

PAC INVITED CONFERENCE
CORPORATE MISCONDUCT, FRAUD &
WHISTLEBLOWING

Panel June 3, 2022

Experience of Recent Whistleblowers, Regulators & Facilitators

Pavandeep Gill, Senior Legal Counsel, Wirecard *No PPTs*

Alejandro Cardot, Whistleblower, Bridging Finance Scandal

Joe German, Director of Strategic Alliances,
ClearView Strategic Partners



Professional Accounting Centre

UNIVERSITY OF TORONTO

MISSISSAUGA

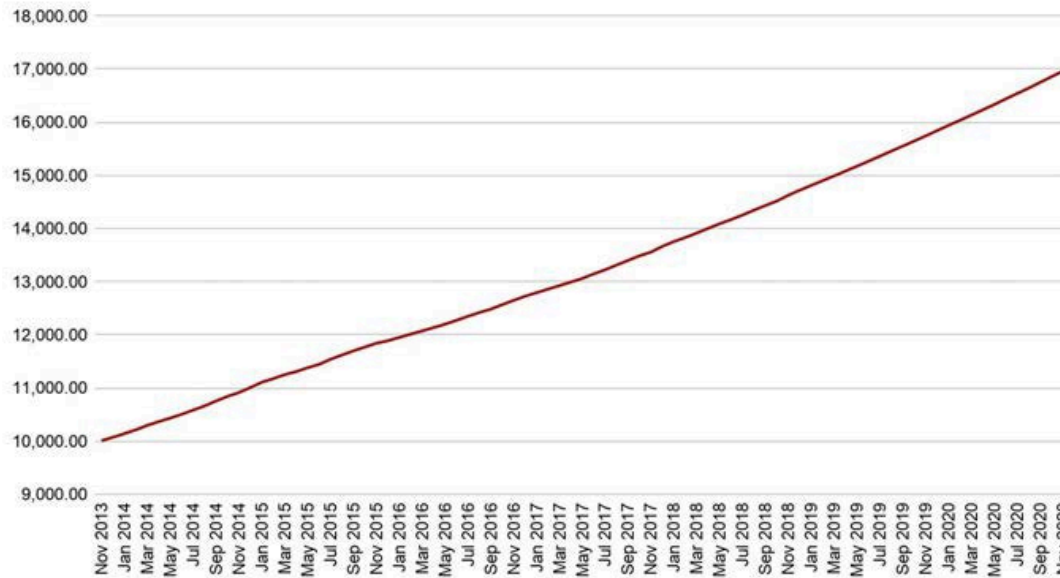
University of Toronto
Professional Accounting Centre
2022 Invited Conference

