with that and they said, "Well, here's the deal. If you don't fill that out right now, we gave you and your company the end of the aisle - the checkout counter display location - which is a prime location. We're going to give that to your largest competitor at Fujifilm, and you'll lose the account." Since that was this gentleman's largest account, he signed those confirmations for the next two years. In this case, they use the stick instead of the carrot, so they either bribe or coerce somebody. It's how they did it there.

They allowed the auditors to send a confirmation to three different banks in this case, and say, each of them had \$1 billion CD on deposit. The CDs were guaranteeing loans at third parties that were really shell companies that were set up to create phony revenue back to Olympus to inflate its revenue and meet earning expectations. What happened was when the auditor sent the confirmation letters to those bank employees, those individual relationship managers had been coerced by the threat of the loss of those significant deposits on account at their bank. Olympus said, "We want you to confirm the information with the auditors and tell them that the CDs and the amounts are here, but we don't want you to tell them that those CDs are guaranteeing massive loans at these third parties."

Because of that material information that was not told to the auditors, they never knew those third parties, effectively that Olympus was funding their own revenue through those shell companies. Therefore, that was a material piece of information the auditors never were able to find out. Those individual bank employees had been coerced with the threat that they would lose Olympus's business and those significant cash deposits. We see that technique either through effectively the carrot or the stick: a bribe, or the threat of the loss of business of some sort.

Mason: Just sprinkle in a dash of extortion into your fraud scheme then.

Brian: Unfortunately, it's too easy. And the same technique that McKesson & Robbins used back in the 1920s and '30s. Literally, they controlled the mailing addresses, and the auditor, in that case, mailed the confirmations up to Canada. The addresses were controlled, just like the Peregrine Financial Group fraud, by the McKesson & Robbins team. Funny enough, since McKesson & Robbins was in the United States, they thought a step ahead, so they had these secretaries who just -- they were the only employee of each of these fake companies. They would receive -- at that time, the orders were sending semiannual confirmation.

They'd received the semiannual confirmations. They'd mail them back to the executives at McKesson & Robbins in the United States. The executives would fill it out with the balances they wanted to show. Then they would mail the confirmations back out to the ladies in Canada so that when they put them in the post, they were postmarked from Canada, just in case the auditors got suspicious and thought to themselves, "Why did I mail it to Canada, and yet a postmark comes back to the United States?" They were again, thinking a step ahead of the auditors in that case. It's a very simple fraud.

Mason: Is there a simple fix for such a simple fraud? Is there something that audit firms or individual auditors can be doing to mitigate the risk of being fed bogus confirmation details or to verify what they're being told without the risk of the manipulation from the source?

Brian: There is, and that was really the reason why I created confirmation.com 20 years ago in June. Really just 20 years ago last month is when I founded the business, and it was really exactly for this fraud because I saw, when I worked at each of the two Big Fours firms that I worked for, as a young staff auditor, I could circumvent two of the Big Fours auditing procedures, and I could commit financial fraud if I was intent to do so. I thought to myself, "Wow. if I'm thinking of this and I wasn't really trying to commit fraud, I wonder if companies who were trying to commit fraud have used this technique and realize there's a huge gaping hole in the audit procedures."

As I did my research, that was exactly what I uncovered -- is that fraud after fraud after fraud where revenue had been inflated, they had manipulated the auditors' confirmation procedures. I love my profession. I love what CPAs do. I love what CFEs do as well. Both very important and honorable professions. What I knew is, if I could go in there, and we could create, and at the time, it's funny to say this, but yes, they had this new-fangled thing called the Internet that was only about three years old. I said, "If we could create a clearinghouse, a secure clearinghouse, where we could go in and pull the data and validate that the data was legitimate, it was coming from legitimate sources, say, the banks, then the auditors collected could rely on that.

If I went out there and did it well enough that I would trust it, then why can't I do that once and do it for all the accounting firms out there? That's what I started 20 years ago when I started with one bank and one accounting firm in Nashville, Tennessee, and we just sold last summer. I sold the business to Thompson Reuters. When we sold, we had users in over 170 countries. We've got 16,000 accounting firms globally that use us.

We've got over 5,000 banks and bank departments that use us. In the United States, we've got entities like the National Futures Association that caught that Peregrine Financial Group fraud, and the Federal Reserve Bank is one of our users, the SEC. We've had significant success in what we've been able to accomplish and really change the industry.

Mason: Do you think that because of this Wirecard scandal, there will be more of these audit confirmation frauds involving third-party payment processors. Do you think this is just the first of numerous, almost identical scandals that will be discovered as a result of this?

Brian: Certainly could be. It wouldn't surprise me if we don't see more of that in the payment space, but really, confirmation fraud and inflating revenue, it crosses your sections, it crosses industries. It's really a technique [sound cut]. I've given examples of where it's been seen in countries all over the world and in different industries. What we're starting to see, the reason you see the education, the Patisserie Valerie, the Wirecard, the Luckin Coffee fraud, the NMC Health, what's happening obviously as we know is there's been a significant downturn in the global economy.

