



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Hacked

By Ilene Bauer

One by one, my friends' accounts
Have all been getting hacked.
Likely there will come a time
I, too, will be attacked.

Where are all the rocks from which
These evil hackers crawled
To seek some suckers unaware
That they were being trawled?

With all this new technology
There's room for lots more scams
And unsuspecting souls get caught
In complicated jams.

I miss the good old days when crime
Was much more in your face
Than nowadays when scammers strike
But they don't leave a trace.

2018 saw some of the largest security breaches by hackers in history. Here are the top 5:

Ticketmaster – 40,000 customers British Airways – 380,000 flyers
Quora – 1 million users Marriott – 500 million clients
Facebook – 50 billion users

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Fraud Talk Podcast

How to Enforce Third-Party Audits and Ensure Compliance

This episode features Natasha Williams, CFE, CIA, senior manager of global compliance at Bio-Rad Laboratories. She shares advice and real-life applications on how to enforce third-party audits, as well as ensure your organization's anti-corruption compliance on a global scale. This podcast is a product of the ACFE and may be downloaded at https://s143.podbean.com/pb/d74ea2bd913ceac9081fb0530e50f1d3/5c4e674c/data1/fs103/2004630/uploads/How_to_Enforce_Third-Party_Audits_and_Ensure_Compliance_-_Natasha_Williams_-_ACFE_Fraud_Talk_-_Episode_74.mp3?pbss=01a5fd61-527b-5bd5-96c4-c53021b4fcd

UPCOMING EVENTS

LOCAL:

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-](https://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=108&mid=24&pageid=22)

[aga.org/EventCalendar/EventDetails.aspx?ItemID=108&mid=24&pageid=22](https://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=108&mid=24&pageid=22)



Contracting with the State of Michigan

February 19, 2019

Seminar – 1:00 p.m. to 4:00 p.m. Michigan Library & Historical Center, Lansing

Learn More at [https://www.eventbrite.com/e/contracting-with-the-state-of-michigan-tickets-](https://www.eventbrite.com/e/contracting-with-the-state-of-michigan-tickets-52686570952?aff=ebdssbcitybrowse)

[52686570952?aff=ebdssbcitybrowse](https://www.eventbrite.com/e/contracting-with-the-state-of-michigan-tickets-52686570952?aff=ebdssbcitybrowse)

Conducting Workplace Investigations

March 05, 2019

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

Learn More at <https://www.michamber.com/seminars/conducting-workplace-investigations-0>

Lansing Chapter of the ACFE – Winter Fraud Conference

TBD

NATIONAL:

Effective Report Writing for Fraud Examiners and Obtaining, Managing, and Searching Electronic Evidence

February 11-13, 2019

Atlanta, GA

Learn More at <https://www.acfe.com/events.aspx?id=4295003461>

Cyberfraud and Data Breaches

February 21-22, 2019

New Orleans, LA

Learn More at <https://www.acfe.com/events.aspx?id=4295003702>

Cryptocurrency 201: Cryptocurrency and Transactional Components

February 21, 2019

Online Webinar – 2:00 p.m.

Learn More at <https://www.acfe.com/blockchainpt2/>

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



Three Cups of Deceit: How Greg Mortenson, Humanitarian Hero, Lost His Way
Jon Krakauer

Greg Mortenson has built a global reputation as a selfless humanitarian and children’s crusader, and he’s been nominated for the Nobel Peace Prize. He is also not what he appears to be. As acclaimed Jon Krakauer discovered Mortenson has not only fabricated substantial parts of his bestselling books *Three Cups of Tea* and *Stones into Schools*, but has also misused millions of dollars donated by unsuspecting admirers like Krakauer himself.

Friends of the Family: The Inside Story of the Mafia Cops Case
Tommy Dades, Mike Vecchione, and David Fisher

A look deep inside the most notorious case to rock the NYPD as two police detectives, Louis Eppolito and Stephen Caracappa, moonlighted as mob hit men.



“How much of Robin Hood’s money went to operating expenses and overhead and how much actually went to the poor?”

T.V. CRIME TRIVIA

1. What was the name of the dog in the series "Hart to Hart"?
 - a. Rover
 - b. Freeway
 - c. Astor
 - d. Bear

2. On the series "Riptide", my brains often proved more useful than the brawn of my two partners. Who am I?
 - a. Jerry "Jinx" Jenkins
 - b. Peter "The Great" Atkins
 - c. Murray "Boz" Bozinsky
 - d. Albert "Einstein" Shofenski

3. What veteran small screen actor starred as Anthony Blake in "The Magician", a 1973 mystery series airing on NBC?
 - a. Bill Bixby
 - b. Gene Barry
 - c. Judd Hirsch
 - d. Harry Morgan

4. What United States agency does Annie Walker work for in the series "Covert Affairs"?
 - a. F.B.I.
 - b. Secret Service
 - c. Justice Department
 - d. C.I.A.

