



# LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

## Board Member Address

HAPPY NEW YEAR to all our membership and fellow Fraud Fighters!

2018 is gone and 2019 has begun! Whether the prior year was good to you or not-so-good to you, it is gone and we get an opportunity to start fresh once again. So, did you make any New Year resolutions? Get to the gym more. Relax more instead of being a workaholic. Start a new career or endeavor. Get that elusive Masters or PhD (or maybe a second Masters or PhD).

All great goals! And although we are all brilliant people, allow me to remind you of the definition of resolution: The act or process of *resolving*, such as the act of analyzing a complex notion into simpler ones.

Whether you teach fraud examination or perform fraud examination, we achieve resolution every day! We play the “What’s Different About This Transaction Than That One” and the “Where’s The Fraudster” games daily. Even when we think we have made no headway on a problem, we need to remember we have eliminated processes as we went. What is it that Thomas Edison said? Oh yeah, “I have not failed. I’ve just found 10,000 ways that won’t work”. That, my friends, is resolution!

So, in 2019 get healthier, spend more time with family, search for a new job if you want, but do not make a resolution to change who we are down inside!

**Melanie Marks**

LACFE Chapter Board Secretary

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## Fraud Talk Podcast

### The 5 Most Scandalous Fraud Cases of 2018

In this month’s episode, Bruce Dorris, J.D., CFE, CPA, ACFE President and CEO, and Mandy Moody, CFE, ACFE Content Manager, discuss the top five most scandalous frauds of 2018 and what they each mean for the anti-fraud profession. This podcast is a product of the ACFE and may be downloaded at

[https://s137.podbean.com/pb/1b0081d441b18702dd9f2e7cafc4eb24/5c2bc1a3/data2/fs103/2004630/uploads/Most\\_Scandalous\\_Frauds\\_-\\_Dorris\\_Moody\\_-\\_Fraud\\_Talk\\_-\\_Episode\\_XX.mp3?pbss=044c3de1-4c65-56d3-a773-6e9e7a93bf6b](https://s137.podbean.com/pb/1b0081d441b18702dd9f2e7cafc4eb24/5c2bc1a3/data2/fs103/2004630/uploads/Most_Scandalous_Frauds_-_Dorris_Moody_-_Fraud_Talk_-_Episode_XX.mp3?pbss=044c3de1-4c65-56d3-a773-6e9e7a93bf6b)

## UPCOMING EVENTS

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### LOCAL:

#### **Michigan Chamber of Commerce: How to Comply with Michigan's Amended Mandatory Paid Sick Leave Law**

January 09, 2019

Webinar - 10:00 a.m. to 11:00 a.m.

Learn More at <https://www.michamber.com/webinars/how-comply-michigans-amended-mandatory-paid-sick-leave-law>



#### **AARP Fraud Watch Network**

January 15, 2019

Seminar – 10:00 a.m. to 12:00 p.m. MSU Federal Credit Union, East Lansing

Learn More at <http://aarp.cvent.com/events/aarp-mi-fraud-watch-network-east-lansing-mi-1-15-19/event-summary-543fd3eb8ecb497baaf7bcbd90c78c99.aspx?dvce=1>

#### **AGA Greater Lansing Chapter Webinar: GASB Update**

February 06, 2019

Webinar - 2:00 p.m. to 4:00 p.m.

Learn More at <https://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=108&mid=24&pageid=22>

#### **Lansing Chapter of the ACFE – Winter Fraud Conference** *February 2018*

### NATIONAL:

#### **AICPA CGMA Exam Live Review Course**

January 09-11, 2019

Pittsburgh, PA

Learn More at [https://www.aicpastore.com/cgma-exam-live-review-course/PRDOVR~PC-CGAPA/PC-CGAPA.jsp?selected\\_skucode=CGA19PA](https://www.aicpastore.com/cgma-exam-live-review-course/PRDOVR~PC-CGAPA/PC-CGAPA.jsp?selected_skucode=CGA19PA)

#### **Money Laundering Schemes**

January 28-29, 2019

Phoenix, AZ

Learn More at <https://www.acfe.com/events.aspx?id=4295003545>

#### **Cryptocurrency 101: Distributed Ledger Technology and Blockchain**

January 31, 2019

Online Webinar – 2:00 p.m.

