



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Board Member Address

Greetings LACFE members and fellow fraud fighting professionals,

We are pleased to announce recent changes to the LACFE Board of Directors. Board elections are generally held at the beginning of July which coincides with the start of the Chapter’s fiscal year. A formal election was not necessary this year because there were four candidates running for the four open board seats.

We are happy to welcome Holly Zhu from the Michigan Department of Insurance and Financial Services and Jennifer Edmonds from the Michigan State Housing Development Authority as the newest members of the board. In addition, Mark Lee and Christopher Arsenault will continue to serve as board members. The board continues to be a diversified group of hard-working individuals representing many different sectors including insurance regulation, government, banking, and public accounting.

Finally, the annual chapter meeting will be held at Logan’s Steakhouse on August 16, 2018, between 4:30 and 7:30 pm. The Chapter will provide dinner to all members attending. Keep an eye on your inbox and also in this newsletter for additional details for this exciting event. We look forward to seeing you there.

Chris Arsenault

LACFE Chapter Board Treasurer

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Fraud Talk Podcast

Artificial Intelligence & Machine Learning: Buzz Words or Fraud Prevention Tools?

Emily Primeaux, CFE, associate editor of Fraud Magazine, talks with James Ruotolo, CFE, a director and analytics software leader at SAS, about the impact artificial intelligence and machine learning will have on the anti-fraud profession. This podcast is a product of the ACFE and may be downloaded at

<http://www.acfe.com/pcast.aspx?id=4295002646>

UPCOMING EVENTS

LOCAL:

Michigan Chamber of Commerce Webinar: Succession Planning: Preparing for the Loss of Key Employees

September 13, 2018
10:00 a.m. to 11:00 a.m.

Learn More at <https://www.michamber.com/webinars/succession-planning-preparing-loss-key-employees>



Michigan Chamber of Commerce: Supervisor & Manager Training Course

August 14, 2018
Seminar – 9:00 a.m. to 4:00 p.m. Hotel Indigo, Traverse City

Learn More at <https://www.michamber.com/seminars/supervisor-manager-training-course-0>

Michigan Chamber of Commerce: Becoming a More Effective Trainer

September 11, 2018
Seminar - 9:00 a.m. to 4:00 p.m. MI Chamber of Commerce, Lansing

Learn More at <https://www.michamber.com/seminars/becoming-more-effective-trainer>

***Lansing Chapter of the ACFE Annual Membership Meeting
August 16, 2018 4:30 p.m. to 7:30 p.m. Logan’s Roadhouse, Saginaw Hwy, Lansing
Please RSVP via email to Melanie at lacfemrmarks@gmail.com***

Lansing Chapter of the ACFE – Fall Fraud Conference

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

NATIONAL:

Obtaining, Managing and Searching Electronic Evidence

August 06-07, 2018
New York, NY

Learn More at <http://www.acfe.com/events.aspx?id=4295000050>

Uncovering Fraud with Financial and Ratio Analysis

September 06-07, 2018
Charlotte, NC

Learn More at <http://www.acfe.com/events.aspx?id=4295000171>

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



“The usual stuff — a new virus from the Joker, spyware from the Penguin, malicious code from Cat Woman, another phishing scheme from the Riddler.”

50 / 50

According to the 2018 ACFE Report to the Nations, 50% of corruption cases were detected by a *TIP*.

The Report also informs that internal control weaknesses were responsible for nearly half of frauds.

CHAPTER MEMBERS WELCOME!



Lansing Chapter ACFE
Annual Meeting

Thursday, August 16
4:30 p.m. – 7:30 p.m.

Logan's Roadhouse
5800 W. Saginaw Hwy, Lansing 48917

COME HAVE DINNER ON US

Meet the Board Members
Network with Other ACFE Members

PLEASE RSVP TO MELANIE MARKS AT

LACFEMRMARKS@GMAIL.COM

BY EOB MONDAY, AUGUST 13

HOPE TO SEE YOU THERE!



IN THE NEWS

Stealing from the Vulnerable

<https://www.fbi.gov/news/stories/payday-lender-sentenced-071918>

GI Bill Fraud Scheme – Schooled in Fraud

<https://www.fbi.gov/news/stories/gi-bill-fraud-scheme-071018>

Malware Creator Sentenced

<https://www.fbi.gov/news/stories/malware-creator-sentenced-070518>

Ponzi Fraudster Sentenced

<https://www.fbi.gov/news/stories/california-man-sentenced-in-investment-fraud-ponzi-scheme-06221>

Doctor accused of fraud and misdiagnosing patients to fund ‘opulent lifestyle’

<https://www.cnn.com/2018/05/15/health/texas-doctor-medical-fraud-bn/index.html>

SEC data analysis tool uncovers insider trading by executive

<https://www.complianceweek.com/blogs/enforcement-action/sec-data-analysis-tool-discovers-insider-trading-by-executive#.W1p5YNJKjIV>

Samsung Biologics to face criminal probe on accounting fraud

<https://www.seattletimes.com/business/apxsamsung-biologics-to-face-criminal-probe-on-accounting-fraud/>



William Graham Sumner



The criminal law needs to be improved to meet new forms of crime, but to denounce financial devices which are useful and legitimate because use is made of them for fraud, is ridiculous and unworthy of the age in which we live.



