2019 ACCU Forum – Kuala	a Lumpur
Lessons Learned: No Holds Barred – Sharing of Governance Failures and Ca	ases in Credit Unions
	Endeavour Mutualbank

Governance (Quality /	Assurance	Toolkit
--------------	-----------	------------------	---------

1.Participation

AGM attendance, capable board, board and committee oversight, policy reviews, gender equity

2.Transparency

Disclosure of conflict of interests, full disclosure related party loans, non-partisan politics, no hidden commissions/kickbacks, no preferential treatment

3.Accountability

Accurate transaction recording, independent audit, independence from sale of CU assets, no insider loans, privacy of member information, non-disclosure of personal information, whistleblower protection, gift register, no solicitation, decisions made in the interests of members

4.Consensus

Respond to member needs, member compliant review, board works to consensus decisions

Governance Quality Assurance Toolkit

5.Efficiency/Effectiveness

No outside employment, non-discrimination, no board/management overlapping responsibilities, delegated authorities documented, qualified CEO, competent directors, documented committee terms of reference

6.Equity

Equal fair treatment of all members and employees, no favours to directors/employees, loans to directors/employees on same terms as to members

7.Compliance

Respect for and compliance with all relevant laws, honesty with regulators, AGM with required timeframe, meeting minutes properly maintained

8.Leadership

Board has ultimate responsibility, strategic plan developed, strong and stable self sustaining organisation, well trained and capable board and employees

