



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Spring Renewal

May is one of my favorite months; trees are budding, early flowers blooming, and birds return from their wintering areas. Summer is just around the corner and the feeling of renewal is in the air. The LACFE Spring Fraud Conference also happens in May!

In the spirit of a spring renewal, you'll see a few differences in this newsletter both in design and content.

When I assumed responsibility for the LACFE newsletter, I was provided a thoughtfully-designed template and great sources for a variety of content, which included podcasts, books, blogs, and other written content posted online. I can assure you I will continue to feature content from these sources.

However, each of us has a preferred method of learning about our craft and keeping up to date on news and events. In fraud detection, we use our 5 senses in different ways depending on our task at hand. Therefore, I have added a monthly video segment. I hope to feature an assortment of interesting and informational videos from experts in our field.

Please contact me if you have any suggestions of websites or YouTube channels I should monitor, or additional sources you would like included in future newsletters.

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Fraud Talk Podcast

Navigating the Threat Landscape in Today's Tech-Driven World

Four panelists from the 2021 ACFE Women's Summit session titled "Upping Your Tech Game in Times of Extraordinary Change" discuss the ever-evolving threat landscape and how it has affected fraud trends throughout the past year.

<https://acfe.podbean.com/e/navigating-the-threat-landscape-in-today-s-tech-driven-world-fraud-talk-episode-106/>

UPCOMING EVENTS

LOCAL:

20th Annual Emerging Trends in Fraud Investigation & Prevention Conference

Hosted by the Central Ohio ACFE Chapter
May 17 - 18, 2021

Speakers include Theresa Payton (Former White House CIO, Cybersecurity Authority, and 2019 Woman Cybersecurity Leader of the Year) and Traci Brown (Fraud-Busting Body Language Expert)

Learn more: <https://web.cvent.com/event/00467d0d-99c6-4cda-a178-40fad4a76423/summary?RefId=Invite>



Michigan Association of Certified Public Accountants

Virtual - Accounting & Auditing Symposium
May 26, 2021

8:30 am - 5:00 pm

Learn more: <https://www.micpa.org/cpe/store/course-detail?ProductId=116529>

Michigan Chamber of Commerce

Virtual – Diversity, Equity and Inclusion Series

Diversity At Work: How to Support Working Women and Tapping Hidden Talent Pools to Fill Your Talent Needs

June 15, 2021

9 – 10:30 am

Learn more: https://www.michamber.com/signature_events/diversity-equity-inclusion-series/

NATIONAL:

ACFE

Virtual Conference – 32nd Annual Global Fraud Conference 2021

June 21 - 23, 2021

(early registration has ended, but there is still time to register)

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

The Value of a Post Confession Interview

John E. Reid & Associates, Inc.

Mar 15, 2021

<https://reid.com/resources/whats-new/2021-the-value-of-a-post-confession-interview>

Understanding the offender's mindset provides insights into the most effective interrogation themes to incorporate in future cases

Once the investigator obtains a legally acceptable confession from an offender, the job is over, right? Actually, it is not.

The investigator should always attempt to verify and corroborate the details of the subject's confession. By conducting a post-confession interview, we can learn from the subject what motivated them to tell the truth.

For the past seven decades, John E. Reid and Associates has conducted post-confession interviews. The insights learned from the subjects have proven to be invaluable in the development of effective persuasion techniques.

The information obtained during this type of interview will help investigators better understand the specific offender's motives.

As times change and the criminal mind evolves, and we can use what we learn from these interviews to more effectively adapt our approach to the current environment.

SETTING THE STAGE FOR A POST-CONFESSION INTERVIEW

Following an offender's acknowledgment (prior to being charged with the offense) that they committed the crime in question and provided the corroborating details, the investigator should compliment them for being cooperative and making the decision to tell the truth. This will help to extend the rapport that was established with the subject and enhance the opportunity to conduct a post-confession interview. The post-confession interview generally takes place after the subject has acknowledged their confession in the appropriate written or recorded document.

