



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Happy New Year!

Welcome to 2021. Wishing you a happy, healthy, and prosperous new year!

Just a reminder, annual Lansing Chapter of the ACFE memberships expired at the end of December. If you haven't yet, please don't forget to renew!

The membership application and online payment option can be found at https://www.lansingacfe.com/?page_id=72



IN THIS ISSUE

Introduction

Fraud Talk Podcast – An Insider’s Look at Combating COVID-19 Stimulus Fraud

Upcoming Events

From the President: Number-Pattern Tests, Like Benford’s Law, Are Still Valuable

Reindeer Games Solutions

Wrongfully convicted Michigan man freed after 38 years



Fraud Talk Podcast

An Insider’s Look at Combating COVID-19 Stimulus Fraud

Mike Ware, CFE and Inspector General for the U.S. Small Business Administration, discusses the challenges his office faced in preventing and detecting fraud affecting COVID-19 stimulus programs.

https://www.podbean.com/media/share/pb-g6th8-f5cc1c?utm_campaign=w_share_ep&utm_medium=dlink&utm_source=w_share

UPCOMING EVENTS

LOCAL:

Michigan Chamber of Commerce

Webcast – 2021 Michigan Economic Forecast

January 5, 2021

9:00 am – 11:00 am

Learn more: https://www.michamber.com/signature_events/economic-forecast/



Michigan Association of Certified Public Accountants

Webcast – Michigan Specific Ethics 2019-21 Edition

Multiple dates and times beginning January 13, 2021

Learn more: <https://www.micpa.org/cpe/store/course-detail?ProductId=107619>

NATIONAL:

The Reid Technique (Mini Session)

Virtual – The Reid Technique of Investigative Interviewing and Positive Persuasion

Multiple dates beginning January 12, 2021

Learn more: <https://new.reid.com/programs/virtual>

ACFE

Webinar – FinCEN Files: Conversation With Investigative Reporter Jason Leopold

January 14, 2021

2:00 pm

Learn more: <https://www.acfe.com/webinar.aspx?evtid=a3Y1Q000002klpsUAA>

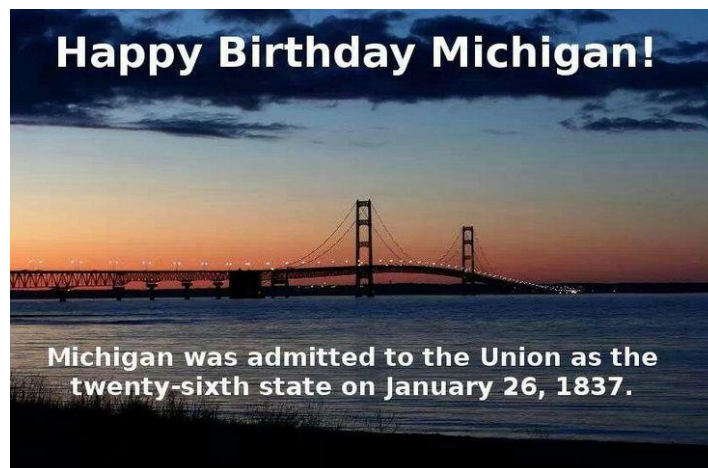
ACFE

Virtual Seminar – Detecting Fraud with Data Analytics Workshop

February 8 – 11, 2021 (early registration ends January 8, 2021)

Learn more: <https://www.acfe.com/events.aspx?evtid=a3Y1Q000002kgHVUAY>

If you have an event that you would like posted in our newsletter or if you wish to share an article, please contact Jennifer Ostwald at jenny1661@hotmail.com



From the President: Number-Pattern Tests, Like Benford's Law, Are Still Valuable

December 10, 2020

Bruce Dorris, J.D., CFE, CPA

<https://acfeinsights.squarespace.com/acfe-insights/from-the-president-number-pattern-tests-like-benford-are-still-valuable>

We've all been there in a fraud examination. You're looking at financial statements, invoice amounts or expense reimbursements that appear normal, but you know in your gut that something is wrong. The numbers just don't feel right, but it's not obvious. Like Alice going down a rabbit hole, you're becoming "curiouser and curiouser" about what you're inspecting.