Corporate Misconduct, Fraud & Whistleblowing

My Experience as a Whistleblower

June 3, 2022
Alejandro Cardot

Value of C\$ 10,000 invested at inception in the Bridging Fund

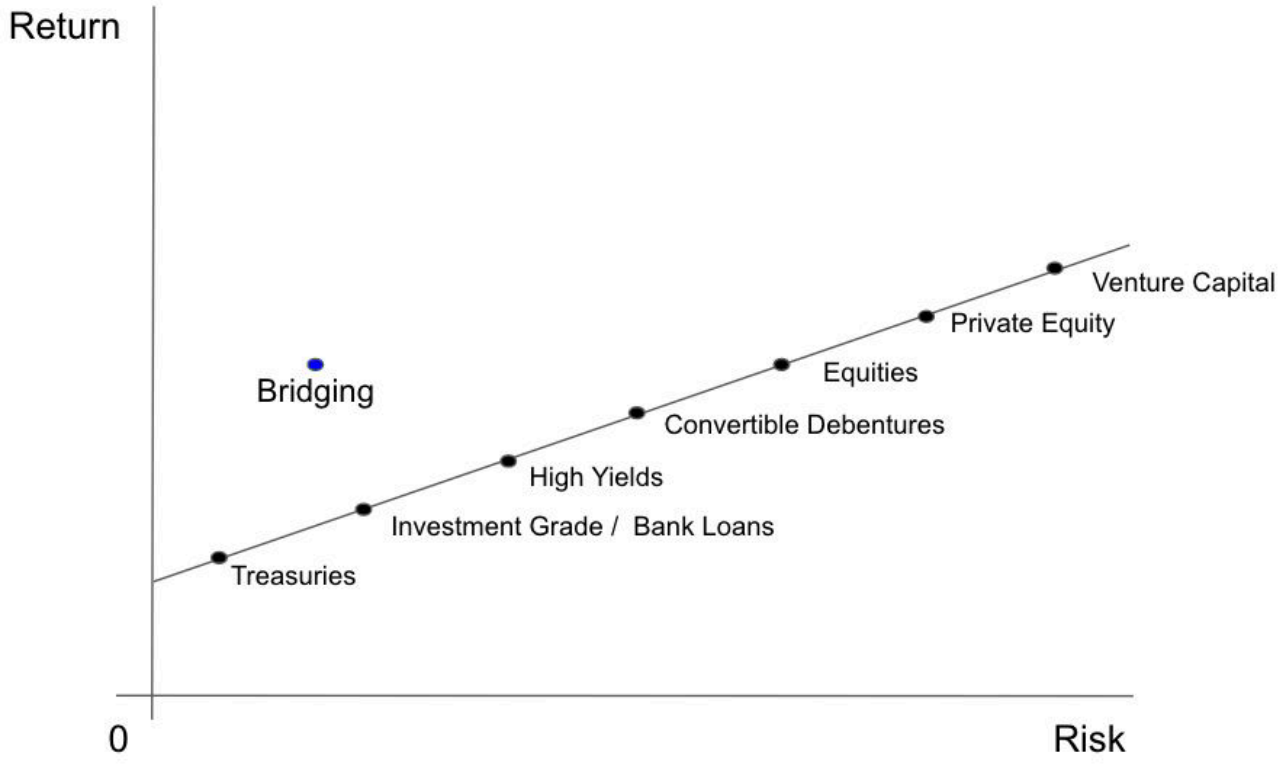


Investment Manager



We are overcollateralized, and Senior Secured

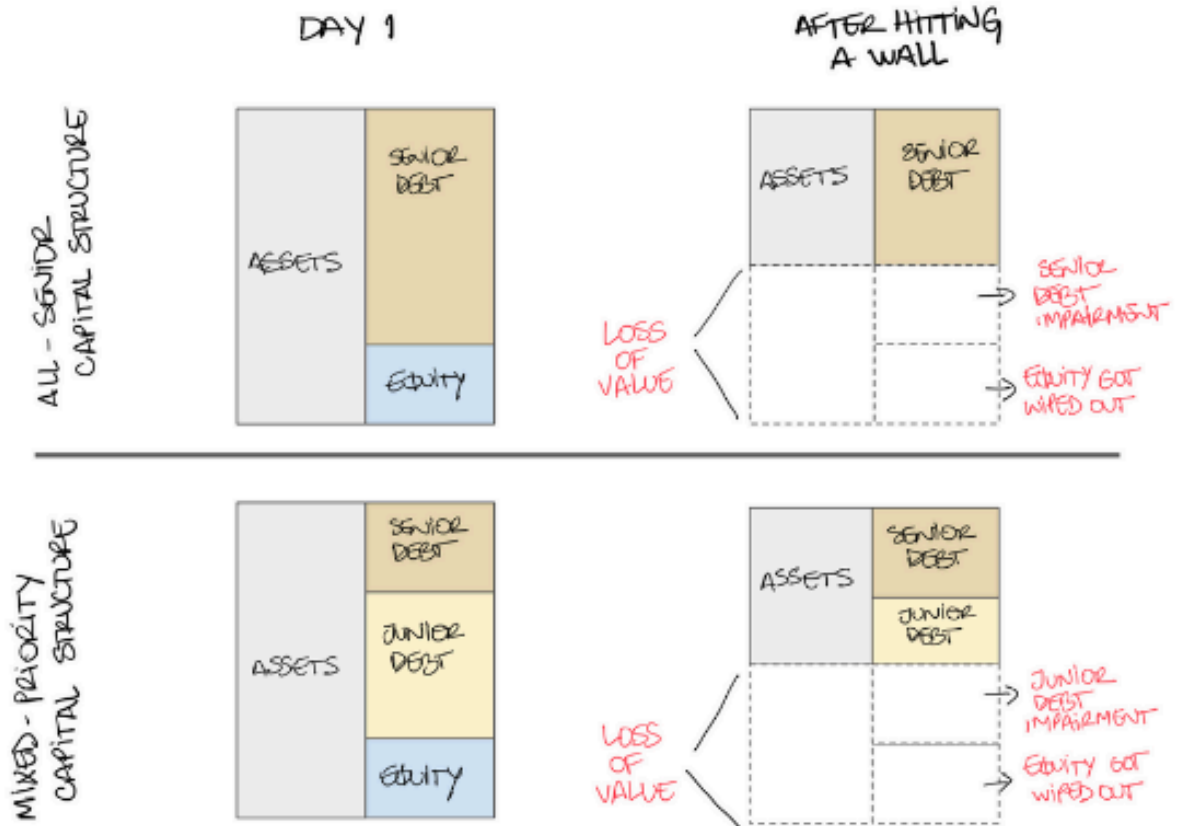
Never experienced loan losses



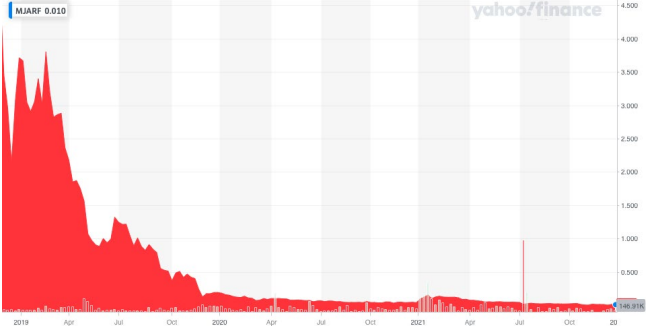
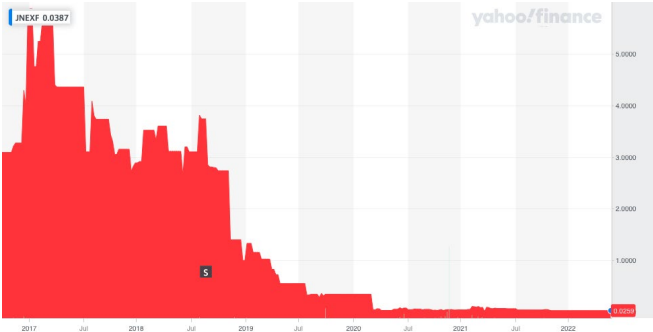
“It sounds too good to be true”

Senior Secured Loans

Financial Innovation?



Looking under the hood



**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X	
In re:	: Chapter 11
	: :
HYGEA HOLDINGS CORP., et al.,	: Case No. 20-10361-KBO
	: :
Debtors. ¹	: (Jointly Administered)
-----X	
NEVADA 5, INC., and NSHYG, LLC,	: :
	: :
Plaintiffs,	: :
	: :
v.	: Adversary Proc. No. 20-50598-KBO
	: :
BRIDGING FINANCE INC.,	: :
	: :
Defendant.	: :
-----X	

**MEMORANDUM OF LAW IN SUPPORT OF BRIDGING FINANCE INC.’S
MOTION TO DISMISS ADVERSARY COMPLAINT**

Dated: May 25, 2020
Wilmington, Delaware

DLA PIPER LLP (US)

By: /s/ R. Craig Martin
R. Craig Martin (DE 5032)
1201 N. Market Street, Suite 2100
Wilmington, Delaware 19801
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Email: craig.martin@dlapiper.com

“Bridging is woefully undersecured”

Now what should I do?

- Why is no one talking about this? Can I be wrong?
 - Formulate a hypothesis and test it against evidence
 - Look out for trusted parties who can find flaws in your analysis.
- Which is the best way to communicate what I found?
 - Writing a description of the facts, not an opinion
 - Must use primary and verifiable sources.
- Who can be interested in this information?
 - Authorities
 - Whistleblowing programs with awards
 - Investors
 - Auditors
 - Media

What to expect?

- By definition, you are a contrarian.
- Lonely Experience.
- You will have doubts about your judgement.
- Confirmation bias will be triggered to the point of obsession.
- Unless you provide overwhelming evidence, it will be extremely hard to convince someone about the soundness of your thesis.
- It will take a long time for authorities to take action, probably years, if ever.
- Generally, former whistleblowers will be happy to help. Don't hesitate to reach out.
- “Smart and properly incentivized journalists are often our only financial regulators.” — Jared Bibler

How whistleblowing programs can improve?