While not all offenders will agree to participate in this interview, begin by asking the subject a general open-ended question like, "Why did you decide to tell me the truth about what you did?" Since rapport is still high, it's likely the defendant will blurt out statements that both solidify the voluntariness of the confession, as well as authenticate the subject's mental alertness and their "consciousness of guilt."

The subject is then asked if they would be willing to answer a few questions about your conversation with them, making sure they know it is totally voluntary and they can stop at any time.

The information obtained during this type of interview will help investigators better understand the specific offender's motives, justifications, influencing factors that prompted them to commit the crime and what the investigator said that prompted them to decide to tell the truth. We can also learn what prior investigators said or how they acted that made the subject decide that they would not tell those individuals the truth about what they did.

POST-CONFESSION INTERVIEW QUESTIONS

Select the most appropriate post-confession interview questions from the list that follows. The questions should preferably be asked by the original investigator who has established trust and rapport with the subject.

When you were first questioned about this, why didn't you tell the truth at that time? (Obtain offender's fears/concerns such as going to jail, losing their job, their family or friends' perception, restitution, social standing and embarrassment.)

Is there anything I said or did that made you initially decide that you did not want to tell the truth? (Acquire what to avoid in the future.)

What did I do or say that made you decide to tell the truth? (Incorporate in similar future interrogations.)

Why did you do this? (Possibly obtain motive or additional insight.)

Was there any evidence that caused you concern? (Baiting question.)

How did you justify or rationalize your behavior? (Minimization or shifting blame to victim.)

How did you choose the victim? (Themes to blame the victim's behavior, rationalization.)

What could the victim have done to prevent this from happening? (Themes blaming victim behavior, rationalization.)

Did the victim act in any way, do or say anything that caused you to do this? (Themes blaming victim, rationalization.)

Did you have any remorse for your behavior? (Themes to compliment the offender.)

How did you get started engaging in these types of behaviors? (Themes blaming outside factors.)

What did you do to try to fool or mislead me about your involvement in this? (Understanding offender's countermeasures.)

What would you say to someone who was in your shoes to prompt them to tell the truth? (Understand the offender's mindset to interrogation.)

Did the environment such as the room setting or arrangements make you feel uneasy or comfortable? (Possible improvements to future settings.)

What were you expecting when you first agreed to be questioned regarding this matter? (Obtain offender's perception and thoughts of the interview/interrogation process.)

Understanding the mindset of offenders provides insights into the most effective interrogation themes to incorporate in future cases. Additionally, this information will also reveal what not to say, that is, what type of statements are counterproductive in terms of persuading the subject to tell the truth.

Critical information will also be obtained regarding how offenders justify or excuse their behavior, such as:

Theft: “The money was left out so I took it and it wasn’t that much anyway.”

Child abuse: “She was crying and I just wanted her to shut up so I threw her down to stop. I’m not a child abuser.”

Homicide: “If he would have given me the drugs I paid for, I wouldn’t have pulled the trigger. I’m not a bad guy.”

Rape: “She did say ‘no’ several times but I thought she was just being playful and wanted it, you know.”

Human tracking: “Look, you may disagree, but I provided her a better life than she had.” The post-confession interview affords the investigator an unaltered view into the offender’s perspective and mindset during the commission of the crime, as well as the interrogation process.

About the author

Louis C. Senese is VP of John E. Reid and Associates and has been employed for over 40 years. He’s conducted thousands of interrogations and volunteered assistance in cold cases. This article was originally published on February 19, 2021 at Police One.com

Video of the Month

[Forgery Experts Explain 5 Ways To Spot A Fake | WIRED - YouTube](#)

Forensic scientist Thiago Piwowarczyk and art historian Jeffrey Taylor PhD examine a purported Jackson Pollock painting and use their expertise to determine if the painting is legitimate or a forgery.



“The Lady and the Dale”: This Car Runs on Fraud

April 06, 2021

Hallie Ayres

Contributing Writer

<https://acfeinsights.squarespace.com/acfe-insights/lady-dale-this-car-runs-fraud>

A four-part documentary series from HBO, “The Lady and the Dale,” is a fast-paced deep-dive into a web of FBI raids, manhunts and a whole lot of fraud. Directors Zackary Drucker and Nick Cammilleri treat viewers to the complex life of Elizabeth “Liz” Carmichael — a charismatic and cunning salesperson with billionaire and presidential aspirations who took the automotive industry by storm when she revealed the bright yellow prototype of a car called the Dale in the mid-1970s.