9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and experience Reduce evaluation, director nomination process, diversity of skills and experience Reduced the process of	Governance Quality Assurance Toolkit
Lesson: Fraud (Australia) Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans against real impressions. Lesson: Fraud (Australia) Lesson: Fraud et al. (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Cums. Georgement, Interdedivibrements Lesson: Fraud et al. (Ball) Lesson: Lesson: Ball) Lesson: Lesson: Ball et al. (Ball) Lesson: Lesson: Ba	9. Skills
Lesson: Fraud (Australia) Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements ont showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Course, Consequence, Reneded/Peterrors 1. Prespector 2. Transpector 3. Accountability 3. Et industrial 3. Et industrial 3. Et industrial 4. Et industrial 5. Et industrial 6. Equity 7. Complete 7. Complete 7. Complete 8. Equity 8. Loaderblo 9. Et industrial 9. Et industria	directors and critical positions, continuing education
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Cause, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Congliance 3. Accountability 8. Leadership 4. Consensus 9. Salis 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Extraction 6. Equity 2. Transparency 6. Congliance 3. Salis 8. Leadership 4. Consensus 9. Salis 9. S	Performance evaluation, director nomination process, diversity of skills and
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Cause, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Acconstability 8. Leadership 4. Consensus 9. Sulfs 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Course, Consequences, Remedies/Deterrents 1. Entication 6. Equity 2. Transparency 9. Sulfs 3. Leadership 4. Consensus 9. Sulfs 5. Editionalizer 6. Equity 5. Transparency 7. Compliance 6. Sulfy 6. Consensus 9. Sulfs 6. Equity 6. 6.	
Rallegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Cause, Consequences, Remedies/Deterrents 1. Participation 7. Congliance 2. Accountability 8. Leadership 4. Consensus 9. Stills 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loan Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned CEIUSE, CONSEQUENCES, Remedies/Deterrents 1. Participation 2. Transparency 6. Equity 2. Transparency 7. Congliance 3. Economisms 8. Leadership 4. Consensus 9. Stills 5. Stiffcensus 9. Stills 6. Equity 7. Congliance 8. Leadership 9. Stills	
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Cause, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 7. Congliance 3. Accountability 8. Leadership 4. Consensus 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned CENUES, Consequences, Remedies/Deterrents 1. Exercision 2. Transparency 3. Economisms 4. Leadership 4. Consensus 5. Sills 6. Equity 7. Congliance 7. Congliance 7. Congliance 7. Congliance 7. Congliance 7. Congliance 7. Sill Suppliance 7. Congliance 7. Sill Suppliance 7. Congliance 7. Sill Suppliance 7. Sill Suppliance 7. Congliance 7. Sill Suppliance 7. Congliance 7. Sill Suppliance 7. Si	
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Course, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 3. Suils 5. Efficiency/effectiveness 10. Organization performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Course, Consequences, Remedies/Deterrents 1. participation 2. Transparency 3. Euclorehip 4. Coursess 4. Coursess 5. Suits 6. Equity 7. Congliance 6. Equity 7. Congliance 7. Congliance 7. Congliance 7. Suits 7. Congliance 7. Suits 7. Suits 7. Congliance 7. Suits 7. Congliance 7. Suits 7. Congliance 7. Suits 7. Congliance 7. Suits 7. Suits 7. Congliance 7. Suits 7. Suits 7. Suits 7. Suits 7. Congliance 7. Suits 7. Suits 7. Suits 7. Congliance 7. Suits 7.	
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Cruses, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 2. Compliance 3. Accountability 3. Leadership 4. Consensus 5. Efficiency/effectowness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. participation 2. Transparency 3. Economismia 6. Entiry 4. Consensus 5. Salis 6. Entiry 7. Compliance 6. Entiry 7. Compliance 7. Compliance 7. Compliance 7. Compliance 7. Saliership 8. Leadership 8. Sudership 9. Salis 9	
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Couses, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Sulls 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loan Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Couses, Consequences, Remedies/Deterrents 1. participation 2. Transparency 7. Compliance 3. Editoria description 3. Editoria description 4. Consensus 9. Sulls 5. Editoria description 5. Equity 6. Equity 7. Compliance 7. Sulls 8. Leadership 9. Sulls 8. Leadership 9. Sulls 9	
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Course, Consequences, Remedien/Deterrents 1. Participation 2. Transparency 7. Compliance 3. Suits 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loan Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned CRUSS, Consequences, Remedies/Deterrents 1. participation 2. Transparency 7. Compliance 3. Substance 3. Substance 3. Substance 4. Concessus 9. Substance 5. Equiv 5. Transparency 7. Compliance 6. Equiv 6. Equiv 6. Equiv 7. Compliance 7. Compliance 7. Compliance 7. Substance 7. Subst	
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Civies, Consequences, Remedies/Deterrens 1. Participation 2. Transparency 3. Suilis 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Civies, Consequences, Remedies/Deterrents 1. participation 2. Transparency 3. Eugenepayees, Remedies/Deterrents 4. Conversus 5. Suiter of the fake loan 6. Equity 7. Compliance 9. Suiter of the fake loan 9. Suiter of the fake loan 9. Conversus 9. Suiter of the fake loan 9. Suiter of the fake loan 9. Conversus 9. Suiter of the fake loan 9.	
Raliegh Park CU - Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Civies, Consequences, Remedies/Deterrens 1. Participation 2. Transparency 3. Sullis 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Civies, Consequences, Remedies/Deterrents 1. participation 2. Transparency 3. Economismis 3. Ladernby 4. Comercus 5. Sullis 6. Equity 7. Compliance 7. Compliance 7. Compliance 7. Compliance 7. Sullis 8. Ladernby 8. Sullis 8. Ladernby 9. Sullis 8. Ladernby 9. Sullis 8. Ladernby 9. Sullis	Laccar: Fraud (Australia)
Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Stulis 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 1. Equity 1. Compliance 1. Equity 1. Compliance 1. Statements 1. State	
Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 3. Accountability 8. Lesdenthip 4. Contension 5. Efficiency/infectiveness 10. Organisation performance Punded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 3. Accountability 4. Consensus 5. Salis 8. Leadership 8. Lead	Re-directed member statements then destroyed them
Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 3. Accountability 4. Consensus 5. Efficiency/effectiveness 10. Organisation performance 10. Organisation performance 11. Participation 2. Transparency 3. Statis 5. Efficiency/effectiveness 10. Organisation performance 10. Organisation performance 11. Participation 2. Equity 2. Transparency 3. Accountability 4. Connection 4. Connection 5. Equity 6. Equity 7. Compliance 7. Compliance 8. Leadership 8. Skills	
Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 3. Accountability 4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 1. Transparency 1. Transparency 1. Transparency 1. Transparency 1. Transparency 2. Transparency 3. Accomptability 4. Loadership 4. Loadership 5. Skills 4. Connessus 5. Skills	Fraud detected by auditor who reviewed returned mail
1. Participation 6. Equity 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Salis 5. Efficiency/effectiveness 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 7. Compliance 3. Accountability 8. Leadership 8. Leadership 8. Leadership 8. Leadership 8. Leadership 8. Leadership 9. Salis 9. Salis 9.	CEO and Loans Officer convicted and imprisoned
3. Accontability 4. Consensus 5. Sillis 5. Efficiency/effectiveness 9. Sillis 10. Organisation performance Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 2. Transparency 3. Accountability 8. Leadership 8. Leadership 8. Leadership 8. Leadership 8. Leadership 9. Sillis	1. Participation 6. Equity
Lesson: Fraud (Australia) Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Contensus 9. Sulls	Accountability Consensus Skills
Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	Efficiency/enectiveness 10. Organisation performance
Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Barticipation 6. Equity 2. Transpatercy 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
Funded fake loans against real member accounts Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
Re-directed member statements then destroyed them Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	Lesson: Fraud (Australia)
Printed new statements not showing the fake loan Funded other loans to make payments to the fake loans Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	· · · · · · · · · · · · · · · · · · ·
Fraud detected by auditor who reviewed returned mail CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Purticipation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	•
CEO and Loans Officer convicted and imprisoned Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	• •
1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
	Transparency Compliance Accountability Leadership

