



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

IN THIS ISSUE

Bulletin Board

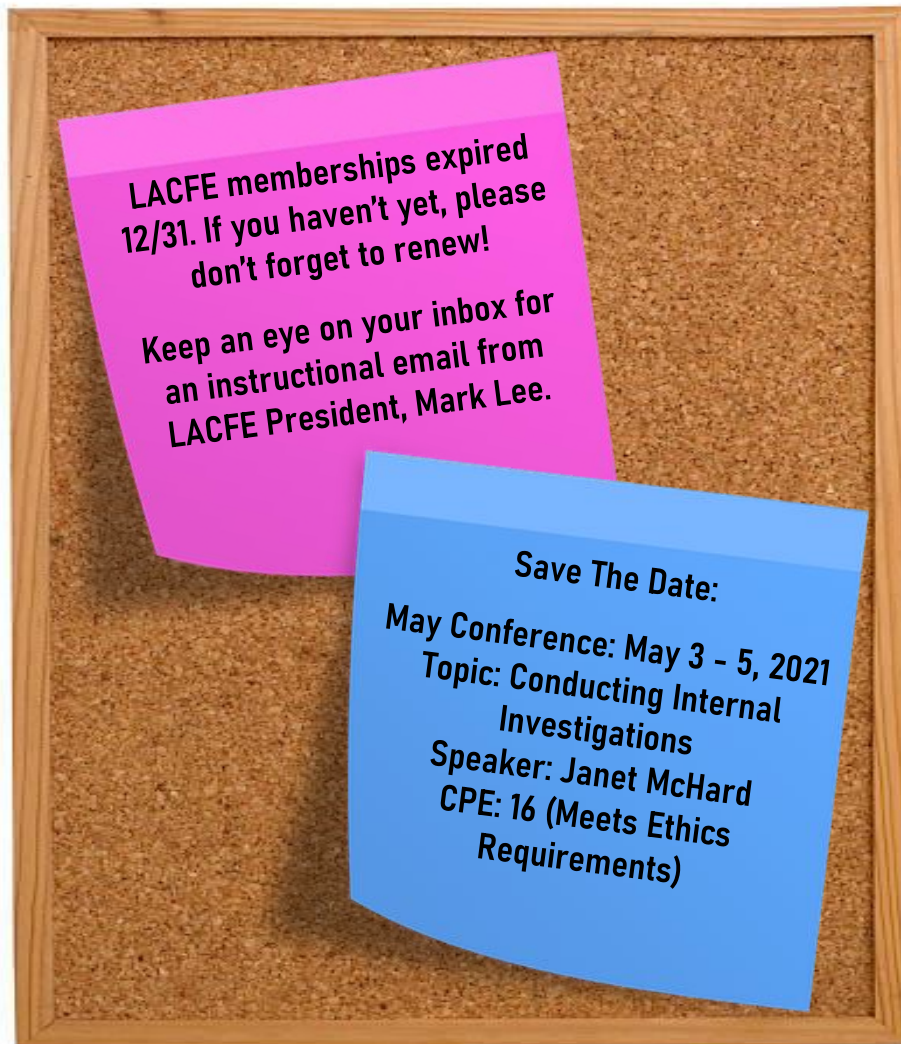
**Fraud Talk Podcast –
Case Study: Fraud and
Corruption in Youth
Sports**

Upcoming Events

**Owner Of South Haven
Home Health Care
Company Sentenced
To Five Years Of
Prison For Health Care
Fraud**

**Who Should Be in the
Interview Room?**

**Niger ‘scandal of the
century’ exposed in
FinCEN Files sparks
lawsuit demanding
action**



Fraud Talk Podcast



Case Study: Fraud and Corruption in Youth Sports

In this episode, Stephen Griffin, CPA, describes how his professional and personal lives changed after discovering fraud and corruption in a youth sports company.

https://www.podbean.com/media/share/pb-e43sp-fb3ce1?utm_campaign=w_share_ep&utm_medium=dlink&utm_source=w_share

UPCOMING EVENTS

LOCAL:

Lansing Chapter of the ACFE – Spring Fraud Conference

May 3 – 5, 2021

Speaker – Janet McHard, CFE

Topic – "Conducting Internal Investigations"

More information coming soon!



