



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

From the entire Board of the
Lansing Chapter of the Association of Certified Fraud Examiners...

HAPPY ☆ HOLIDAYS!

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Fraud Talk Podcast

The “Aftermath” of Fraud – The Toll Fraud Takes on Victims

In this bonus episode in honor of International Fraud Awareness Week, Eva Velasquez, President and CEO of the Identity Theft Resource Center, discusses the results of the center’s latest Aftermath survey and how fraud impacts victims in more ways than you initially think. This podcast is a product of the ACFE and may be downloaded at

[https://acfe.podbean.com/mf/play/p4yym9/The_Aftermath_of_Fraud-The_Toll_Fraud_Takes_on_Victims - Eva Valesquez - ACFE Fraud Talk - Episode 75.mp3](https://acfe.podbean.com/mf/play/p4yym9/The_Aftermath_of_Fraud-The_Toll_Fraud_Takes_on_Victims_-_Eva_Valesquez_-_ACFE_Fraud_Talk_-_Episode_75.mp3).

A Word From The President:

Season's Greetings Fellow Fraud Fighters!

Looking back as 2018 draws to a close, I am struck by a number of things. First, is the prevalence of fraud that has occurred throughout 2018. At all levels of interest, stories about fraud and the people who stopped it, captured headlines. (With more than a month to go, there are 117 fraud headlines listed on the ACFE's website alone!) From complex, multi-million-dollar global schemes such as 1MDB, to local and more traditional embezzlements, fraud continues to damage and destroy lives. That is what fuels many of us to do what we do.

Second, the networking opportunity ACFE members have to connect with other CFEs is astonishing. While at the Global ACFE conference in Las Vegas this year and surrounded by thousands of fellow CFEs, I saw many examples of members reaching out to one another for assistance or advice. And it went beyond just making a professional connection. Based on our shared principles, members used the ACFE connection to contact other CFEs for information and help on cases they were actively investigating. This occurred through use of the list of CFEs on the ACFE website, and/or by identifying someone with a CFE credential within a subject organization, and then making direct contact. I encourage all of our members to consider how fellow CFEs might be able to assist them, and then to reach out and make contact.

Something closer to home that stands out about 2018, is the ability of our chapter to host nationally recognized experts for our professional training conferences. The commitment of our membership in attending these conferences makes this possible. Bethmara Kessler, our presenter for both May and October conferences, is an ACFE affiliated speaker, as was one of our previous speakers, Tom Golden. (Mr. Golden was one of the presenters at the ACFE Global conference.) These speakers provided quality presentations on in-demand topics, that were in-depth and relevant.

I look forward to 2019 with excitement. I applaud the level of effort, energy, and input by the current board in providing the highest level of training at our conferences, while at the same time continuing to explore new and creative ways to serve our membership. Some of the changes include Chapter scholarship opportunities, CFE exam

retake reimbursement, and more. We're also looking at ways to expand the professional networking aspect of our chapter, to make 2019 the best year yet for the LACFE!

I am looking forward to meeting and talking with more of you throughout the upcoming year. As always, feel free to contact me if you have any questions, concerns, or suggestions!

Sincerely,

Mark Lee

Lansing ACFE Chapter President

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**“The identity I stole was a fake!
Boy, you just can’t trust people these days!”**

UPCOMING EVENTS

LOCAL:

Michigan Chamber of Commerce: 2019 Employment Law Update – Top 10 Hot Button Topics

January 24, 2019

Seminar - 9:00 a.m. to 3:00 p.m. Michigan Chamber of Commerce, Lansing

Learn More at <https://www.michamber.com/seminars/2019-employment-law-update>



Western Michigan Chapter of The Institute of Internal Auditors: Practical Ethic's Webinar

December 21, 2018

Webinar – 1:00 p.m. to 3:00 p.m.

Learn More at <https://chapters.theiia.org/western-michigan/Events/Pages/Webinar.aspx>

AGA Greater Lansing Chapter Luncheon

December 19, 2018 – VanWagnor Building, Lansing

Luncheon - 11:45 a.m. to 1:00 p.m.