In the latest issue of Fraud Magazine, Mark Nigrini, Ph.D., a leading Benford's Law expert, writes the excellent, detailed cover article on six typical number patterns (including Benford's) that you can search for during your cases to possibly find fraud. Most of us use modern continuous audit techniques and data analytics tools, but it's valuable to revisit some rock-solid detection methods.

Benford's Law tells us the distribution of digits in multi-digit natural numbers isn't random but follows a predictable pattern. Certain digits will show up more than others. For example, you'll see more 1s than 2s, more 2s than 3s, and so on. Fraudsters either aren't cognizant of this law and the other number patterns Nigrini covers, or they don't know how to override them. They often manipulate numbers to try to fly under the radar, but their data alterations always tell a story.

I can recall seeing several illegal payments beginning with "9" or many round numbers in several cases I prosecuted. And I remember procurement fraud cases in which government officials knew the exact authorization limits, but they thought they could avoid detection when they bumped up the amounts.

As Nigrini writes, fraudsters "don't know when to stop." They might start small and carefully, but after their initial success they often become brazen and greedy. The numbers and frequencies begin to increase unnaturally, and these established number-pattern tests will catch them. That's when you can isolate transactions for further review.

The ACFE Report to the Nations demonstrates that organizations with anti-fraud controls discover frauds faster and lose less than their counterparts who don't. CFEs who are trained in fraud detection techniques, including recognizing number patterns, of course, help organizations reduce their fraud losses.

Unfortunately, in the ACFE's recent study on the impact of COVID-19, more CFEs are seeing reductions in their anti-fraud budgets. Now isn't the time to cut controls as financial pressures mount. We can't let our guard down, especially in a pandemic. We must remain vigilant in reducing the opportunities for fraudsters to thrive.

"All fraudsters think they're unique," Nigrini writes. But CFEs can prove fraudsters wrong with number-pattern procedures. Though we depend on high-tech, fraud-detection tools, Nigrini shows us that decades-old discovery methods are still valuable.

Reindeer Games Solutions

Cipher

"Because power corrupts, society's demands for moral authority and character increase as the importance of the position increases."

- John Adams

Alphabet	A	B	C	D	E	F	G	H	I	J
1	D	E	F	G	H	I	J	K	L	M

K	L	M	N	O	P	Q	R	S	T	U
N	O	P	Q	R	S	T	U	V	W	X

V	W	X	Y	Z
Y	Z	A	B	C



Holiday Word Search Challenge



Solve each clue to reveal the holiday-related words to find in the puzzle going across, down, and diagonal.

1. December 25th holiday: _____
2. Jolly man in red suit: _____
3. Hung by the chimney: _____
4. December holiday celebrating African-American heritage: _____
5. Family customs passed down to next generation: _____
6. Kwanzaa candle holder: _____
7. Hung on a door at Christmas: _____
8. Jewish Festival of Lights: _____
9. Special Jewish candelabra: _____
10. Red and white striped Christmas sweet: _____
11. A wax light that is used as a ceremonial symbol of many holidays: _____
12. Number of days of Hanukkah: _____
13. Santa's vehicle: _____
14. Kwanzaa feast: _____
15. Gifts given on the last day of Kwanzaa: _____
16. Christmas songs: _____
17. Potato pancakes: _____
18. They pull Santa's sleigh: _____

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



Bonus: Find 5 more holiday words hidden in the word search grid



SCHOLASTIC Find more printables for children at [scholastic.com/parents/activities-and-printables](https://www.scholastic.com/parents/activities-and-printables)