Leason: Fraud (UCA)	-
Lesson: Fraud (USA)	<u> </u>
CEO embezzled \$20m from "ABC" Employees CU	
Made cheques & online payments to himself	-
Formerly employed by regulator, knew how to avoid detection	
Discovered by employee reviewing large payments	
If convicted faces up to 30 years prison	
CU had 4,800 members, \$40m assets	
Transferred to another CU – member deposits federally insured	
Causes, Consequences, Remedies/Deterrents	
1. Participation 6. Equity 2. Transparency 7. Compliance	
Accountability Consensus Skills	
5. Efficiency/effectiveness 10. Organisation performance	
	<u> </u>
Leasen Frank (HOA)	
Lesson: Fraud (USA)	
CEO embezzled \$20m from "ABC" Employees CU	
Made cheques & online payments to himself	
Formerly employed by regulator, knew how to avoid detection	
Discovered by employee reviewing large payments	
If convicted faces up to 30 years prison	
CU had 4,800 members, \$40m assets	
Transferred to another CU – member deposits federally insured	
Causes, Consequences, Remedies/Deterrents	
1. Participation 6. Equity	
Transparency Compliance Accountability Readership	
4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance	
	_
Lesson: Mismanagement (Fiji)	
	<u> </u>
A government employees CU in Suva	
Purchased a new head office – price was greater than CU's reserves	
Fixed asset with no income generating capacity	
Used all reserves and members deposits (liquidity) to purchase	
Borrowed from a bank to fund loans and pay deposit withdrawals	
Became illiquid (unable to repay depositors)	
Story was front page news on the daily Fiji Times newspaper	
Causes, Consequences, Remedies/Deterrents	
Participation	
3. Accountability 8. Leadership	
4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance	

Lesson: Mismanagement (Fiji)	
A government employees CU in Suva Purchased a new head office – price was greater than CU's reserves Fixed asset with no income generating capacity Used all reserves and members deposits (liquidity) to purchase Borrowed from a bank to fund loans and pay deposit withdrawals Became illiquid (unable to repay depositors) Story was front page news on the daily Fiji Times newspaper Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 3. Accountability 8. Leadership 4. Consensus 9. Story	
Efficiency/effectiveness 10. Organisation performance	
Lesson: Credit concentration risk (USA) LOMTO Federal CU based in New York - \$156m assets Heavy concentrations in taxi medallion commercial lending that suffered significant delinquencies and losses in the wake of the rise of ridehaliling services such as Uber and Lyft. Taxi medallion values plunged as a result competition 2017 net loss was \$51.2m Transferred to another CU Cause, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance	
Lesson: Credit concentration risk (USA)	
LOMTO Federal CU based in New York - \$156m assets Heavy concentrations in taxi medallion commercial lending that suffered significant delinquencies and losses in the wake of the rise of ridehailing services such as Uber and Lyft. Taxi medallion values plunged as a result competition	
2017 net loss was \$51.2m Transferred to another CU Causes, Consequences, Remedies/Deterrents 1. Participation 2. Transparency 7. Compliance 3. Accountability 8. leadership 4. Consensus 9. Surs	

Lesson: Fraud (Thailand)	
CEO and 11 others convicted of fraud	
Up to 28 businesses obtained loans totaling 13bn baht	
These loans not being repaid caused illiquidity and losses	
CEO's 4bn baht assets frozen – he was given 16 year prison term	
Credit Union being allowed to trade out of deficit however one estimate is that it will take over 20 years to return all member deposits	
At this stage depositors repaid between 3% and 10% of funds	
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity	
Transparency Compliance Accountability Leadership	
4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance	
Lesson: Fraud (Thailand)]
CEO and 11 others convicted of fraud Up to 28 businesses obtained loans totaling 13bn baht	
These loans not being repaid caused illiquidity and losses	
CEO's 4bn baht assets frozen – he was given 16 year prison term	
Credit Union being allowed to trade out of deficit however one estimate is that	
it will take over 20 years to return all member deposits	
At this stage depositors repaid between 3% and 10% of funds	
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity	
2. Transparency 7. Compiliance 3. Accountability 8. Leadership	
4. Consensus 9. Skills	-
5. Efficiency/effectiveness 10. Organisation performance	
	•
	_
Lesson: Mismanagement & fraud (USA)	
A federal CU - assets of \$250 million	
Poor record-keeping, trading at a loss	
Massive internal fraud led to the conviction of about 24 people	
Over \$10m of fraudulent loans – staff bribed to keep quiet – other staff	
just did what they were told by the COO	
Examination of internal criminal activity raised "the need for examiners to remain vigilant with professional skepticism and curiosity."	
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity	
Transparency Compliance Accountability Readership	
4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance	

