



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

WE ARE NOT ALONE

The Federal Trade Commission recently released some of their statistics for 2018. According to the article at <https://www.consumer.ftc.gov/blog/2019/02/top-frauds-2018> we can definitely believe that we are not fighting this fight alone.

More than 1.4 million fraud reports were handled by the FTC in 2018. Money was lost to the fraud in 25% of those reports totaling **\$1.48 billion**. That is an 38% increase over 2017!

The top scams reported were imposter scams, debt collection, and identity theft.

Younger people reported losing money more often than older people. The FTC states this has been the trend for a while. In 2018 of those who reported fraud loss and their age, 43% were in their 20s, while only 15% were in their 70s. The median loss for people in their 20s was \$400 while the median loss for the 70-year-olds was \$751.

How the scammer gets their money is mostly by wire transfer, but 2018 saw a 95% increase in payment by gift cards or reloadable cards.

The top 3 states for fraud and other reports per 100,000 people are Florida, Georgia, and Nevada. The top 3 states for identity theft reports per 100,000 people are Georgia, Nevada and California.

Makes you glad to live in Michigan!

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ACFE INSIGHTS

The Red Flags of Charity Funds

Whether donating to a natural disaster fund, a Go Fund Me page, or even giving to an organization you know well, there is always a risk for fraud. In honor of Charity Fraud Awareness Week, ACFE offers some tips. <https://acfeinsights.squarespace.com/acfe-insights/?category=Nonprofit+Fraud>



UPCOMING EVENTS



LOCAL:

Fighting Fraud with Analytics

May 15, 2019

Webinar – 2:00 p.m. to 3:50 p.m. – Van Wagoner Building, Lansing

Learn More at <https://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=112&mid=24&pageid=22>

Optimizing Relationships

May 21, 2019

Seminar – 11:45 a.m. to 1:00 p.m. Van Wagoner Building, Lansing

Learn More at <https://www.lansing-aga.org/EventCalendar/EventDetails.aspx?ItemID=104&mid=24&pageid=22>

NO TIME TO LOSE! REGISTER NOW!
Lansing Chapter of the ACFE Spring Fraud Conference
Conducting Internal Investigations - May 16 & 17, 2019
Presented by Mary Breslin, CFE, CIA
LAFCU, LANSING
2 days and 16 CPE Credits

NATIONAL:

7th Annual Fraud & Corruption Awareness Seminar (for IIA, ACFE, and ISACA members)

May 13, 2019

Pittsburgh, PA

Learn More at <https://www.eiseverywhere.com/ehome/index.php?eventid=395981&>

Unraveling the Confusion: What and Who is a Whistleblower?

June 06, 2019

Online Webinar

Learn More at <https://www.acfe.com/webinar.aspx?evtid=a3Y1Q000002rWkhUAE>

ACFE GLOBAL FRAUD CONFERENCE

June 23-28, 2019

Austin, TX

Learn More at

https://www.fraudconference.com/30annual/sessions.aspx?utm_source=acfedotcom&utm_medium=hero&utm_campaign=30th-Annual-Sessions-Announced

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 Lansing Chapter of the **Association of Certified Fraud Examiners**



Spring Fraud Conference ***Conducting Internal Investigations***

Presented by Mary Breslin, CFE, CIA

Thursday, May 16, 2019
& Friday, May 17, 2019

Lansing Automakers Federal Credit Union (LAFCU)
106 N. Marketplace Blvd., Lansing, MI 48917



CONFERENCE DETAILS	
Registration Time:	9:00 am
Conference:	9:00 am – 5:10 pm
Conference Fee:	\$325 members, \$375 non-members
Meals (Included in fee):	Lunch, beverages, and snacks - both days
Registration:	Through Friday, May 10, 2019
CPE Credit:	16 Hours (2 days)
Dress:	Business Casual

	May 16, 2019	May 17, 2019
9:00 a.m. - 9:15 a.m.	Registration	
9:15 a.m. - 10:35 a.m.	Introduction to Internal Investigations In this opening session, you will learn about the foundations of the fraud examination process.	Internal Evidence Retrieval This session will detail the process of retrieving internal documents and electronic evidence while maintaining a proper chain of custody.
10:35 a.m. - 10:45 a.m.	Break	Break
10:45 a.m. - 12:05 p.m.	Legal Considerations During Internal Investigations Prior to initiating an investigation, Certified Fraud Examiners must be aware of the myriad legal concerns and regulations that might be relevant in the course of conducting an internal fraud examination.	External Evidence Retrieval This session will provide insight regarding the collection of evidence from external sources ranging from public records to covert operations.
12:05 p.m. - 12:50 p.m.	Lunch	Lunch
12:50 p.m. - 2:10 p.m.	Planning an Internal Investigation This session will provide strategies for planning an internal fraud investigation and insight on selecting members of your investigative team.	Information-Gathering Interviews This session will concentrate on various forms of information-gathering interviews and help you to understand which type of questions to ask and when to ask them.
2:10 p.m. - 2:20 p.m.	Break	Break
2:20 p.m. - 3:40 p.m.	Investigating Fraud Using Data Analytics As data analysis is an integral element of modern fraud detection and investigation, this session will provide an understanding of how it can be one of the most powerful tools in an investigator's repertoire.	Admission-Seeking Interviews When the investigation has progressed to the point where a suspect has been identified and all relevant evidence has been collected, the investigation moves to the admission-seeking interview phase. This section will guide you through the strategies needed to obtain an admission of guilt and a signed confession.
3:40 p.m. - 3:50 p.m.	Break	Break
3:50 p.m. - 5:10 p.m.	Emerging Technological Trends This session will cover several emerging technological trends—such as BYOD, cloud computing, and social media—and their potential effects on the investigative process.	Concluding the Investigation This section will guide you through the report writing process and explain post-investigation scenarios such as presenting your case to a prosecutor and testifying as a witness.



