



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Board Member Address

Hello Fellow LACFE Members!

For those of you who don't know me, I recently joined the Board, and took on the role of Head of the Social Media committee. With all of the great information available online (and all of the crazy fraud stories we see in the news every day), the Board wanted to create an online presence for our members to access this information. So, be sure to check us out on Twitter (@acfe_lansing) and use the hashtag #LACFE. You can also see us on Facebook and LinkedIn under Association of Certified Fraud Examiners – Lansing Chapter.

These pages are all about our members, so please like and share these pages. If you come across any fraud fighting resources or articles you want to share, please just let me know; the more content the better! This is also where information about annual meetings, conferences and other events will be posted, in addition to the emails you already receive.

As we move further into November, you may notice some new badges on our social media, and that's because November 12th – 18th is International Fraud Week! So, we'll be posting lots of information from the ACFE on fraud detection, the impact of fraud and ways anyone can be part of the fight against fraud.

Thank you to all our members for your hard work in the fight against fraud!

Bethany Verble

LACFE Chapter Social Media Committee

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Fraud Talk Podcast

How Your Refrigerator Could Make You Vulnerable To Fraud



In this episode, entrepreneur, bestselling author, blogger and TV/radio host Amber Mac discusses how emerging consumer technology will affect the landscape of fraud examination. This podcast is a product of the ACFE and may be downloaded at <http://www.acfe.com/podcasts/Amber%20Mac-ACFE-Fraud-Talk.mp3>

UPCOMING EVENTS

LOCAL:

Lansing Chapter of the ACFE – Winter Fraud Conference

February 22, 2018

Grand Rapids, MI – The Bluff Banquet & Conference Center

Speaker – Daniel Porter

Topic – "Fraud Investigations from A to Z"

More details to come...



AGA Webinar – Spotting Fraud in Your Organization

November 15, 2017

Lansing, MI – Ottawa Conference Center, Conference Room 6

Learn More at [http://www.lansing-](http://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=89&mid=24&pageid=22)

[aga.org/EventCalendar/EventDetails.aspx?ItemID=89&mid=24&pageid=22](http://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=89&mid=24&pageid=22)

AGA Luncheon

Scheduled for November 21, 2017

Topic and location to be determined

Learn More at [http://www.lansing-](http://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=82&mid=24&pageid=22)

[aga.org/EventCalendar/EventDetails.aspx?ItemID=82&mid=24&pageid=22](http://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=82&mid=24&pageid=22)

AGA Webinar – Internal Control

December 6, 2017

Lansing, MI – Site to be determined

Learn More at [http://www.lansing-](http://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=90&mid=24&pageid=22)

[aga.org/EventCalendar/EventDetails.aspx?ItemID=90&mid=24&pageid=22](http://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=90&mid=24&pageid=22)

Southeast Michigan Chapter of the ACFE

24th Annual Fraud Conference

April 26, 2018

VisTaTech at Schoolcraft College

Learn More at http://semcacfe.org/Annual_Fraud_Conference

NATIONAL:

Government Fraud

November 2-3, 2017

Chicago, IL

Learn More at <http://www.acfe.com/events.aspx?id=4294998133>

Using Data Analytics to Detect Fraud

November 6-7, 2017

Baltimore, MD

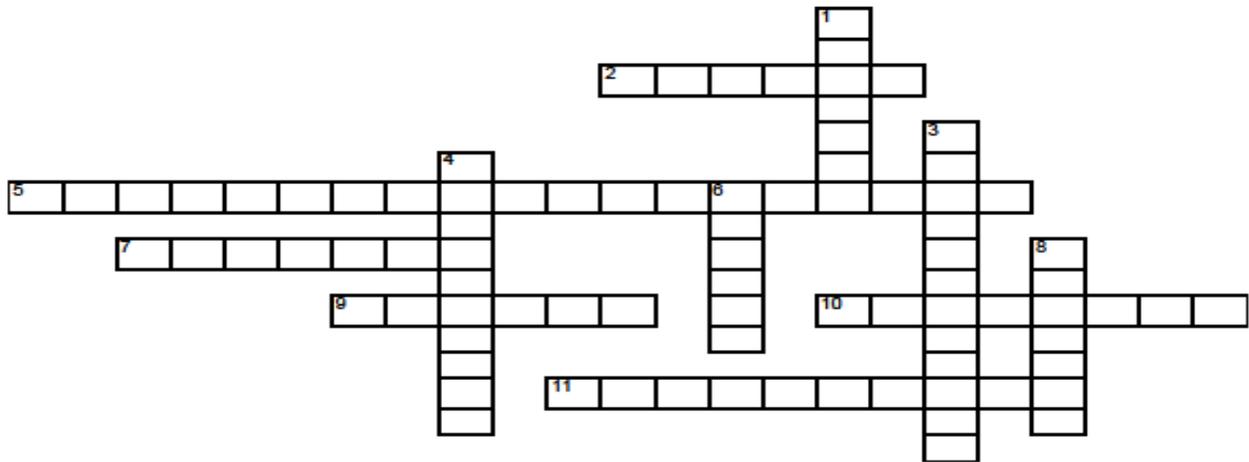
Learn More at <http://www.acfe.com/events.aspx?id=4294996451>