5. Colin Farrell played the role of Jim Street in the 2003 movie "S.W.A.T.". What tv tough guy played the original role in the tv series of the same name?
 - a. Michael Landon
 - b. Chuck Connors
 - c. Robert Urich
 - d. David Soul

6. "Life is hard and then you die" was the catchphrase of a Chicago cop exiled to England after killing his partner in a corruption investigation. What tv series was this?
 - a. Dempsey and Makepeace
 - b. MacGruder and Loud
 - c. Malloy and Reed
 - d. Watson and Dale



IN THE NEWS

ICE Ran a Fake University in Michigan to Catch Immigration Fraud

<https://www.nytimes.com/2019/01/31/us/farmington-university-arrests-ice.html?action=click&module=Latest&pgtype=Homepage>

Los Angeles Dentist Pleads Guilty to Health Care Fraud Charges Stemming from False and Fraudulent Billings

<https://www.justice.gov/opa/pr/los-angeles-dentist-pleads-guilty-health-care-fraud-charges-stemming-false-and-fraudulent>

Philadelphia La Cosa Nostra Member and Associate Charged with Making and Collecting Extortionate Loans

<https://www.justice.gov/opa/pr/philadelphia-la-cosa-nostra-member-and-associate-charged-making-and-collecting-extortionate>

North Carolina Mechanic Sentenced to 36 Months for Embezzling Approximately \$1.4 Million from his Employer and Filing a False Tax Return

<https://www.justice.gov/opa/pr/north-carolina-mechanic-sentenced-36-months-embezzling-approximately-14-million-his-employer>

Ex-Patisserie Valerie auditor says 'not his role to uncover fraud'

<https://www.theguardian.com/business/2019/jan/30/ex-patisserie-valerie-auditor-says-not-his-role-to-uncover>

Soccer star Cristiano Ronaldo fined over \$20 million for tax fraud

<https://www.cnbc.com/2019/01/22/soccer-star-cristiano-ronaldo-fined-over-20-million-for-tax-fraud.html>

DOJ Recovers \$2.5B in Healthcare Fraud, False Claims in 2018

<https://healthpayerintelligence.com/news/doj-recovers-2.5b-in-healthcare-fraud-false-claims-in-2018>



The Feasibility of an Analytic Assessment to Identify False Confessions

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

The medical, psychiatric and therapy communities have a long history of using diagnostic "checklists" to evaluate the presence or absence of physiological or mental disease or degree of impairment. These analytic assessments are useful to help develop appropriate treatment protocols and often essential in determining whether or not specific diagnoses will be covered under certain insurance programs.

A process of analytic assessment has been applied to confessions in an effort to determine whether or not a confession is false. In the case of *People v. Kowalski* (July 2012), Richard Leo's analysis of the defendant's confession revealed that the confession was false. The court rejected Leo's opinion finding, in part, that Leo's analysis used "unreliable and unscientific methodology" in validating his procedures and that his assessment contained biases toward finding any confession false (Leo's assessment starts with the assumption that a confession is false.)

However, Leo does raise an intriguing question: Could a means of quantitatively assessing a confession be developed to scientifically predict whether or not a confession is true or false? This web tip will explore the feasibility of this concept. We were unable to obtain a detailed description of the process or formula that Leo utilized to identify a false confession so we will apply our knowledge and case law in developing a False Confession Checklist.

There is general agreement that the trustworthiness of a confession is influenced through three variables. The first is the level of corroboration contained within a confession. A simple statement, "I murdered my wife" is not a confession. Legally the confession must contain some level of corroboration. 1 Within this category are four items for analysis:

Independent - The suspect's confession revealed information unknown to the investigator which was independently verified as true. This represents the best form of corroboration.

Dependent - The suspect's confession contained information about the crime that was withheld from the public and the suspect. This represents a good form of corroboration, unless the innocent suspect was somehow provided the inside information.

Rationale - the suspect's confession offered mundane details or other information that lends credibility to the statement. This is the weakest form of corroboration, but may be the only form of corroboration available.

Faulty corroboration - the suspect's confession contains details that do not match known facts. This may result from an innocent person not knowing the details of the crime or a

guilty person not wanting to reveal certain aspects of his crime.

The second variable to consider is the interrogation that led to the confession. The law prohibits interrogation tactics that "overbear a suspect's free will". These can be divided into two broad categories:

For Leo's interpretation of required corroboration within a confession see Leo, R. "False Confessions and the Constitution: Problems, Possibilities and Solutions" (2012) Electronic copy available at <http://ssrn.com/abstract=2104416>

Duress - An interrogation environment which is intolerable because of length, temperature, deprivation of biological needs, etc.

Coercion - Physical abuse and/or threats of physical harm or severe consequences combined with promises of leniency.