The Non-Confrontational Approach

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

The Non-Confrontational Interview

John E. Reid and his colleague, Northwestern Professor of Law Fred E. Inbau, developed the non-confrontational interview as an integral part of any questioning of a subject in the 1960's.

All investigators understand that the initial contact with a subject (victim, witness or suspect) should be a non-accusatory, non-confrontational interview the purpose of which is to develop information – to give the subject an opportunity to tell their story, and to provide any information they may have as to the who, what, when, where, why and how of the issue under investigation. This information can then be assessed in relation to the available investigative facts and evidence.

In the second edition of the Reid, Inbau book, Criminal Interrogation and Confessions, published in 1967, the authors recommend that during the interview process the investigator should “assume a neutral position and refrain from making any statement or implications one way or the other until the subject discloses some information or indications pointing either to his innocence or his guilt.”

Reid and Inbau suggested that the following question areas should be part of this interview:

- Ask the subject if he knows why he is being questioned
- Ask the subject to relate all he knows about the occurrence, the victim, and possible suspects
- Obtain from the subject detailed information about his activities before, at the time of, and after the occurrence in question
- Ask the subject if he ever thought about committing the offense in question or one similar to it

In all investigations we teach that the initial contact with any subject should be a non-accusatory, non-confrontational [Behavior Analysis Interview](#) Interrogation should only take place when the investigative information indicates the subject's probable involvement in the commission of the issue under investigation.

The Non-Confrontational Interrogation

When an interrogation is deemed to be appropriate, there are multiple ways to begin the process. The investigator can use a statement indicating the subject's involvement, such as:

1. *"As a result of the investigation that we have conducted, and considering the information you gave me during our interview, the investigation indicates that there are some areas that we need to clarify."*
2. *"The results of our investigation indicate that you have not told me the complete truth about (issue)"*
3. *"As you know, we have interviewed everyone in the area and you are the only one that we cannot eliminate from suspicion."*
4. *"I have in this file the results of our investigation into the (issue). The results of this investigation clearly indicate that you are the person who (committed the offense)."*

On the other hand, the interrogation process may begin **without making any statement about the subject's involvement**, but simply beginning with what we call a "third person theme." This is what is commonly referred to as the non-confrontational approach.

A third person theme is a real or fictitious event about the investigator, friend or past case depicting a similar type of offense to that of the suspect's and the emotional state or extenuating circumstances that led to the act. One of the benefits of using a third person theme is that it does not encourage denials because it is not specifically directed at the subject's behavior. The following example illustrates a third-person theme.

Joe, the reason I want to talk with you today is that you remind me of a fellow we had in here a couple of weeks ago. He was young and ambitious and a real go-getter. By working his way up the ladder at a bank, he went from clerk to teller, and finally he was promoted to auditor within a period of 8 or 10 months. Everything seemed to be going well for him. He had a loving wife, two lovely children, and they were in the process of moving to a newer home in a nice subdivision. One day, while he was balancing the books, he noticed a teller had failed to record a \$6,000 deposit. This was the amount the fellow I'm talking about needed to complete

a down payment on his new home. On the spur of the moment a decision was made to take the money. I don't think I have to tell you what happened next. The bank noticed the shortage after the customer called. This young auditor came under suspicion, and I remember him sitting right where you are, telling me how sorry he was for taking the money. The reason you remind me of him is that, just like him, you have a lot going for you. You are intelligent, ambitious, and are basically very honest. I think what happened to you is that on the spur of the moment you decided to do this to help pay bills for food or maybe clothes for your family...

As this example illustrates, the third-person theme should somewhat parallel the present suspect's circumstances or motivation. Although the story should have a "happy ending," such as the person deciding to tell the truth, the investigator should not imply leniency as a result of the other suspect's confession.

One of our previous Investigator Tips, "[What words should I use when I start an interrogation](#)" provides a discussion of the various factors to consider in determining which approach to use.

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

QUOTE OF THE MONTH

"Revolutions are affected in two ways, by force and by fraud."

Aristotle