



# LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

## LANSING CHAPTER OF THE ACFE Annual Meeting

The LACFE annual meeting will again be held virtually via Zoom on Friday, August 20, 2021 at 5:30 P.M. Please contact a board member if you would like to attend, so they can make sure you receive an invite to the meeting.

Board Members:

President: Mark Lee, CFE [president@lansingacfe.com](mailto:president@lansingacfe.com)

Vice President: Bethany Verble, CFE, CPA  
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## Fraud Talk Podcast

### Operation Trojan Shield: A Global Takedown

Mason Wilder, CFE, ACFE Senior Research Specialist, and Mandy Moody, CFE, ACFE Communications Manager, discuss the "sting of the century." Operation Trojan Shield was a collaboration between the U.S. FBI and DEA, the Swedish and Australian police, and other global agencies to infiltrate an encrypted chat platform. The operation led to 800 arrests, seizures of drugs and firearms, and an ongoing list of money laundering revelations.

<https://acfe.podbean.com/e/operation-trojan-shield-a-global-takedown-mason-wilder-mandy-moody-fraud-talk-episode-110/>

## UPCOMING EVENTS

### LOCAL:

#### Lansing Chapter of the ACFE

Virtual – Annual Meeting

August 20, 2021

5:30 pm

Email a board member to be sent your invitation



#### Michigan Association of Certified Public Accountants

In Person Conference - Small Firm Practitioners Conference

Soaring Eagle Casino & Resort Mount Pleasant, MI

August 17 - 18, 2021

7:30 am - 5:30 pm

Learn more: <https://micpa.org/cpe/store/course-detail?ProductId=116974>

#### Michigan Association of Certified Public Accountants

Virtual - Shawshank Redemption: A Case Study in Stress Management

August 27, 2021

10:30 am - 11:30 am

Learn more: <https://micpa.org/cpe/store/course-detail?ProductId=125935>

#### ACFE South Florida and Twin Cities Chapter

Virtual – A Joint Fraud Conference

How We Took Down Pablo Escobar & Advanced Money Laundering

November 4, 2021 (early registration end August 8<sup>th</sup>)

Learn more: <https://acfesouthflorida.org/event-4380114>

### NATIONAL:

#### ACFE

Virtual Workshop - Advanced Fraud Examination Techniques

August 17 - 19, 2021

Prerequisite: A solid understanding of the legal, financial, investigative, and criminological principles of fraud prevention, detection, and examination. Experience conducting fraud examinations.

Learn more: <https://www.acfe.com/events.aspx?evtid=a3Y1Q000001PiGVUA0>

#### ACFE

Virtual Conference - Dusting Your Data for Fraud's Fingerprints

August 31, 2021

2:00 pm

Learn more: <https://www.acfe.com/webinar.aspx?evtid=a3Y1Q000001PVveUAG>

*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](mailto:jenny1661@hotmail.com)*

# Fish fraud is rampant — and Subway's tuna scandal is just the tip of the iceberg

Matthew Rozsa

July 27, 2021

<https://www.msn.com/en-us/news/us/fish-fraud-is-rampant-e2-80-94-and-subways-tuna-scandal-is-just-the-tip-of-the-iceberg/ar-AAMAKaY?ocid=BingNewsSearch>

Subway's tuna sandwiches may not be their most famous product, but some (including this author) would argue they are one of their tastiest. Needless to say, it was alarming to read a report that a New York Times investigation into the sandwich's tuna found "no amplifiable tuna DNA," suggesting that the so-called tuna sandwich was not, in fact, tuna fish. Subway later questioned the reliability of the DNA tests, claiming in a statement that it "is simply not a reliable way to identify denatured proteins like Subway's tuna, which was cooked before it was tested."

The viral "fake tuna" debacle has undoubtedly hurt Subway's brand, and heightened a popular perception of corporations as shifty and untrustworthy. Yet regardless of the mystery meat's provenance, the saga highlights a larger industrial supply chain problem — namely, that fish fraud, as it is known, is prevalent. That means that if indeed some of Subway's tuna is "fake," it may not entirely be their fault.

"On Subway specifically, I would say that they are probably better than average, as far as companies of their size," John Hocevar, marine biologist and director of Greenpeace's oceans campaign, told Salon. "There are so many problems with the tuna industry that it is very difficult for companies sourcing as much tuna as Subway to be confident that they know their fish wasn't caught with forced labor, or in ways that are very harmful to our oceans."

Tuna isn't the only fish that has fraud problems. Oceana, a 501(c)(3) nonprofit ocean conservation group, began to investigate seafood fraud in 2011 and has since uncovered troubling patterns. In 2016 the group released a report about the worldwide scope of seafood fraud that detailed a pervasive, stomach-churning cheat of unsuspecting consumers. On average, one out of five of the more than 25,000 samples of seafood that they tested from 55 countries were mislabeled, with the trend occurring at every stage of the supply chain.

In the United States, studies released since 2014 found the average fraud rate (weighted by sample size) to be 28 percent. Worldwide, Asian catfish, hake and escolar were the fish most commonly substituted; more than half of the replacement fish (58 percent) were from species that could get certain consumers sick. In Italy, 82 percent of the 200 swordfish, grouper and perch samples tested were revealed to have been mislabeled; nearly half of the substituted fish have been labeled "threatened with extinction" by the International Union for Conservation of Nature (IUCN).

"Overall, what we found is that seafood fraud can happen anywhere both geographically and in the supply chain," Oceana deputy vice president for US campaigns Beth Lowell told Salon by email. Lowell explained that the supply chains which move aquatic food from the ocean to your table are "often opaque," making it easy for incompetence or unscrupulousness to lead to a bait and switch at consumers' expense.