AZ QUOTES



Beware of “Storm Chaser” Fraud

By Stephanie Wood, CPA, CFE, CIA

Stephanie is on the Leadership Team at Stonebridge Business Partners.

stonebridebp.com

Following any natural disaster, we can expect there to be a significant increase in the risk of fraud-related activities. Known as “storm chaser fraud” or “disaster fraud”, these crimes involve individuals claiming to be part of disaster relief efforts, looking to take advantage of those in the disaster zone or targeting those outside who are trying to help by donating money to the clean-up efforts.

After Hurricane Katrina in 2005, a Disaster Fraud Task Force was established to help with fraud-related claims from the storm. As a result of the efforts of this group, over 1,300 disaster fraud cases have been prosecuted in connection with Katrina. While that seems like a large number, the government is still unsure of the extent of the damage from fraud-related schemes stemming from that storm.

From the initial Task Force, a more formal organization was formed to help detect, prevent, investigate, and prosecute fraud related to natural and man-made disasters. Since 2005, the National Center for Disaster Fraud (“NCDF”) has received over 70,000 complaints involving over 50 natural and man-made disasters.

Types of natural disaster fraud schemes

Fraud schemes related to natural disasters can be broken out into three different categories:

- Charitable solicitations – this category involves individuals soliciting donations on behalf of an organization for disaster relief efforts. This could involve fake websites, e-mail scams, or phone calls. According to the FBI, immediately following Hurricane Katrina, there were over 4,000 Katrina-related websites formed, of which, the FBI presumed at

least 60% to be fake. One specific case from Hurricane Katrina involved two men who registered a fake Salvation Army domain name, using it to collect nearly \$50,000 in donations.

- Contractor and/or vendor fraud – this scam is designed to steal money by offering sloppy or incomplete repairs. Even legitimate contractors who complete the job have been noted to drastically increase their prices to take advantage of the situation.
- Price gouging – Prices are significantly inflated because fraudsters know people will pay it to get the services or goods they need. During Hurricane Harvey, there were reports that consumers were being charged up to \$99 for a case of water, hotels were tripling and sometimes quadrupling their prices, and fuel was costing from \$4 to \$10 per gallon. As we are now in aftermath of Hurricane Harvey, Irma, and the earthquake in Mexico, we must be aware of the potential scams that are out there. By understanding the warning signs, you can protect yourself and the many communities that have been severely affected by these disasters.

What are the warning signs?

It can be easy to overlook the warning signs of a fraud-scheme after a natural disaster occurs. The main concern is assessing the damage and determining what the clean-up process is going to look like. The following are some red flags to be aware of:

- An organization using a temporary office or P.O. box address
- Out-of-state phone numbers
- Out-of-state license plates for contractors and/or repairmen
- Individuals staying in a hotel
- No local references
- Don't know your area
- Pressure to rush and sign a repair contract

- Required to pay cash up front
- Charitable solicitations showing up on social media
- Unsolicited phone calls and e-mails
- Websites that have popped up since the disaster occurred
- Phone calls or e-mails coming from individuals claiming to be a victim

How to protect yourself

Being familiar with the warning signs noted above will be extremely beneficial in protecting yourself from disaster related fraud schemes. In addition to this, the following tips could be helpful:

- Visit the National Storm Damage Center website, which helps to connect individuals with certified contractors for repairs.
- Get two or three estimates before choosing a contractor.
- Avoid hiring someone out of the phone book. Try to get a referral.
- Use a local company you've used in the past, if possible.
- Check the Better Business Bureau once you think you have a contractor you can trust.
- Never open emails purporting to show photos of disaster areas as they may be viruses or hackers looking to steal your information.
- Donate to national charities or local organizations that you are familiar with.
- Avoid giving cash donations. Pay by credit card or check.

What to do if you suspect fraud

In response to Hurricane Harvey, the attorney general's office created a hotline to report suspected fraud. After only four days, the hotline had received approximately 550 Harvey-related fraud complaints. The NCDF operates a call center 24 hours a day, 7 days a week to

take complaints over the phone (1-866-720-5721). They also have an e-mail address (disaster@leo.gov). Once a complaint is received, the investigators review the information and refer complaints to the appropriate federal, state, or local agency.

During a time when those affected by storms need the most help, there are perpetrators out there waiting for the moment to take advantage of them. Taking the time to think twice and take a closer look at where your money is going could save you in the end.

QUOTE OF THE MONTH

**"Honesty is the fastest way to prevent a mistake from turning into a failure."
James Altucher**