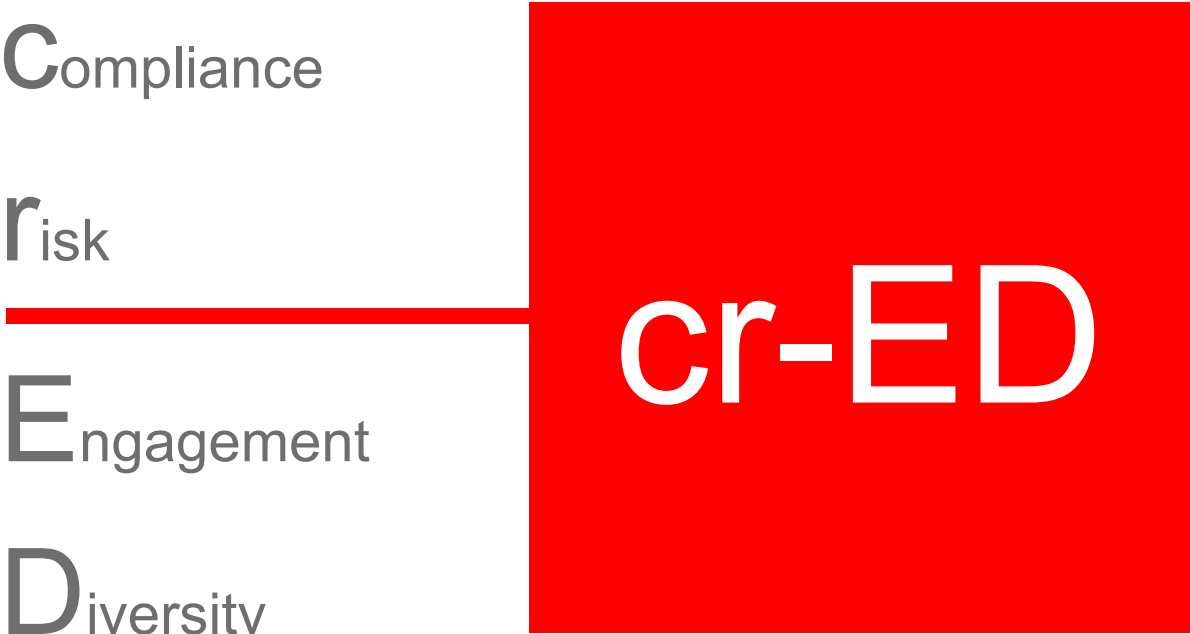
- Improve communication.
 - A whistleblower is a collaborator to an authority. To improve success rates in any relationship, the parties should be able to communicate.
- Programs should let people know what they expect and what they don't expect from whistleblowers.
 - Provide redacted versions of successful tips.
- Canadian Securities Regulators must follow the OSC and establish monetary awards for whistleblowers.
 - Even if you are granted anonymity, It is not a risk-free activity.
 - Whistleblowing consumes a lot of time.

Compliance

risk

Engagement

Diversity



cr-ED



- **Foster equity, diversity and inclusion**
 - Discrimination or (un)conscious bias
 - Concerns about hiring practices or career progression opportunities
 - Encourage ‘ally’ reporting

- **Prevent harm**
 - Physical violence or Intimidation
 - Sexual harassment or assault
 - In person or online bullying
 - Domestic violence
 - Alcohol or substance abuse
 - Wage theft / timesheet manipulation

- **Garner feedback**
 - ‘Town hall’ or ‘ask the CEO’ questions prior to, or during, a live event
 - Communicate via a 24/7/365 Anonymous Suggestion Box

- **Alleviate ‘power imbalance’ relationships**
 - Patient/Doctor or Patient/Administrator
 - Student/Teacher or Parent/Teacher
 - Care home resident/Nurse, Care home patient/PSW, family member/administrator

- **Conduct secure auditable investigations**
 - Abuse allegations within faith denominations or other institutions
 - Being used as a tool for special investigations

- **Centralize anonymous and non-anonymous sources or reporting including:**
 - Management, Human Resources, Audit, Legal, Safety, Compliance, Board and more

- **Support municipalities, Crown Corps and provincial governments**
 - Receive concerns regarding staff and service provision
 - Prevent bid rigging and anti-competitive behaviour
 - Enhance community safety
 - Identify areas for improvement

- **Help regulators receive reports about the non-compliance of regulated entities**

- **Support the asking of difficult, awkward or nebulous clarifying questions to pre-empt violations**
 - E.g., Gift giving or receiving policies
 - Securities trading
 - Interpersonal relationships

- **Track known or potential conflicts of interest**

- **Address supply chain risk**
 - Illegally sourced products and counterfeiting
 - Child or forced labour / modern day slavery
 - Unsafe working, mine, or factory conditions

- **Address digital security and privacy concerns**
 - Data breaches & network vulnerabilities
 - Privacy violations

- **Combat Fraud, theft, misuse of resources**

- **Support Covid-19 safety in the workplace**
 - Safety protocols and/or lack of PPE
 - Return to work issues & safety protocol upgrades

- **Protect the environment from the**
 - Dumping unsafe materials and pollutants
 - Un/under reporting of emissions

- **Combat academic dishonesty**
 - Plagiarism, cheating
 - Admissions irregularities

- **Safeguard sport and athletes**
 - Concussion protocols not being followed
 - ‘League bubble’ rules being breached
 - Illegal doping
 - Equipment violations & Doping

- **Support factory, plant or job sites safety**
 - Safety protocol violations
 - Covered up or unreported injuries
 - Equipment maintenance issues
 - Enabling contractors or non-union tradespeople to report unsafe workplaces without fear of being blackballed for future work

Creating a safer listening spectrum

- ✓ Idea generation
- ✓ Question
- ✓ Concern raising
- ✓ Reporting

- Named
- Private
- Confidential
- Anonymous



What the future holds...

1. Integrated approach
2. Increased concerns re: 'unmasking'
3. Focus on being proactive and detection [AI?]