If you have an event that you would like posted in our newsletter or if you wish to share an article, please contact Melanie Marks at lacfemrmarks@gmail.com



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FRAUD CROSSWORD FUN



DOWN

- 1. Fraud Triangle criminologist creator
- 3. The assumption an entity will continue long enough to fulfill its financial/legal obligations
- 4. The type of cost that is the proper basis for recording most assets
- 6. The first part of the accounting equation
- 8. Increases liabilities

ACROSS

- 2. Fall 2017 LACFE Conference Speaker
- 5. Data analysis function used to determine the relationship between two variables in raw data
- 7. Relation marked by harmony, conformity, accord, or affinity
- 9. Winter 2018 LACFE Conference Speaker
- 10. Type of interview communication that uses interpersonal space to convey meaning
- 11. Party ultimately responsible for prevention and detection of fraud within an organization

Investigator Tip - Empathy Guides the Investigator to the Truth

By John E. Reid and Associates, Inc - Recognized as The World Leader in Interview and Interrogation Training - www.reid.com



"If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle."

Sun Tzu, The Art of War

Although investigators are not trying to destroy an enemy or engage in military action investigators are often engaged in a type of psychological battle with a subject who has information they perceive as incriminating but are reluctant to surrender that information.

"The best victory is when the opponent surrenders of its own accord before there are any actual hostilities... It is best to win without fighting."

Sun Tzu, The Art of War

Empathy is defined as having the capacity of understanding, being aware of, being sensitive to, and vicariously experiencing the feelings, thoughts, and experience of another without having the feelings, thoughts, and experience fully communicated in an objectively explicit manner. An investigator's ability to empathize can help them understand the perceptions of the subject and will allow the investigator to discover the path to take to change those perceptions and consequently motivate the deceptive subject to want to tell the truth. As Harper Lee's character Atticus so eloquently stated in 'To Kill a Mocking Bird' "You never really know a man until you understand things from his point of view, until you climb into his skin and walk around in it."; a variation of the Native American Cherokee tribe proverb 'Don't judge a man until you have walked a mile in his shoes'. We are not suggesting that we have to 'climb into the skin' or 'walk a mile' in the shoes of a child molester, arsonist, murderer, rapist or thief, we just have to study and understand basic human nature and learn from the subject through their responses to our interview questions how they perceive various aspects of the situation.

Investigators should spend time studying and understanding their subject as any competitor does before entering into a competition, whether they are involved in playing poker, a boxing match, negotiating a business deal or trying to win an NFL game knowing your opponent will give you an edge. NFL players and coaches spend hours upon hours of time watching film of their opponent to get to know and understand them in an effort to develop the most effective game plan to defeat them. Successful competitors try to identify an opponent's tendencies, strengths and weaknesses and with that knowledge try to anticipate what their opponent will do in various circumstances.

Unfortunately we do not often have film of our subjects in previous interviews or interrogations to study their tendencies, strengths and weaknesses. We do however have experience dealing with many different offenders who have committed a variety of offenses and have been highly motivated to lie about their involvement. One common denominator of most subjects is that they do not want to face the consequences for their actions and will do whatever they can to avoid facing those consequences. A deceptive subject will engage in a variety of tactics to avoid revealing incriminating information unless they can see some benefit in doing so for themselves.

Investigators who understand the motives, thoughts and emotions of their subject will consequently understand how the subject perceives their actions and how they may minimize and rationalize their criminal behavior. This understanding will enable the investigator to construct proper interview questions to accurately assess the subject's possible involvement in the offense. Simply put, empathy can guide the investigator to proper question formulation. For example, Jerry Sandusky, (the Penn State coach who was convicted of sexually assaulting underage boys) was interviewed by Bob Costas and had the following exchange;

Costas: *"Are you denying that you had any inappropriate sexual contact with these underage boys?"*

Sandusky: *"Yes I am."*

There are two fundamental problems with the construction of this question. One problem with the question is that the phrasing targets the wrong issue and the other underscores the interviewer's lack of empathy or understanding of the subject being interviewed. The phraseology of the question that Bob Costas asked allows Sandusky to give an answer that implies that he did not sexually assault any children because the question focused on the wrong target. Costas asked Sandusky if he is 'denying' engaging in the sexual behavior as opposed to asking him if he 'engaged' in the sexually abusive behavior. Sandusky is denying engaging in any 'inappropriate sexual behavior,' which is a true statement, even though the denial itself is a lie.