At the height of the global oil crisis, Carmichael promised interested buyers and investors that this three-wheeled vehicle could get 70 miles to the gallon, and all for the low purchase price of \$2,000. Carmichael’s grandiose claims promised to revolutionize the landscape not only of the automotive industry but also of the world at large. This promise, of course, was gradually revealed to be completely empty.

If it sounds too good to be true...

As hype grew around the Dale, Channel 7 Eyewitness News LA, where Carmichael’s 20th Century Motor Car Corporation was headquartered, started to investigate the inner workings of her business. While the Dale premiered as a prototype in auto shows, a functioning model that could pass a road test remained nonexistent. After some preliminary snooping around Carmichael’s office, news reporter Dick Carlson called the universities from which Carmichael claimed to have degrees and found no records of her at either institution.

After news broke of suspicious business practices and Carmichael’s shady background, the state of California continued to investigate, eventually finding Carmichael’s company in violation of securities law. As the company continued to sell options on a car that was far from being commercially fabricated, deposits from customers were going straight toward covering business expenses rather than being held in any sort of escrow account. The state handed down a cease-and-desist order, yet as Channel 7 Eyewitness News found, salespeople continued to sell options.

To make matters worse, around this same time, Carmichael was attempting to woo a group of investors by inviting them to a test drive of the Dale. The investors, however, were far from impressed once they witnessed the Dale nearly flip over while taking a turn at a high speed. In 1975, in the midst of all this drama, and as angry customers started showing up at her office demanding their money back, Carmichael decided to move headquarters to Dallas, Texas, where she was certain she wouldn’t be under the same strict regulations imposed by California.

On the run

Fairly soon after arriving in Dallas, Carmichael was served with an accusation of conspiracy to commit grand theft. In response, she and her family fled to Miami, where Carmichael was finally arrested in an FBI raid in April 1975.

After a series of jail stays, Carmichael opted to represent herself in trial, where her defense was that she hadn’t committed a clear-cut fraud. She alleged she hadn’t just taken the money and run. Instead, she had the receipts to prove that she had spent every penny working to manufacture the car. After a nine-month jury trial, Carmichael was found guilty of conspiracy to commit fraud and fraud charges, carrying a sentence of 1 to 10 years in prison.

Before she was meant to appear for sentencing, Carmichael once again skipped town and re-emerged

in Austin, Texas, where she and her children started a floral company. She was eventually apprehended after a reporter for the Austin American-Statesman started investigating the company, and she served 18 months in prison.

The woman behind the fraud

While the documentary series charts the numerous twists and turns in the story, the directors also pay homage to the fact that Carmichael was navigating this entire ordeal as a trans woman. Throughout her trial, prosecutors attempted to sway the decision of the jury by spouting the harmful trope that, as a trans woman, Carmichael was purposefully engaged in deception as a publicity stunt and as a means of furthering her fraud scheme. Carmichael was also forced to stay in men's jails and prisons during her sentencing period. Commentators throughout the series make the point that, as much as Carmichael was on trial for conspiracy to commit fraud, she was also on trial to prove her own womanhood.

The documentary manages to portray Carmichael in two lights — a conniving businesswoman who vehemently opposed government regulation, and a trans pioneer at a time when transphobia made her very existence subject to vitriolic attack — simultaneously. It's a fascinating reminder that behind all the complicated machinations of a fraud scheme, there's usually a complicated person as well.



It's Your Ship: Management Techniques from the Best Damn Ship in the Navy

by Captain D. Michael Abrashoff

The legendary New York Times bestselling tale of top-down change for anyone trying to navigate today's uncertain business seas.

