



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Board Member Address

Hello Lansing Chapter ACFE Fraud Fighters!

Summer is fully upon us...the 90-degree days prove it!

Summer - pools, beaches, vacations, barbecues, fireworks, and long leisurely boat rides.

However, this is when the scam artist gears up into full swing too. Here are a few summer scams to be aware of this season:

Fake Fast Food Delivery: New Pizza joint not too far from home and they deliver. You know because they left a menu on your front door. Your kids call and order for a bunch of the kids in the neighborhood with their debit card. Except the food never arrives.

Summer Job Credit App: Wanted – Teenagers to work the summer cleaning gutters. Just fill out this credit application and those that qualify are hired. Your kids fill out and send in the application, making sure all the boxes are filled in, including name, address, birthdate, and social security number. Except they never hear from the company.

It can be so easy for fraudsters to get your personal identification. We, as professional fraud fighters, may never fall for this type of scamming. However, we need to ensure our loved ones and kids know to remain aware and skeptical as well.

Have a Safe and Fun Summer!

LACFE Chapter Board

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Fraud Talk Podcast

**How a Real Estate Appraiser and a Sports Junkie Became
Private Investigators**

Hal Humphreys, CFE, owner of FIND Investigations and Brian Willingham, CFE, owner of Diligentia Group, discuss how they each found their way to the field of private investigation.

This podcast is a product of the ACFE and may be downloaded at

<http://www.acfe.com/podcasts/ACFE-Fraud-Talk-Episode-59.mp3>

UPCOMING EVENTS

LOCAL:

Michigan Chamber of Commerce Webinar: Meeting Customer Privacy

July 19, 2018
10:00 a.m. to 11:00 a.m.

Learn More at <https://www.michamber.com/webinars/privacy-and-cyber-security-webinar-series>



Michigan Chamber of Commerce Unemployment Insurance Webinar Series

Webinars are from 10:00 a.m. to 11:00 a.m.
July 24 – Unemployment Identity Theft: Steps for Fraudulent Claims
August 21 – Unemployment New Legislation: Avoiding MUA Penalties

Learn More at <https://www.michamber.com/webinars/unemployment-insurance-webinar-series>

Michigan Chamber of Commerce: HR101 – An Introduction to Human Resources

July 25, 2018
9:00 a.m. to 4:00 p.m.

Learn More at <https://www.michamber.com/seminars/hr-101-introduction-human-resources>

Michigan ACAMS Chapter: Money Laundering Trends Seminar

July 19, 2018
8:30 a.m. to 11:30 a.m.
Flagstar Bank, Troy, MI

Learn More at <https://www.acams.org/acams-chapters/michigan/#overview>

Lansing Chapter of the ACFE – Fall Fraud Conference

*October 25, 2018
Grand Rapids, MI
Topic: Fraud Risk Management
Speaker: Bethmara Kessler, CFE, CISA*

NATIONAL:

Tracing and Recovering Fraud Losses

July 16-17, 2018
Denver, CO
Learn More at <http://www.acfe.com/events.aspx?id=4294999644>

Detecting Fraud Through Vendor Audits

July 23, 2018
Philadelphia, PA
Learn More at <http://www.acfe.com/events.aspx?id=4295000046>

2018 ACFE Fraud Risk Management Summit

September 14, 2018
New York, NY
Learn More at <http://www.acfe.com/frmsummit-2018.aspx>

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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"I'm here about the cash flow."

How Do Con Artists Win Us Over?

Scammers win over their mark by...

1. Focusing on people who are vulnerable in some way (lonely, elderly, insecure).
2. Playing to people's emotions, not intelligence.
3. Asking a myriad of questions to find a person's true desires to exploit.
4. Calling a person by name often in the conversation.
5. Mirroring the body language of the person.
6. Showing their "imperfections" to make them appear vulnerable.
7. Willingly allows his mark to "win" a little before going after the big con.
8. Knowing that embarrassment will most likely keep the victim quiet.

Be watchful. Be wary. Teach others to be the same.

"I'm always disappointed when a liar's pants don't actually catch on fire."

IN THE NEWS

Frye Festival Founder Billy McFarland Has Been Arrested Again On Additional Fraud Charges

<http://time.com/5310640/fyre-festival-billy-mcfarland-arrested/>

Australia’s biggest bank hit with record fine for money-laundering scandal

<http://money.cnn.com/2018/06/04/investing/cba-fine-money-laundering/index.html>

FBI busts international email fraud ring that stole millions

<https://www.cnet.com/news/fbi-busts-international-email-fraud-ring-that-stole-millions/>

‘Father of 36’ jailed for benefit fraud

<https://www.independent.co.uk/news/uk/crime/father-of-36-jailed-for-benefit-fraud-828703.html>



“I’m as mad as a pup can get. He pretends to throw the ball and keeps hiding it behind his back. I’m telling you it’s a clear cut case of fraud!”



From the 2017 Internet Crime Report, we learn that in 2017 victim losses exceeded \$1.4 billion. Here are a few of the top crime types reported:

- \$ Personal Data Breaches created losses of over \$77 million
- \$ Identity Theft losses were almost \$67 million
- \$ E-mail Compromises cost victims over \$676 million
- \$ Confidence/Romance fraud took over \$211 million from victims

<https://www.fbi.gov/news/stories/2017-internet-crime-report-released-050718>

Is There Such a Thing as Privacy Anymore?