The final variable that influences the trustworthiness of a confession is the suspect. It is well documented that intrinsic characteristics within some suspects make them more susceptible to falsely confessing. Consequently, we can define high and low risk suspects within our checklist:

Low risk: Above the age of 15, an IQ above 64, no mental illness or personality disorders.

High risk: Below the age of 16, an IQ below 65, presence of mental illness or personality disorders.

The final checklist might look something like this, where the presence or absence of certain variables would be weighted as positive (true confession) or negative (false confession). If the total score is negative, this would indicate a strong possibility of a false confession. Here are the weighted parameters that could be used for each variable:

False Confession Checklist		
	Yes	No
Independent corroboration	3	-1
Dependent corroboration	2	-1
Rationale corroboration	1	-2
Faulty Corroboration	-3	0
Duress	-2	2
Coercion	-2	2
High risk suspect	-2	2

To analyze the feasibility the *False Confession Checklist* consider the following interrogation: An 18- year-old-suspect is arrested for the murder of his girlfriend. The two were seen arguing at a party at around 11:00 pm and her body was discovered in a

parking lot near the party the next morning. The suspect has attention deficit disorder and is on probation for a previous battery.

The victim was stabbed 12 times and there was no weapon recovered from the crime scene. The suspect was interviewed at his home and consented to a search of his bedroom. A bloody shirt and knife were discovered under the suspect's bed and the suspect was taken into custody. An inspection of the sink in the suspect's bathroom revealed bloody water in the trap.

The suspect waived his Miranda rights and was interrogated. The suspect initially maintained that he cut himself with the knife and that is how his shirt got bloody. The suspect did have a cut across his left index and middle finger. He stated that he hid the shirt and knife under his bed because he did not want his father to know that he was careless with the knife. During the interrogation the investigator suggested that the victim was somewhat to blame for causing the suspect to lose emotional control. In addition, the suspect was falsely told that the blood on his shirt was determined to be from his girlfriend. After three hours of interrogation, the suspect confessed to killing the victim.

When the suspect confessed, he acknowledged stabbing his girlfriend multiple times out of anger using a jack knife that he had in his pocket. The suspect explained that after he left the victim's body in the parking lot he drove home to his parents' house and hid the shirt and knife under his bed with the intention of burying them in his back yard the next day. When asked how he got the blood off of his hands he said he wiped his hands on his shirt. The suspect's confession did not mention washing blood off his hands in his bathroom.

Using the False Confession Checklist, this confession contains no independent or dependent corroboration (-2). The primary reason for this is that the suspect was told during the interview that his girlfriend had been stabbed to death and found in a parking lot near the party they attended. The confession does contain rationale corroboration (+1). Because the suspect failed to mention washing his hands in his bathroom, some evaluators may claim that this is faulty corroboration (-3).

Certainly a three hour interrogation does not represent duress (+2) but because the investigator reduced the moral seriousness of the crime by blaming the victim and also lied to the suspect about incriminating evidence, some evaluators would describe this as coercion (-2). The suspect's diagnosis for ADD might cause some evaluators to score him as a high risk suspect (-2).

The confession's total score is minus six, rendering it false. Yet any investigator, judge or juror using common sense would recognize this as a true confession. The above checklist could be altered by having each item judged on a five-point scale, or the values of each item could be tweaked. However, a fundamental problem still exists -- none of these criteria, combined or taken individually, has the potential to predict whether a particular confession is false.

Occasionally, information is developed that positively proves a confession to be false. This may be in the form of finding the actual perpetrator through DNA evidence or by

establishing an air-tight alibi for the suspect, e.g., the suspect was serving a jail sentence at the time of the crime. In reviewing these confessions, interrogations and suspect characteristics there often are common denominators. But in evaluating hundreds of thousands of confessions that are certainly true, some of these same common denominators are present in many of those confessions.

The concept of a "false confession checklist" is attractive to the defense. However, as this web tip reveals, the feasibility of developing a reliable and valid diagnostic checklist to identify false confessions is impractical. Interrogation and confessions concern human behavior which is far more complex and unpredictable than a therapist's evaluation of a patient's range of motion or a psychiatrist's diagnosis of clinical depression.

Recognizing the difficulties of assessing confession evidence, the Supreme Court established the concept of evaluating the "totality of circumstances" when determining the admissibility of a confession. Expert witnesses may be useful in educating the court about factors that influence the trustworthiness of a confession. However, the final weight a jury places on confession evidence should not be based on an unscientific, unreliable checklist. It should be determined by an objective and unbiased assessment of the corroboration within the confession, the presence of improper interrogation tactics and identifying suspect characteristics that may have resulted in a false confession.

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

QUOTE OF THE MONTH

"Fraud and falsehood only dread examination. Truth invites it."

Samuel Johnson