When Captain Abrashoff took over as commander of USS Benfold, it was like a business that had all the latest technology but only some of the productivity. Knowing that responsibility for improving performance rested with him, he realized he had to improve his own leadership skills before he could improve his ship. Within months, he created a crew of confident and inspired problem-solvers eager to take the initiative and responsibility for their actions. The slogan on board became "It's your ship," and Benfold was soon recognized far and wide as a model of naval efficiency. How did Abrashoff do it? Against the backdrop of today's United States Navy, Abrashoff shares his secrets of successful management.

From achieving amazing cost savings to winning the highest gunnery score in the Pacific Fleet, Captain Abrashoff's extraordinary campaign sent shock waves through the U.S. Navy. It can help you change the course of your ship, no matter where your business battles are fought.

How to Write a Report Without Declaring Guilt or Innocence

April 27, 2021

John Gill, J.D., CFE

Vice President – Education

<https://acfeinsights.squarespace.com/acfe-insights/how-write-report-without-declaring-guilt-or-innocence>

I've been at the ACFE for more than 25 years, and there's one topic I've been asked about more than any other: How does a fraud examiner avoid declaring guilt or innocence?

Here's the tricky part. Fraud examiners work in so many different areas, and the rules can be slightly different if you are an expert witness, a member of law enforcement or an auditor.

To clear this matter up, let's start with the basic rule and a short section from the Fraud Examiners Manual that discusses this topic.

The basic rules on declaring guilt or innocence

Think of the Certified Fraud Examiner (CFE) as a good reporter. In the report, the CFE says, "Here are the facts." Someone other than the examiner will read the report and make a decision. The CFE's responsibility is to provide the evidence needed to make that determination. That being said, there may be times where it is appropriate to offer an explanation of what the facts could mean.

For example, before the late Bernie Madoff's conviction, you may have been asked, "Is he running a Ponzi scheme?" If you start off by saying, "It's my opinion he's running a Ponzi scheme," then all of the attention focuses on you — who are you, your expertise in Ponzi schemes, and if you're saying he's guilty. But if you present the facts:

He took people's money.

They thought he was investing it.

He wasn't.

Anyone who was paid was paid with subsequent investors' money.

You can then say, "Mr. Madoff's actions are consistent with that of a typical Ponzi scheme promoter." You could even list out what the elements of a Ponzi scheme are. That way the reader sees that the facts match the elements of the offense. The conclusion should be self-evident — here are the elements of a Ponzi scheme; here's what Madoff was doing; they match.

That is a long way from saying he is guilty. Guilt or innocence is a legal determination made in the criminal justice system. I can't declare anyone guilty of anything. However, I can present facts based on evidence, and I can explain to the reader that if these facts are proven, they could constitute a violation of the law.

But you can't go beyond that. And remember, someone is paying you for your report. You need to make sure that what you say is consistent with the policies of your employer or client. For example, audit reports and law enforcement reports have different rules for what may or may not be appropriate in the particular situation.

Some extra clarification from the manual

Here is a section of the Fraud Examiners Manual which may help you as well.

Opinions Regarding Guilt and Innocence (excerpt from the Fraud Examiners Manual, 2021, p. 4.1016):

Additionally, this rule prohibits ACFE members from making statements of opinion as to the guilt or innocence of any person or party. Determining whether a person is guilty or innocent of a crime is not a decision for fraud examiners; it is a decision reserved for a judge or jury.

This is a rule of prudence. Clearly, it is prudent for a fraud examiner to refrain from usurping the role of the judge or jury. In a courtroom, no good attorney would ask a fraud examiner for such a conclusion, and no alert judge would allow such testimony.

Take your report writing to the next level

As a CFE, you know that report writing is a critical part of the fraud examination process. A strong report conveys evidence and gives credibility to the fraud examination and to your work. An examination is often judged not by what was uncovered, but by the way the information is presented.

We offer a self-study course that will help you ensure that the results of your next fraud examination are not lost in the report. Report Writing provides a thorough review of the report writing process including expert tips and a downloadable sample report you can use on your next examination.

Quote of the Month

"I never decided to become an art forger. I was aware of my talent at an early age, and I used it foolishly. This developed over the years. In my heart, I don't see myself as a criminal."

- Wolfgang Beltracchi

A German art forger and artist who has admitted to forging hundreds of paintings in an international art scam netting millions of euros.