It's really the same thing that I saw in 2009, 2010, 2011, and that I saw in the 2000, 2001, 2002 timeframe. Anytime you see it when the economy contracts, and cash and debt resources and facilities are more difficult to come by. Those fraudsters who have been perpetrating multi-year frauds, it's more difficult for them to continue their effective pyramid scheme when those financial resources tighten up. It won't surprise me, and we'll probably continue to see more and more frauds come out over the next 12 to 18, even 24 months, until the economy really starts to take off again. Again, it's because those fraudsters won't have the cash and debt facilities available to them to continue to perpetrate those frauds. That's a lot of times when those Ponzi type schemes get uncovered.

Mason: With regards to the actual confirmation fraud and what actually happened with this Wirecard fraud and especially given the fact that it's not exactly a closed case at this point, are there any really big questions about the Wirecard fraud that you have that you're going to be keeping a close eye on to get an answer to?

Brian: Certainly. The ones that I'll certainly be paying attention to are questions like, "were there individual bank employees who participated in this fraud?" I know that the executives of the banks have waived the confirmations that were reported to have come from their banks, and they said clearly we didn't do these. But the question still remains, did those confirmations get sent to people who did not work at the bank and that maybe Wirecard or one of their conspirators controlled, or did the confirmations go to somebody at the bank who had been bribed or coerced into responding with false information?

The actual technique there will be interesting to see and figure out what comes out from that. As all this uncovers, it wouldn't surprise me. The fraud growing and growing. A lot of times, what you find initially is the tip of the iceberg and as you begin to really investigate and look at the fraud, what I see over many frauds and what I know the fraud examiner see as well, these fraudsters, they get greedy, they get confident abilities to fool the auditors. They'll commit more and more fraud thinking that they can continue to get away with it. As we continue to investigate fraud, it'll also be interesting to see what other fraud and fraud techniques they employed and what other information or whether financial information comes out as being fraudulent and phony as the details of this Wirecard fraud come out.

Mason: On that note, we're running out of time here, but to wrap it up, is there anything else important about the Wirecard scandal that you think fraud examiners should know, any good moral of the story or to tie a bow onto this?

Brian: Yes, the main thing is we've got to reevaluate audit procedures. We understand how these frauds happen. My mom and brother were both police officers. When my brother and I were growing up, we'd run around the backyard wearing my mom's police uniform on our bikes chasing the invisible bad guys, and he became a police officer. I started confirmation.com, and I always tell everybody it's my way to help the good guys catch the bad guys. One of the things that a lot of CPAs have asked me when I stand up and talk about how these frauds happened or how I would create a fake website or fake bank website, how I would commit confirmation fraud.

A lot of times people ask me "why are you telling people how to do this?" The takeaway is, if we don't start getting serious about how fraud happens and understanding how it happens, how can we expect our staff auditors and our staff to identify these frauds and catch them? It's incumbent upon us to make sure that we're doing a good job of explaining these frauds, looking at them in detail, showing our staff how they happen. Then when we do that, we can have a higher expectation that maybe our staff can actually help us catch these types of frauds because if you go in and don't know how they happen, then how can you do a very good job of anticipating how you're going to alter the nature, time and extent of your audit to address progress if you don't even understand how the frauds typically take place in the first place?

To me, education is key. From an auditor standpoint, I'm concerned for the profession, that if we don't get better at finding fraud, accounting firms will lose our exclusive rights to do audits. We saw that taken away in the tax space effectively when the IRS said that anybody can do taxes, so that opened up the door to all the H&R Blocks of the world would just low-cost staff or to the Intuits of the world with TurboTax. My concern today is, globally if we continue to fall down on the job and fail to catch these materials, the regulators, the government, the investing community is going to revolt and say that we're not very good at the job. What really does an audit provide if it's not helping to identify these material frauds that result in significant investor losses.

Historically, we've got a lot of folks in the profession who said finding fraud wasn't our responsibility, but I always ask the question when I speak at conferences, "Please, raise your hand and tell me if you or you know of a firm that have ever been sued for being inefficient." Everybody laughs and looks around, and I haven't run into a single accounting firm who's been sued for being inefficient. Then I ask the question, "Please, raise your hand if you or a firm you know that has ever been sued for missing a financial fraud." I say, "You don't even have to raise your hand because you all would raise your hand."

Until we get serious about why we're getting sued and improve our auditing procedures, we're going to continue to miss frauds like this Wirecard fraud and the Luckin Coffees of the world, and that's my concern. I've said, the folks who don't think finding fraud is part of our responsibility, it's time for them to retire and move on, because there are others in our profession who want to maintain the honorability of what we do as a profession. That's one of our key jobs these days. Excel and Microsoft do a great job of adding up columns of numbers, and finding fraud is a significant component of what we need to be doing these days.

Mason: Hopefully, all this excellent information and perspective that you've given us here on the podcast today, as well as your company confirmation.com will -- Hopefully, this goes at least some ways towards helping CPAs and CFEs understand more about how this specific fraud occurred and tools that they can use to prevent being involved in a similar fraud.

Brian: Thank you, Mason, for the opportunity to talk today. I really enjoy being able to talk with you and address and look at the issues that our professions are facing today. Thank you very much.

Mason: Thank you so much for joining us, Brian. Everybody, that's Brian Fox with Thomson Reuters and confirmation.com. Thank you for listening. You can find more episodes of *Fraud Talk* on iTunes, Spotify, or wherever else you get your podcasts. This is Mason Wilder signing off, and thanks again for joining us.