By Jim Marasco, CPA, CFE, CIA

Jim is a partner at Stonebridge Business Partners.

stonebridebp.com

As a fraud investigator for the past twenty years, I've taken advantage of a vast amount of information available through public sources. In most cases, individuals can't control what personal information is out there. However, it's becoming routine for people to voluntarily share more of their personal information online. Recent developments have convinced me that we've crossed a threshold. Have we permanently given up our privacy and anonymity?

The advent of the Internet and the treasure trove of available information

In the not so recent past, investigator's research involved a trip to the library or newspaper archives. The introduction of the Internet changed everything. Not only is information freely available, but sites/services are popping up providing more detailed information for those searching. In some cases, you have to pay or subscribe; in others, it's free for the asking.

The government and various municipalities have joined the fray. For those seeking information available from a county clerk's office, most of them have it online. While you're on the site, query your neighbor. You can easily find out if they have a mortgage, the lender and for how much. Curious about their marriage? You can find out which spouse filed for divorce, when, what attorneys represent them and the current status of the case. You can check if they are current with their property taxes, how much they pay and whether any late fees have been charged. Without leaving the site, you can also find out if they have been sued by any other party or have any liens or judgments lodged against them.

At the state level, it's easy to find out who's incarcerated and where, whether the state is holding onto escheated funds for you or anyone else and whether your CPA, stockbroker, doctor, nurse, barber, etc. has any infractions or complaints lodged against them or the status of their professional license. Worried your neighbor is a sex offender? There are state and

national registries that identify them with pictures, descriptions of the offenses and the current location of where they live.

If you seek access to PACER, the Public Access to Court Electronic Records database, any federal filed bankruptcy, civil or criminal matter will be available. Depending on your level of access, you will have the ability to see the details of any cases including all documents that have been filed.

Private Managed Sources

If the public managed sites aren't enough to scare someone, private companies have created a whole industry around publishing information as well. For example, on Zillow, you can find out your neighbors assessed home value, the last time it was sold and the selling price. You can usually grab pictures of the inside if it was recently listed for sale. Worse case, you'll get pictures from the road or aerial through the site or Google Earth. Curious about that phone number that keeps calling you? Try Anywho.com to do a reverse lookup. If it's a cellphone, you may need to try another service and have to pay for that information, but it's available.

For those that specialize in more detailed investigations, it's not uncommon to utilize a pay site such as Lexis Nexis which pulls from various public sources and databases and charges based on the requested search. A simple query of an individual will produce an astounding amount of information. Some examples of what's included in a standard report are:

All real estate transactions involving the parties involved, associated addresses with full detail on price, date transacted and mortgage amount.

Every vehicle, water or aircraft registered to you in the recent past. It may also include whether you have a loan against the title and the amount paid.

- All professional licenses held.
- Gun permits.
- Driver's licenses including accident reports for certain states.
- Business associations or dba's registered in your name.
- Political affiliation.

- Bankruptcy, lien and judgment information.
- All associated telephone numbers and email addresses.
- All close relatives and neighbors, along with their contact information.
- Criminal history for some states.

Facebook and GEDmatch

Most of the information described above is being posted to the web by sources beyond our control. With the recent events that have become widely publicized, it's becoming evident that people are voluntarily making this situation even worse.

Facebook and Mark Zuckerberg found themselves in the crosshairs of Washington legislators in April 2018 when it was revealed they were selling personal data to Cambridge Analytica, a political consulting firm. It's been reported that nearly 90 million Facebook users had their personal information harvested and sold to Cambridge, who subsequently filed bankruptcy as a result of the negative press they received. It appears Cambridge promised the Trump campaign that they would use this information to develop detailed psychological profiles of every American voter, so that campaigns could tailor their pitches from person to person. They referred to it as using Big Data. This sounds incredibly familiar to how retailers are currently marketing to consumers or businesses are marketing to other businesses.

What's ironic is that no one forced the 90 million consumers to post all of their personal information about their daily lives on Facebook or other social media sites. Facebook wouldn't have anything to sell or harvest if it wasn't volunteered by willing consumers in the first place. Were people as upset as our politicians and state attorney generals? It doesn't appear so. In the aftermath, Facebook didn't experience a mass exodus of users.

The other major news that hit right after was the capture of the infamous Golden State Killer. This vicious criminal had gone undiscovered for over 40 years. How he was found was even more astonishing. Investigators tracked him down using DNA obtained from the original crime scenes and matched it against familial DNA found in the website GEDmatch. He had eluded the authorities by staying incognito for years but was unknowingly outed by relatives he may

have never met. Other DNA sites have scrambled to announce that they won't sell your information to insurance companies, prospective employers, etc. The fact is law enforcement can probably gain access to this information by demonstrating just cause. Whether you refrain from personally publishing your vacation photos or post your DNA for the world to see, it may not be enough. Like the Golden State Killer, you can't control the actions of a friend or relative who may compromise your privacy without you ever knowing it.

Irreversible Damage

It's been reported that the average American is captured on video approximately 75 times a day. Your cell phone provider has access to all of your text messages, various apps track your whereabouts during the course of the day, the music you listen to, the people you call, the news you read, the shows you watch, your relationship status, your dating preferences and the pictures you upload. Twenty years ago, we worried that our postal delivery person knew too much about us from the mail they were delivering to our mailboxes. Those were the days! Now your Siri, Google Home, Amazon Alexa or even your appliances are listening in on all your conversations. Worse yet, we are helping the cause by voluntarily posting even more information about ourselves and others for the world to see including our own DNA. Have we passed the point of no return?

QUOTE OF THE MONTH

**"There is a sufficiency in the world for man's need but not for man's greed."
Mahatma Gandhi**