Lesson: Fraud (USA)]	
A federal CU - assets of \$250 million		
Poor record-keeping, trading at a loss		
Massive internal fraud led to the conviction of about 24 people		
Over \$10m of fraudulent loans – staff bribed to keep quiet – other staff		
just did what they were told by the COO		
Examination of internal criminal activity raised "the need for examiners to remain vigilant with professional skepticism and curiosity."		
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity		
Transparency Transparency Accountability 8. Leadership		
4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance	· ·	
	J	
	-	
Lesson: Mismanagement (Australia)		
1978 SDA Employees CU 4,000 members \$1m assets		
Failure to control expenses		
Accumulated deficit \$300,000		
Not part of the stabilisation fund	-	
Allowed to fail as example to other CUs		
Depositors lost one third of their deposits		
Causes, Consequences, Remedies/Deterrents		
Participation 6. Equity Transparency 7. Compliance		
Accountability 8. Leadership		
4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance		
	J	
	-	
Lesson: Mismanagement (Australia)		
2000011. Illiomanagement (Australia)	l ———	
1978 SDA Employees CU 4,000 members \$1m assets		
Failure to control expenses		
Accumulated deficit \$300,000		
Not part of the stabilisation fund		
Allowed to fail as example to other CUs		
Depositors lost one third of their deposits		
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity		
Transparency Accountability Leadership		
4. Consensus 9. Skills 5. Efficiency/effectiveness 10. Organisation performance		
3. Linkiensy/enectiveness 10. Organisation periormance		
	•	

Lesson: Fraud (USA)	
CEO of \$3bn Municipal (Credit Union of New York	
Pleaded guilty to charge		
	s in prison and ordered to repay nearly \$9.9m	
to vehicles the CU lease	istent work; reimbursement payments for repairs ed, cash advances to which he was not entitled;	
educational, housing, an	nd living expenses for friends; the purchase of a s not provided for under his employment	
contract; the leasing of n	multiple luxury vehicles at the same time;	
electronic devices (inclu-	ding, iPhones, iPads, and laptops) for personal tof personal expenses as business expenses	
including hotel stays		
Lesson: Fraud (IIQA)	
	Credit Union of New York	
Pleaded guilty to charge		
Sentenced to 66 months	s in prison and ordered to repay nearly \$9.9m	
Causes, Consequences, Remedies/Deterren		
1. Participation	6. Equity 7. Compliance	
3. Accountability	8. Leadership 9. Skills	
5. Efficiency/effectiveness	10. Organisation performance	
Lesson: Fraud		
_		
	nded in 1979 and with 678 affiliated member sets of more than 10 billion (US\$132m)	
Investigation by the Coope	eratives Department revealed embezzlement of 1	
billion by the league board	throm 2014 to 2016. the general manager supposedly were making	
legitimate investments, ho	wever they made fraudulent transfers to a fake	
company		
Causes, Consequences, Remedies/Deterren	ots	
2. Transparency	Equity Compliance	
4. Consensus	8. Leadership 9. Skills	
5. Efficiency/effectiveness	10. Organisation performance	

Lesson: Fra	ue founded in 1979 and with 678 affiliated member
	otal assets of more than 10 billion (US\$132m)
	e Cooperatives Department revealed embezzlement of 1 le board from 2014 to 2016.
legitimate investme company	ent and the general manager supposedly were making ents, however they made fraudulent transfers to a fake
Causes, Consequences, Remed	
Participation Transparency	6. Equity 7. Compliance
Accountability	8. Leadership
4. Consensus	9. Skills
5. Efficiency/effectiveness	10. Organisation performance

Lesson: Fraud (Australia)

Senior manager of a large CU personally registered a bogus business He then selected the bogus business for a \$3m office fitout He then inflated invoices by up to 500% defrauding CUA of \$2.5m Stolen funds used for expensive cars, luxury goods and holidays Three people each sentenced to nine years in prison