Michigan Association of Certified Public Accountants

Webcast – I want the TRUTH: Preparing to be an Expert Witness

March 11, 2021

4:00 pm

Learn more: <https://www.micpa.org/cpe/store/course-detail?ProductId=112523>

Michigan Chamber of Commerce

Virtual – Chamber Day 2021

April 21, 2021

8:30 am

Learn more: https://www.michamber.com/signature_events/chamber-day/

NATIONAL:

ACFE

Virtual Seminar – Fraud Risk Management

April 13 – 15, 2021 (early registration ends March 12, 2021)

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

ACFE

Virtual Conference – 32nd Annual Global Fraud Conference 2021

June 21 - 23, 2021

(early registration ends April 7, 2021)

Learn more: <https://www.fraudconference.com/>



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

Department of Justice
U.S. Attorney's Office
Western District of Michigan

FOR IMMEDIATE RELEASE

Wednesday, February 10, 2021

https://www.justice.gov/usao-wdmi/pr/2021_0212_Nash

Owner Of South Haven Home Health Care Company Sentenced To Five Years Of Prison For Health Care Fraud

GRAND RAPIDS, MICHIGAN – U.S. Attorney Andrew Birge announced today that Kenneth Nash, the owner of a South Haven home health agency, was sentenced to sixty-three months in federal prison. Nash pled guilty to health care fraud on October 28, 2020, admitting that his company, Universal Home Health Care, submitted claims for home health services totaling more than \$750,000 when no physician had approved the services but, instead, employees forged physician signatures at Nash's direction and with his knowledge. The federal investigation further revealed that Universal also billed Medicare for services that were not provided and that were medically unnecessary, as some of the patients were not homebound. At the sentencing hearing in Kalamazoo, Michigan, United States District Judge Paul L. Maloney also imposed three years of supervised release following imprisonment and a restitution order of \$755,628.52.

Upon the execution of federal search and seizure warrants in June of 2018, Nash closed the business and forfeited two Mercedes Benzes, a Land Rover, an Aston Martin, a Jaguar convertible, and a motorhome that had been purchased with proceeds from the fraud. In imposing a sentencing at the high end of the sentencing guidelines, Judge Maloney noted that Nash had a history of prior fraud convictions, that this offense involved a large loss to a government program, and that other health care providers needed to be deterred from defrauding Medicare.

U.S. Attorney Andrew Birge noted that "This sentence should serve as a warning to others in the health care industry that fraudulent billing has significant consequences. Mr. Nash has had to give up all he gained from his scheme and now his freedom as well."

"Healthcare fraud is not a victimless crime," said Lamont Pugh III, U.S. Department of Health & Human Services, Office of Inspector General – Chicago Region. "Medically unnecessary services can adversely impact a patient's well-being and false and/or fraudulent billings waste limited tax-payer dollars that support federally funded programs such as Medicare and Medicaid. The OIG will continue to work to identify, investigate and hold accountable those who choose to engage in these criminal acts."

"This sentence sends an unambiguous message that those who cheat Medicare will be held accountable," said Timothy Waters, Special Agent in Charge of the FBI in Michigan. "These taxpayer-funded programs are designed to provide essential medical services to the elderly, not to enrich corrupt health care professionals and other fraudsters."

The investigation was conducted by the U.S. Department of Health and Human Services, Office of Inspector General, the Federal Bureau of Investigation, and the U.S. Attorney's Office for the Western District of Michigan. Assistant U.S. Attorney Raymond E. Beckering III represented the United States.

Health care fraud costs all taxpayers and can be associated with harm to patients. You can report suspected health care fraud at <https://tips.oig.hhs.gov/> or by calling the U.S. Attorney's Office at (616) 456-2404 and requesting to speak with a health care fraud investigator.

Who Should Be in the Interview Room?

February 12, 2021

Mason Wilder, CFE

Senior Research Specialist

<https://acfeinsights.squarespace.com/acfe-insights/who-should-be-interview-room>

Investigative interviews can be a vital piece of any fraud examination, and getting an interview's mechanics right goes a long way toward improving prospects for the interview's success. Unfortunately, there is no one-size-fits-all template that fraud examiners at any organization can follow to guarantee an optimal setting for every interview.

One aspect of an interview's setting that can prove difficult for fraud examiners to navigate is the question of how many people should participate in an interview and which personnel should or should not be allowed to sit in on an interview. Answering these questions will involve several important considerations, which are discussed below.

Generally, interviewers should strive to reduce potential distractions for the interviewee to increase the chances of an interview's success, and additional individuals present in the room can often distract an interviewee. However, there are circumstances in which the presence of additional individuals is mandated or can aid the interview process.

What does company policy say?

Before getting too far down the road of planning an interview and its participants, you should consult any relevant organizational policies. This can mean a general fraud policy, an incident response policy, an investigation policy, a general employment agreement or any similar policies. It will depend on the particular organization and industry in which your organization operates.