Learn More at <https://www.lansing-aga.org/EventCalendar>

Lansing Chapter of the ACFE – Winter Fraud Conference

February 2018

NATIONAL:

AICPA Conference on Current SEC and PCAOB Developments

December 10-12, 2018

Washington, DC

Learn More at https://www.aicpastore.com/InternationalAccounting/aicpa-conference-on-current-sec-and-pcaob-developm/PRDOVR~PC-SEC/PC-SEC.jsp?cid=banner:.Org%20Slider:CONFS:SEC18:store:&utm_medium=banner&utm_source=.Org%20Slider&utm_campaign=CONFS&utm_content=SEC18

30th Annual Anti-Fraud Conference

April 17-19, 2019

Monterey, CA

Learn More at <https://www.insurancefraud.org/events.lasso>

ACFE 30th Annual Global Fraud Conference

June 23-28, 2019

Austin, TX

Learn More at

https://www.fraudconference.com/?utm_source=acfedotcom&utm_medium=hero&utm_campaign=30FC

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



Billion Dollar Whale: The Man Who Fooled Wall Street, Hollywood, and the World

Tom Wright and Bradley Hope

In 2009, with the dust yet to settle on the financial crisis, a mild-mannered Wharton grad set in motion a fraud of unprecedented gall and magnitude—one that would come to symbolize the next great threat to the global financial system. The scandal is known as 1MDB, and the man behind it, Jho Low, is a figure so preposterous he might seem made up.

Kickback: Exposing the Global Corporate Bribery Network

David Montero

The World Bank estimates that rich multinational corporations pay hundreds of billions of dollars in bribes every year to officials overseas. The perpetrators are not a handful of rogue companies, but many members of the Fortune 500. *Kickback* is a sweeping, global investigation into corporate bribery around the world and how backdoor financial transactions undermine democracy and the free market system by lining the pockets of some of the world's worst dictators and criminals.



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IN THE NEWS

5 most scandalous fraud cases of 2018

<https://www.fraud-magazine.com/2018Top5Frauds/>

Marriott Hacking Exposes Data of Up to 500 Million Guests

<https://www.nytimes.com/2018/11/30/business/marriott-data-breach.html?action=click&module=Top%20Stories&pgtype=Homepage>

D.C. Government Scammed Out of \$700K

<https://www.usnews.com/news/politics/articles/2018-10-23/dc-government-scammed-out-of-700k>

South Texas Doctor Sentenced to Five Years in Prison for Role in a Fraudulent Medical Clinic

<https://www.justice.gov/opa/pr/south-texas-doctor-sentenced-five-years-prison-role-fraudulent-medical-clinic>

DOJ unseals charges in alleged massive online ad fraud

<https://thehill.com/policy/cybersecurity/418575-doj-unseals-charges-in-alleged-massive-online-ad-fraud>

Fraud Reports Flow From Florida

<https://www.usnews.com/topics/subjects/fraud>

German police raid Deutsche Bank offices on money laundering allegations; shares fall 3.4%

<https://www.cnbc.com/2018/11/29/deutsche-bank-shares-sink-police-raid-offices-money-laundering-allegations.html>

Ransomware Suspects Indicted

<https://www.fbi.gov/news/stories/iranian-ransomware-suspects-indicted-112818>

Tennessee Nurse Practitioner Pleads Guilty for Role in \$65 Million TRICARE Fraud

<https://www.justice.gov/usao-sdca/pr/tennessee-nurse-practitioner-pleads-guilty-role-65-million-tricare-fraud-0>

Ex-Morgan Stanley adviser gets 5 years in U.S. prison for fraud

<https://www.cnbc.com/2018/11/27/reuters-america-ex-morgan-stanley-adviser-gets-5-years-in-u-s-prison-for-fraud.html>

Why aren't chip credit cards stopping "card present" fraud in the US?

<https://arstechnica.com/information-technology/2018/11/why-arent-chip-credit-cards-stopping-card-present-fraud-in-the-us/>

FUN IN THE SNOW!