The phrasing 'inappropriate sexual contact' illustrates the interviewer's lack of empathy or understanding of the subject's perception of the criminal behavior. The use of the word 'inappropriate' reflects the judgment of the interviewer and does not take into consideration that Sandusky may not perceive his behavior as 'inappropriate'. There is no 'appropriate' sexual contact with an underage boy rendering the word 'inappropriate' unnecessary. From Sandusky's perspective he may perceive his behavior as a way of 'showing love and affection' to the boys and probably harbors the attitude that he would never do anything to 'harm a child'. Sandusky may view the use of physical violence to force sexual contact with an underage boy as 'inappropriate' and he may not have used any physical violence, therefore, not perceiving his actions as 'inappropriate'. An investigator who understands the mind of a sexual offender would have phrased the question more directly and devoid of judgment, for example, "Did you have sexual contact with any underage boys?" Or, "Did you touch (child's name) bare penis?".

The investigator's ability to empathize with the subject not only assists in the proper development of

interview questions, but it also plays an important role in the development of persuasive statements or 'themes' during clarification. When an assessment of the case facts, evidence and the subject's responses to the investigative interview questions leads the investigator to believe the subject is withholding relevant information or is guilty of the offense under investigation he may engage in positive persuasion in an effort to motivate the subject to want to tell the truth.

The investigator must first understand the subject's perception of the seriousness of the offense, the seriousness of the consequences, the victim, the investigator, and how he/she will be viewed by others. Once this foundation is established the investigator must develop a strategy to change those perceptions necessary to motivate the subject to reveal incriminating information. For example, if the subject perceives the consequences as inflexible, meaning the damage is done and the punishment is predetermined, it is necessary for the investigator to change that perception so the subject begins to perceive the consequences as flexible, i.e., no final decision has been made yet regarding the consequences the subject may face as a result of their actions.

Identifying and understanding a subject's values and traits may give the investigator insight as to how the subject wants to be perceived by others. To illustrate this point consider the following exchange in an investigative interview of a teacher suspected of sexually molesting one of his students.

Interviewer: *"What do you think should happen to a teacher who would get sexually involved with one of his students?"*

Subject: *"I think they would need some counseling, I think people have a tendency to jump to conclusions."*

Interviewer: *"What do you mean?"*

Subject: *"They look at one aspect of situation and assume the person is Chester the Molester, when maybe that's not the case. Maybe what happened was the person was getting signals from the young lady and you don't even know what those signals are, they just somehow, psychologically affect you."*

Interviewer: *"Why wouldn't you do something like this?"*

Subject: *"Because I care about her. I've seen her grow into a good person. She has really come a long way to understand how to handle responsibility and the rewards responsibility will bring."*

The subject's responses to these interview questions reveal how he wants to be perceived by others and how the subject does not want to be perceived by others. He does not want to be thought of as 'Chester the Molester' but rather he wants to be considered a 'caring' teacher who has his students best interest at heart. This knowledge can be useful as a motivator for this subject to tell the truth. The investigator should explain to the subject that if the subject does not tell the truth he will allow the decision makers to think the worst and assume he is 'Chester the Molester'. Whereas if the subject does tell the truth and explains the extenuating circumstances then the decision makers will have to

consider these circumstances when making their decision. The persuasive statements or themes the investigator presents to the subject should suggest that this incident was 'out of character' for him and that he does care about the student and he would never intentionally do anything to hurt a student.

These persuasive statements are designed to appeal to the subject's pre-existing mindset and do not reflect the reality of the subject's manipulations. If the investigator successfully changes the subject's perception with these persuasive statements the subject will begin to believe that he has something of value to gain by telling the truth i.e., his perceived image and reputation. If the subject can convince people that he made a 'mistake in judgment' then they may not perceive him as 'a bad person'. In fact, before this subject admitted the sexual assault he made the following statement: "OK now, I want you to understand, I'm not a bad person. OK everything she said is true." He then proceeded to explain the details of his sexual assault. From the subject's perspective he was allowed to admit his criminal behavior while at the same time "save face" because the investigator used empathy and understand to see things from the subject's perspective. None of the statements the subject made changed the legal aspect of the criminal behavior.

This Investigator Tip was developed by John E. Reid and Associates Inc. 800-255-5747 / www.reid.com.

QUOTE OF THE MONTH

"There are three things in the world that deserve no mercy; hypocrisy, fraud, and tyranny."

Frederick William Robertson