Learn More at <https://www.acfe.com/blockchainpt1/>

*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](mailto:lacfemrmarks@gmail.com)*



**No One Would Listen**

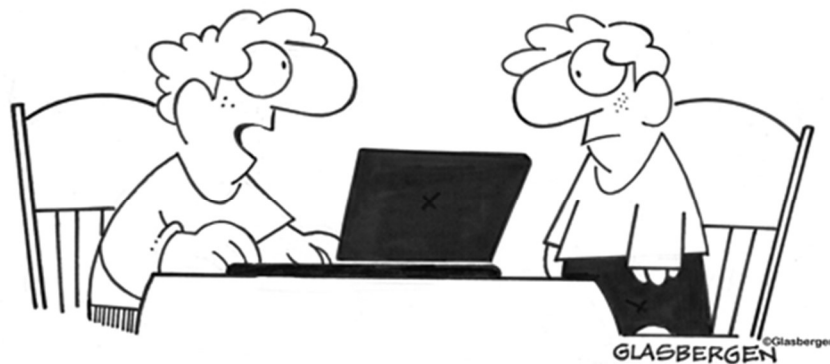
Harry Markopolos

The thrilling story of how a little-known number cruncher from a Boston equity derivatives firm, and his investigative team uncovered Bernie Madoff's scam years before it made headlines, and how they desperately tried to warn the government, the industry, and the financial press.

**Conspiracy of Fools**

Kurt Eichenwald

From an award-winning New York Times reporter comes the full, mind-boggling story of the lies, crimes, and ineptitude behind the spectacular scandal that imperiled a presidency, destroyed a marketplace, and changed Washington and Wall Street forever.



**“I hacked into Mom’s brain and increased our allowance to \$150 a week!”**

**LAST MONTH'S WORD SEARCH ANSWERS**

**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

## IN THE NEWS

*Justice Department Recovers Over \$2.8 Billion from False Claims Act Cases in Fiscal Year 2018*

<https://www.justice.gov/opa/pr/justice-department-recovers-over-28-billion-false-claims-act-cases-fiscal-year-2018>

*'Exhibit A': How McKinsey Got Entangled in a Bribery Case*

<https://www.nytimes.com/2018/12/30/world/mckinsey-bribes-boeing-firtash-extradition.html>

*Former Tax Return Preparer Pleads Guilty to Tax and Bankruptcy Fraud*

<https://www.justice.gov/opa/pr/former-tax-return-preparer-pleads-guilty-tax-and-bankruptcy-fraud>

*Ex-Insys CEO to plead guilty to opioid kickback scheme*

<https://www.cnbc.com/2018/12/26/reuters-america-update-2-ex-insys-ceo-to-plead-guilty-to-opioid-kickback-scheme.html>

*Daycare Owner Sentenced For Stealing Government Funds*

<https://www.justice.gov/usao-wdny/pr/daycare-owner-sentenced-stealing-government-funds>

*Mozambican Ex-Finance Minister Held in South Africa on U.S. Charges*

<https://www.nytimes.com/reuters/2018/12/31/world/africa/31reuters-mozambique-finance-minister-arrests.html>

*New York Resident Pleads Guilty to Employment Tax Fraud*

<https://www.justice.gov/opa/pr/new-york-resident-pleads-guilty-employment-tax-fraud>

*Former Malaysia Prime Minister Najib and ex-CEO of 1MDB face fresh corruption charges*

<https://www.cnbc.com/2018/12/12/former-malaysian-pm-najib-1mdb-ex-ceo-face-fresh-corruption-charges.html>

*Defendants In Louisville Area Chiropractic Scheme Sentenced To Federal Prison*

<https://www.justice.gov/usao-wdny/pr/defendants-louisville-area-chiropractic-scheme-sentenced-federal-prison>

*Nine Alleged MS-13 Members Charged in Violent Racketeering Conspiracy*

<https://www.justice.gov/opa/pr/nine-alleged-ms-13-members-charged-violent-racketeering-conspiracy>

*City of Fort Lauderdale Department of Parks and Recreation Employee Pleads Guilty*

<https://www.justice.gov/usao-sdfl/pr/city-fort-lauderdale-department-parks-and-recreation-employee-pleads-guilty>

# Work-at-Home Scams

By Stephanie Wood, CPA, CFE, CIA

Stephanie is part of the Leadership Team at Stonebridge Business Partners.