Y	B	V	D	N	O	V	N	Q	J	P	C	B	Y	Y	P	U	T	H	Q
T	Y	G	W	D	Q	I	U	Y	P	B	D	I	M	B	L	W	O	N	O
T	A	P	R	R	P	G	N	I	V	I	G	R	N	A	W	F	X	J	I
Z	R	R	E	K	K	A	H	D	V	C	H	E	S	T	N	U	T	S	F
F	X	A	H	Y	H	C	R	J	Z	Y	J	B	Q	B	I	L	Z	J	Q
C	A	L	D	G	T	R	S	T	N	E	M	A	N	R	O	L	J	Z	O
M	D	F	I	I	M	H	B	O	I	S	G	N	I	T	E	E	R	G	A
Q	T	E	Z	E	T	T	G	N	U	E	F	A	M	I	L	Y	C	K	C
U	L	I	S	O	R	I	Q	U	V	D	S	T	R	R	F	O	B	F	E
S	S	V	V	R	R	O	O	G	A	K	B	B	R	Q	I	G	A	Q	L
H	U	B	D	L	K	A	O	N	Y	N	H	E	J	J	R	P	D	R	E
R	J	F	Q	Q	F	Z	M	H	I	J	I	L	S	V	E	C	I	N	B
G	E	S	R	S	E	L	A	B	C	N	N	Z	A	U	P	L	K	S	R
L	H	A	A	T	S	T	P	C	D	L	S	X	C	P	L	X	O	N	A
C	V	T	M	P	T	N	R	E	Z	I	L	N	K	M	A	P	J	E	T
C	W	M	V	O	I	M	E	Y	O	V	W	V	O	R	C	O	T	T	I
R	G	K	M	V	V	R	W	C	O	S	A	E	C	W	E	C	F	T	O
O	V	T	H	K	E	M	V	P	S	Y	W	P	C	R	M	A	A	I	N
O	L	H	Y	L	H	Z	J	R	C	G	H	O	L	I	D	A	Y	M	S
E	M	A	C	S	W	K	K	U	K	O	W	I	N	T	E	R	N	N	O

FESTIVE
TRADITION
NICE
SNOWMAN
FAMILY
SLEIGH

WINTER
GREETINGS
CELEBRATIONS
NAUGHTY
CHESTNUTS
REINDEER

GIVING
PARTIES
FIREPLACE
HOLIDAY
MITTENS
ORNAMENTS



Reduce the Potential for Payroll Fraud

stonebridgebp.com

Your payroll clerk must be one of your most trusted employees. After all, they are the one with the most responsibility for all of your company's bank accounts. Your payroll clerk also has access to your employees' personal information, such as bank account specifics, Social Security numbers and compensation. Unfortunately, these "trusted" employees are usually the ones who are involved in an embezzlement.

Payroll frauds last an average of 30 months, which is one of the longest lasting fraud schemes. The most common payroll fraud schemes involve ghost employees, falsified wages and commission schemes.

The following are simple internal controls that all companies can implement to reduce the likelihood of payroll fraud occurring:

- If payroll checks are used, they should be printed and distributed by someone other than the payroll clerk.
- Payroll ledgers and payroll disbursements should be reconciled on a monthly basis by someone other than the payroll clerk. This task includes reconciling the payroll bank statements with the payroll ledgers.
- Payroll checks or ACH transfers should be issued by a payroll processing company. All taxes should be impounded and paid by the payroll processing company.
- If you do not use a payroll processing company, a separate bank account should be used to process only payroll checks.
- The payroll account should be recorded in the general ledger even if the account always maintains a zero balance.
- Payroll ledgers should be reviewed monthly for ghost employees (e.g., fictitious employees or employees no longer employed at the company).

- The payroll system should produce exception reports that are reviewed monthly by the controller. Exception reports should include such items as changes in pay rate, excessive hours worked, overtime hours worked, excessive amounts paid, any system overrides, and personnel data changes (such as address changes).
- All accounting personnel, including the payroll clerk, should be required to take mandatory time off. Employees should be cross-trained so that payroll can still be processed in the absence of the payroll clerk.
- Payroll bank statements should be opened, reviewed and reconciled by an accounting employee independent of the payroll function.
- An accounting employee independent of the payroll function should verify online (EFTPS.gov) that payroll tax deposits have been remitted properly and in a timely fashion to the IRS by the company or the payroll processing company.

Remember: Most employee theft requires a motive or pressure, rationalization and opportunity.

- Motive/Pressure = financial needs (e.g., medical bills, gambling habit, divorce, peer pressure).
- Rationalization = “I will pay it back” or “I don’t get paid enough”
- Opportunity = weak internal controls

Do what you can now to remove opportunity from the equation so you’re not paying as a result of payroll fraud later.

QUOTE OF THE MONTH

"The opposite of knowledge is not ignorance, but deceit and fraud."

Jean Baudrillard