- | | | | | |
|----------------|---------------|----------------|------------|--------------|
| 1. Christmas | 5. Traditions | 9. Menorah | 13. Sleigh | 17. Latkes |
| 2. Santa Claus | 6. Kinara | 10. Candy Cane | 14. Karamu | 18. Reindeer |
| 3. Stocking | 7. Wreath | 11. Candle | 15. Zawadi | |
| 4. Kwanzaa | 8. Hanukkah | 12. Eight | 16. Carols | |

A Riddle:

My life is measured in hours.
 I serve you by expiring.
 I'm quick when I'm thin.
 I'm slow when I'm fat.
 The wind is my enemy.

Answer: A Candle

Wrongfully convicted Michigan man freed after 38 years

December 18, 2020

<https://apnews.com/article/jackson-arson-michigan-fires-us-news-bce981b70850bf92d27e656b725d6a47>

JACKSON, Mich. (AP) — A man who was sentenced to life without parole in an arson fatality has been freed after 38 years in a Michigan prison after a woman admitted that she lied under oath during his 1983 trial.

Walter Forbes, 63, walked out of Kinross Correctional Facility on Nov. 20 after Jackson County Circuit Court Judge Thomas Wilson overturned his arson and murder convictions earlier that month.

Annice Kennebrew was the only witness to implicate Forbes in the July 1982 fire at an apartment building in Jackson, Michigan. Dennis Hall was killed in the blaze. Kennebrew, who was 19 at the time, testified that she saw Forbes and two other men set the fire.

But she admitted during a May 14 evidentiary hearing that she lied about what she saw because two men threatened her, her two young children and other relatives, court records show.

Kennebrew's false testimony contradicted other evidence in the case. She claimed she saw gasoline being poured outside the apartment building, but no accelerants were found at the scene.

Charges were dropped against one of the men who Kennebrew identified in the fire, and the other was acquitted, said Imran J. Syed, a director of the Michigan Innocence Clinic and a lawyer for Forbes.

Suspicion fell on Forbes, of Jackson, because a month before the fire he stepped in to stop a fight involving Hall, then Hall shot Forbes the next day in a parking lot. Forbes testified against Hall following his release from a hospital, court records show.

Forbes carefully researched his case in prison, filed open-records requests, and continued to proclaim his innocence. He then reached out to the Michigan Innocence Clinic for help, Syed said.

Forbes said he was initially angry at the system but that he decided he had to focus on making his case for freedom.

“Anger would have affected me more than anyone else,” he told The New York Times. “Being angry with everyone that had a hand in this wouldn’t allow me to see with clarity what had to be done.”

Students at the Michigan Innocence Clinic, which is part of the University of Michigan’s Law School, started searching for Kennebrew in 2012, Syed said. She eventually agreed to come forward and admit to lying under oath.

After the fire that killed Hall, investigators received a tip that the building’s owner paid someone to burn the place down in an insurance-fraud scheme. Students with the clinic found court documents that showed the same owner was convicted years later in an insurance scheme involving arson at a building in nearby Livingston County in which another man died. The building owner is now believed to be deceased, Syed said.

Evidentiary hearings were held virtually in May and June before Forbes’ convictions were overturned in November.

“This is not a difficult case,” Syed said. “This is not a case that should have taken 38 years. I have the sense of who could have done what to save Walter some years of his life. That’s something I’ll continue to think about. I hope that’s something the prosecutor, the judge will think about.”

Forbes is now adjusting to life in a world much different than when he was last a free man.

Syed said Forbes is expected to receive nearly \$2 million for his incarceration. In Michigan, people who were wrongfully imprisoned are entitled to \$50,000 for each year of their imprisonment, but it could take several months before he receives it, Syed said.

QUOTE OF THE MONTH

"In a way, fraud in business is no different from infidelity in marriage or plagiarism in scholarly work. Even people committed to high moral standards succumb."

- Miroslav Volf