 Causes, Consequences, Remedies/Deterrents
 1. Participation
 6. Equity

 1. Participation
 7. Compliance

 2. Transparency
 7. Compliance

 3. Accountability
 8. Leadership

 4. Consensus
 9. Skills

 5. Efficiency/effectiveness
 10. Organisation performance

Lesson: Fraud (Australia)

Senior manager of a large CU personally registered a bogus business He then selected the bogus business for a \$3m office fitout He then inflated invoices by up to 500% defrauding CUA of \$2.5m Stolen funds used for expensive cars, luxury goods and holidays Three people each sentenced to nine years in prison

Causes, Consequences, Remedies/Deterrents
1. Participation 6. Equity
2. Transparency 7. Compliance
3. Accountability 8. Leadership
4. Consensus 9. Skills
5. Efficiency/effectiveness 10. Organisation performance

Lesson: Conflict of interest (Papua New Guinea)	
Problem affected PNG CU's late 1980s Large loans approved to board members - small loans made to members Because loans were made to people of authority - not properly scrutinised	
CUs copied each other's poor actions Some large loans not repaid – caused illiquidity & losses against reserves All other CUs caught by reputation damage	
Took a generation for consumers to regain trust in PNG CUs	
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
Unicersus Efficiency/effectiveness 10. Organisation performance	
Lesson: Conflict of interest (Papua New Guinea)	
Problem affected PNG CU's late 1980s Large loans approved to board members - small loans made to members Because loans were made to people of authority - not properly scrutinised	
CUs copied each other's poor actions Some large loans not repaid – caused illiquidity & losses against reserves All other CUs caught by reputation damage Took a generation for consumers to regain trust in PNG CUs	
Causes, Consequences, Remedies/Deterrents	
1. Participation 6. Eguity 2. Transparency 7. Compliance 3. Accountability 8. Leadership 4. Consensus 9. Skills	
Curserisus	
Lesson: Fraud Allegation (Australia)	
CEO of \$1.5bn coastal community CU accused of fraud & dishonesty Gave his wife sham redundancy payment then re-employed	
Falsely claiming living away from home expenses, contract kickbacks Secret commissions for contracts with 6 businesses (including wife's)	
Alleged to have attempted to bribe board chairman CEO was previously APRA regulator and supervised the CU	
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity	
Transparency Compliance Accountability Leadership Compliance Sells	
5. Efficiency/effectiveness 10. Organisation performance	

	1
Lesson: Fraud Allegation (Australia)	
CEO of \$1.5bn coastal community CU accused of fraud & dishonesty	
Gave his wife sham redundancy payment then re-employed	
Falsely claiming living away from home expenses, contract kickbacks	
Secret commissions for contracts with 6 businesses (including wife's)	
Alleged to have attempted to bribe board chairman CEO was previously APRA regulator and supervised the CU	
OLO was proviously in Total galator and supervised the Oo	
Causes, Consequences, Remedies/Deterrents 1. Participation 6. Equity	
Transparency Compliance Accountability 8. Leadership	
Consensus Skills Efficiency/effectiveness 10. Organisation performance	
	_
Governance Quality Assurance Toolkit	
 Participation AGM attendance, capable board, board and committee oversight, policy reviews, 	
gender equity 2.Transparency	
Disclosure of conflict of interests, full disclosure related party loans, non-partisan	
politics, no hidden commissions/kickbacks, no preferential treatment 3.Accountability	
Accurate transaction recording, independent audit, independence from sale of CU assets, no insider loans, privacy of member information, non-disclosure of	
personal information, whistleblower protection, gift register, no solicitation, decisions made in the interests of members	
4.Consensus	
Respond to member needs, member compliant review, board works to consensus decisions	
Occurred Occilian Account of Totallia]
Governance Quality Assurance Toolkit	
5.Efficiency/Effectiveness	
No outside employment, non-discrimination, no board/management overlapping responsibilities, delegated authorities documented, qualified CEO, competent	
directors, documented committee terms of reference	
Equal fair treatment of all members and employees, no favours to	
directors/employees, loans to directors/employees on same terms as to members	
7.Compliance Respect for and compliance with all relevant laws, honesty with regulators, AGM	
with required timeframe, meeting minutes properly maintained	
8.Leadership Board has ultimate responsibility, strategic plan developed, strong and stable self	
sustaining organisation, well trained and capable board and employees	

9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education	10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and		1
9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	Governance Quality Assurance Toolkit	
								9. Skills Encourage best practice, director induction program, compulsory training for directors and critical positions, continuing education 10. Organisation performance Performance evaluation, director nomination process, diversity of skills and	
									ī