For example, some organizations might require a representative from the human resources or legal department to be present in any interview in which an employee is questioned regarding allegations of misconduct or fraud. In these situations, a human resources or legal representative should generally refrain from being an active participant in the interview by asking the interviewee questions, although certain circumstances might require more participation by the representative. In most cases, if a human resources or legal representative is present, they should serve as a witness or observer, ensuring that the interview fully complies with any relevant organizational or legal requirements.

Organizational policy often dictates whether an employee is obligated to comply with any investigations carried out by the organization, depending on the jurisdiction and what is allowable. The policy might also specify whether interviewees' requests for their own legal representation to be present during the interview can or should be granted. However, keep in mind that if an interviewee requests the presence of legal representation and are denied, they are unlikely to be very cooperative or forthcoming during the interview.

Is the interviewee a member of a union?

In some jurisdictions, including the United States, an employee's membership in a labor union or similar organization (such as a works council in the United Kingdom), might dictate that a representative of their union be present during any interviews conducted as part of an investigation into wrongdoing. These circumstances should be addressed in an organizational policy, but in the absence of a formal policy regarding interviewers, determine whether any employee you plan to interview is a member of a labor union and whether that status impacts the interview.

Does the interviewer work for a governmental organization?

If an investigative interview will be conducted by an agent of the government or a public employee, they might be legally required to allow interviewees to have legal counsel present during the interview. For example, in the United States, public employers must give Miranda warnings (notification of the subject's right not to answer questions and the right to legal counsel during interrogations) to employees being interviewed about a potentially criminal matter if the government (or its agent) has arrested the employee or deprived them of action in a significant way. It is rare, but not unheard of, that a private employer must give employees Miranda warnings. Generally, a private employer must give Miranda warnings when it detains and questions an employee at the direction of a law enforcement officer and is considered to be acting under color of law.

Does the interviewee speak a different language?

In interviews where the interviewee does not fluently speak the same language as the interviewer, an interpreter should be present in the interview room to ensure questions and answers are communicated accurately and effectively. In such circumstances, you should specifically inform the interviewee that the interpreter is not a representative of the interviewee or the interviewer's organization, but is there only to facilitate communication. Additionally, interpreters or translators should be sourced from outside the organization, if possible; a fellow employee might have conflicts of interest stemming from their relationship with the interviewee that could impact their interpretation of the interviewee's testimony, either positively or negatively.

After the interview's conclusion, fraud examiners should consider allowing the interviewee to leave and then discussing the interview with the interpreter or translator to determine if cultural context related to the interviewee's answers, demeanor or body language should be taken into consideration. Always research cultural considerations ahead of interviews with subjects from different countries or cultures, but additional feedback from an interpreter or translator could provide additional insight.

How many interviewees is appropriate?

You should not interview two subjects of an investigation at the same time if you can avoid doing so. When multiple subjects are present for an interview, each subject's answers to questions posed by the interviewer inevitably influences the other subject's answers to subsequent questions, so fraud examiners should seek to interview subjects individually. There are few absolute rules of interviewing, but this is one of them.

What about interviewers?

There is no general rule regarding the presence of multiple interviewers, so this consideration is purely a matter of preference for the interviewer or whomever is leading the fraud examination. Some fraud examiners might benefit from having an additional interviewer present to offer a contrasting style, to present evidence to the subject or to primarily observe and take notes while the other interviewer handles the questioning. If two interviewers will be present for an interview, they should plan the interview together in advance to agree upon how each of them will conduct their role.

Again, there is no simple formula you can apply broadly to every interview that guarantees success, but when it comes to deciding who is present in the interview room, these considerations should help you determine how best to move forward.



Niger ‘scandal of the century’ exposed in FinCEN Files sparks lawsuit demanding action

Publisher Moussa Aksar was targeted as his reporting on millions in disappearing defense spending was submitted in a request to force a government inquiry.

By [Will Fitzgibbon](#)

January 20, 2021

<https://www.icij.org/investigations/fincen-files/niger-scandal-of-the-century-exposed-in-fincen-files-sparks-lawsuit-demanding-action/>

English front companies allegedly siphoned millions of dollars from Niger, one of the world’s poorest countries, in a military procurement scandal that has engulfed the country and sparked lawsuits.

Last year, journalists in Niger obtained a confidential audit from the country’s ministry of defense that alleged up to \$120 million in defense spending had disappeared from the West African country, often into tax havens and bank accounts controlled by unknown owners.