[stonebridgebp.com](http://stonebridgebp.com)

We frequently see advertisements on the internet for jobs that allow you to work from home. If you do a Google search for “work from home jobs”, the right hand side of the screen reads “Legit work from home jobs”, “Work at home for \$2,100/week”, and “Up to \$45/hour work at home”, among many other ads. While there may be some legitimate work-at-home job opportunities out there, many of them are scams. These are easily perpetrated because people have a hard time distinguishing the real opportunities from the fake ones until it’s too late.

FlexJobs, a Company that helps individuals find flexible, professional, and legitimate job opportunities via the internet, found that there are about 60 to 70 job scams for every one legitimate job posting online. The survey also found that nearly 1 in 5 job seekers reported being victim of a job scam at least once.

One scam that has recently surfaced involves a perpetrator claiming to be from Amazon, calling individuals to ask them to apply for a work-from-home job. However, as part of the application process, the victims are asked to pay \$200 for a “starter kit”. Once paid, the scammer disappears.

As perpetrators continue to develop and improve their methods of carrying out fraud, it is important for consumers to have an understanding of the risks that exist.

## Types of Scams

According to the Federal Trade Commission (“FTC”), the following are the most common work-at-home scams being used today:

- **Internet businesses** – Victims are told they can earn thousands of dollars each month by starting their own Internet business. Once signed up, the Company requires you to continue to pay for additional services and upgrades to succeed.
- **Envelope stuffing** – People get lured into thinking they will make money for stuffing envelopes for someone else. However, once the up front fee is paid, no envelopes ever arrive. The victim is told to send the opportunity to others, and only gets paid if they get people to sign up just as they did.
- **Assembly or craft work** – Victims typically have to invest a significant amount of money into supplies or equipment. Once the product is assembled and sent in, no money is received. The victim is usually told that the product was not up to their standards.
- **Rebate processing** – People are promised money for the processing of rebates. The up front fee is for training, certification, and registration. However, there are rarely any rebates to process once these fees are paid.
- **Medical billing** – The advertisement offers individuals the opportunity to start their own medical billing company. After paying for software, training, and client lists, the individual is usually left with an outdated list and are up against stiff competition in this market.
- **Mystery shopping** – These advertisements look for people who want to shop or dine and then report their experience in exchange for money. While there are some real companies paying for mystery shoppers, the fake ones may require fees up front and ask you to deposit checks and wire some of the money back to them or to another location.
- **Multilevel marketing** – Legitimate multilevel marketing companies sell products to the public and the individuals involved receive commissions for the products sold and for sales made by anyone recruited. Watch out for the companies claiming that recruiting new members is the way to make money. This is most likely a pyramid scheme.

## How to protect yourself

It is important to be aware of the different types of work-at-home scams that exist and to try to stay on top of any new scams that may pop up throughout the year. The Better Business Bureau (“BBB”) has a Scam Tracker with an interactive map that can be used by consumers to learn about scams and report them. Users can search the map using a variety of filters to track scams, see what is happening in a particular area, and to see how much money has been lost. The tracker can be accessed on the BBB’s

website at [bbb.org/scamtracker](http://bbb.org/scamtracker).

In addition to the tool above, the BBB also recommends that consumers be mindful of the following:

- Don't be pressured into making fast decisions.
- Take time to research the organization or person who is contacting you.
- Never provide your personal information to people you do not know.
- Don't click on links from unsolicited email or text messages.
- Never send money by wire transfer or prepaid debit card to someone you don't know or haven't met in person.
- If it seems to be too good to be true, it probably is.

If you suspect that you are a victim of a work-at-home scam, reports can be made to the Federal Trade Commission, Better Business Bureau, or the Attorney General's Office in your state.

## Remain Skeptical

Thankfully, there are several tools out there to aid consumers in educating themselves on the different types of scams that are out there. It is important to remain skeptical of the different opportunities you come across and to take the time to do your due diligence before making a decision to get involved.

## QUOTE OF THE MONTH

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**"Undoubtedly there are, in connection with each of these things, cases of fraud, swindling, and other financial crimes; that is to say, the greed and selfishness of men are perpetual."**

**William Graham Sumner**