

## How to avoid fraud, protect your laptops, and respond to bloggers: 3 tactics for tough times

by [Gordon Graham](#), Editor, SoftwareCEO

This time we bring you three tactics for protecting your assets in tough times.

Marketing to your channel is a great idea during the recession. But here's the story of one ISV promotion that almost backfired, big-time.

Next, here's a warning about four security no-no's for anyone who takes a laptop out of the office.

Miffed by what some bloggers are saying about your company? Here's a great flowchart on how to respond in a measured way... and protect your hard-earned reputation.

### Check your bank statements every month, folks

Here's a cautionary tale from [Stonefield Software](#) in Regina, Saskatchewan.



Stonefield makes a simple-to-use report generator that's a natural add-on to any accounting or database package, plus an SDK that other developers can use for their reporting module.

And like most ISVs, Stonefield is always trying to catch the attention of more dealers. But its software is only one of dozens of products all competing for mindshare from the same dealers.



Stonefield has done trade shows, e-mails, faxes, and direct mail, but company CEO Mickey Kupchyk is always thinking about new promotions.

"One day I was standing by our receptionist when the mail came in," he recalls. "And I watched as she sorted it out in piles. Pile #1 was checks, pile #2 was invoices, and pile #3 was everything else. And she immediately opened the first pile."

That got Kupchyk thinking.

"Why don't we design a piece that looks like a check, so you can see 'pay to the order of' right through the envelope window? That's going to go into the check pile."

So he came up with a new promotion: a mock-up check for \$967 with a stub saying, "This is how much you would make just for selling just one copy of Stonefield Query."

The call to action was to visit the Stonefield website, [watch some video demos](#), and request a trial copy to play with.

So far, so good.

Being a trained accountant, Kupchyk knew perfectly well how to ensure those promotional checks could not be cashed... he thought.

"We stale-dated them back to 2007, we didn't sign them, we printed VOID on them four times, and finally we printed a big black bar across the account number so you couldn't read it.

"We made them payable to the owner, but we thought there is no way these could ever be cashed."

Then they mailed out the fake checks to 2,000 dealers. And the promotion worked well.

"A lot of dealers phoned up joking, we were getting people downloading the trial version, and lots of people talking to us. So the campaign was very successful."

Except for one small detail.

Since Kupchyk doubles as the company controller, he routinely reconciles his bank statements. And he noticed a debit for \$967... the same amount as the check.

"It was an honest mistake," he says, made by a dealer in Edmonton, Alberta. "Apparently he was on holidays in Mexico, and he let his young daughter make the deposits, and she just grabbed it, and threw it with all of the rest."

Somehow the teller at the dealer's bank accepted it, and it sailed right through the system until Kupchyk caught it on his statement.

"I was looking at this thing in shock," he recalls. "It was unbelievable."

When he called up his bank, they explained that once a check is deposited, it goes into an automated clearing system, where no one is likely to eyeball it

again. An improperly trained or inattentive teller can push through a check that should never be accepted, and no one else will likely notice.

"So the only way an error like this will get caught is by the customer," he says. "And you have basically 30 days from the date of your statement to find any errors or omissions, or the banks say they aren't responsible for them."

In tough times like these, there are bound to be more scam artists ready to hit up honest entrepreneurs with bogus checks.

The lesson here — which ties in nicely with March being [Fraud Prevention Month](#) in Canada — is to check your bank statements every month, like clockwork.

"The long and short of it is that it's very, very important for any business owner to make sure somebody is doing a reconciliation every month," says Kupchyk. "You need to make sure there haven't been any fraudulent charges or mistakes that have gone through your account."

In this case, he caught it and the bank cleared it up. But it's easy to imagine a startup or smaller firm where bank statements are just tossed in a shoebox for the accountant to sort through at tax time.

In fact, when Kupchyk went on to inquiry from a big-name accounting firm, one auditor told him the big firms would likely catch only one in 100 bogus checks going through the accounts.

Auditors spot-check, but they aim for accuracy in the high-90-percent; not absolute perfection. And the money they miss might be yours.

Don't go thinking, "Oh, that's just those dozed-out banks up in Canada. Ours are much better here." [The Canadian banks were recently rated the most sound in the world](#); none have failed, and none need any bailout.

Unlike many countries, Canada never deregulated its banks, so there are stricter rules in place there than just about anywhere. So if this can happen in Canada, it can happen anywhere.

[For more notes on how to avoid all kinds of fraud, check out this page from the Competition Bureau in Canada.](#)

**About the author:** *Gordon Graham is an award-winning journalist with 30 years in the software industry. And as [That White Paper Guy](#), he helps B2B software firms tell their stories with persuasive, fact-driven white papers and crisp case studies.*

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