The newspaper L’Evenement obtained a copy of the audit and revealed that two companies, Halltown Business LLP and Stretfield Development LLP, signed a \$2 million agreement for two aging Ukrainian helicopters. L’Evenement’s publisher Moussa Aksar, matched details of the audit with bank records that formed the basis of the FinCEN Files investigation. Aksar is a member of the International Consortium of Investigative Journalists.

Last month, four Niger-based civil society organizations filed paperwork in court in the capital, Namey, to force the government to open an inquiry into corruption, forgery, and other crimes. As part of the case file, the organizations submitted the L’Evenement’s FinCEN Files investigation.

According to the Niger audit, the two companies signed a deal in July 2012 worth \$2 million. “This apparent contract...was in reality subject to a secret contract of commissions, that is to say, kickbacks,” officials wrote. “This is contrary to regulations and constitutes a collusive maneuver having allowed the withdrawal from the state of \$2,000,000.”

The audit alleges that \$120 million was lost between 2017 and 2019 through false contracts, much of it going to shell companies, according to L’Evenement.

The FinCEN Files documents show that one company, Halltown Business LLP, received \$30,000 in exchange “for textiles” just weeks after it signed the deal to provide helicopters to

Niger. The payment, from a Romanian company, passed through Deutsche Bank before reaching Halltown's Latvian bank account, according to FinCEN Files documents. Halltown Business received another \$12,000 in April 2015, leaked FinCEN records show.

The discrepancy between Halltown Businesses' apparent deals – textiles and military equipment – was one of several red flags that signal possible financial crime, experts told ICIJ.

The owners of Halltown Business LLP are unclear. The U.K. registry lists only two shell companies in the African tax haven island, Seychelles.

Shell company shenanigans

“The large amounts of money in security sector budgets — especially those like in Niger where the country is undergoing significant political violence — combined with a lack of oversight make defense budgets an enticing target for corrupt actors,” said Jodi Vittori, a former lieutenant colonel in the U.S. Air Force and a corruption and national security expert at the Carnegie Endowment for International Peace. “Due to anonymous shell companies and other shenanigans, we largely do not know where the money went, but we know where the money did not go: it did not go to fighting Boko Haram nor any of the other violent actors in the country.”

L'Evenement has recently obtained new documents about the deal and shared them with ICIJ. A copy of the contract between Halltown Business and Stretfield Development confirms the arrangements described by L'Evenement.

Stretfield Development provided Halltown Business with “contacts and inquiry for the project of supplies of military aircraft for Niger Republic” and “mediated” contracts, according to the agreement. In exchange, Halltown Business agreed to forward a commission to Stretfield Development for every deal, the signed contract shows. The document was first obtained by Niger newspaper, La Fraternelle.

The same year in which it sealed the \$2 million helicopter deal, Halltown filed official paperwork in the U.K. to report that it was “active as a trade agent for clothes and footwear and received commission.” The next year, Halltown Business reported a profit of just over \$2,500.

Halltown Business's public records were signed by Ali Moulaye, a Belgian dentist whose signature appears on 385 U.K. companies named in the FinCEN Files, according to an ICIJ [analysis](#). Nine of these companies alone received \$4.1 billion in their bank accounts while reporting less than \$500,000 during the same period, according to the analysis.

Moulaye has never been charged with wrongdoing. He told ICIJ media partner, Knack, that he knew nothing about the false financial statements. “My signature can be falsified by anybody,” Moulaye said. “That is not difficult. It’s a circle and two lines ... I know nothing about it.”

A push for a government inquiry

Ali Idrissa, a leading Niger activist, spearheaded the lawsuit filed by civil society organizations last month that seeks to force the government into action. Niger’s prosecutor has not yet responded, Idrissa told ICIJ.

“This is the scandal of the century,” Idrissa said. “Never before have so many millions disappeared from state coffers involving senior administration officials and private operators.”

“All these people go unpunished, but the journalists and civil society whistleblowers are in prison and dragged in front of the courts for this same dossier,” said Idrissa, head of the nonprofit Network of Organisations for Budgetary Transparency and Analysis.

Last month, Aksar received notice to appear at court to face libel charges brought by an expatriate Nigerien living in Belgium who Aksar discussed in his investigation. Neither the plaintiff nor his attorney appeared at court on the day set for the first meeting.

Boudal Effred Mouloul, Aksar’s attorney, told ICIJ that the accusations are baseless. The attorney said he had not heard from the plaintiff or his lawyers since the no-show last week. “It is up to them to call us to a new hearing,” he said.

Aksar told ICIJ he has previously received death threats from people allegedly involved in the military procurement scandal.

QUOTE OF THE MONTH

"If you can't describe what you are doing as a process, you don't know what you're doing."

- W. Edwards Deming