Lowell added, "Oceana found that nearly one out of every three fish tested in the United States — in grocery stores and restaurants alike — were mislabeled." Often the mislabeling meant customers were spending more money than the fish was worth, or potentially put consumers at risk from fish that could endanger them. In one instance, Oceana found that high-mercury fish, for which the FDA warns against consumption by young children and pregnant women, were mislabeled and sold as "safe" fish that are low in mercury.

So why is fish fraud prevalent? The answer boils down to lack of regulation, poor regulatory bodies, and the profit motive — in other words, capitalism behaving as usual.

"In addition to the fact that we import a lot of seafood that was caught illegally, once it gets to a supermarket or a restaurant, we can't be confident that the legal seafood that is being sold is actually what it's being labeled as, and there are several reasons for that," Hocevar explained. Indeed, very few businesses seriously follow their responsibility to trace the origins of their fish, and they can get away with it because their business is difficult to observe.

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He added, "Another big challenge is something called trans-shipment at sea. Your average person would assume that a boat goes out, catches fish, and then comes back into port, sells those fish, and then goes back out, catches more fish. Instead, tuna vessels often handover their catch to another boat at sea and just keep fishing."

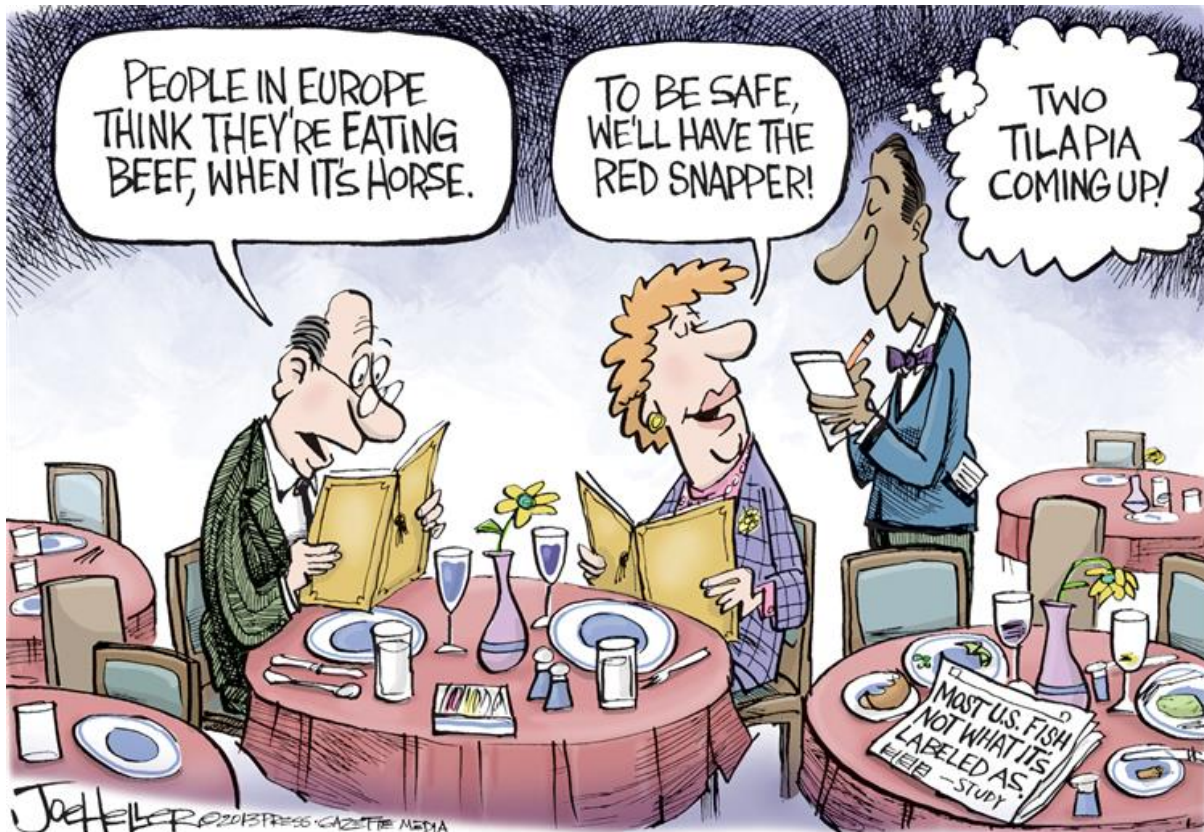
Hocevar advocates for a few specific solutions to the fake fish problem. We can ban or heavily regulate oceanic trans-shipment, increase third party coverage of boats that exchange products, improve transparency over who owns fishing vessels and more effectively implement existing regulations.

"All seafood sold in the U.S. should be safe, legally caught, responsibly sourced, and honestly labeled," Lowell told Salon. "Until then, honest fishermen, seafood businesses, consumers and the oceans will pay the price. Consumers have a right to know more about the seafood they eat, including what species it is, where it is caught and how it was caught so they can make their own decisions whether that be for health, sustainability or other reasons." She argued that the United States should expand the number of seafood types covered by the Seafood Important Monitoring Program (SIMP) and make sure that all seafood is traceable from the fishing boat to when it is consumed.

The Subway tuna sandwich scandal is not the first one to draw attention to the problem of fish fraud. The New York attorney general issued a report in 2018 revealing that a significant percentage of the fish purchased in New York City was mislabeled. Among other things, Letitia James found that farmed salmon samples were sold as "wild" 27 percent of the time, 87 percent of lemon sole was mislabeled, and 67 percent of red snapper fillets were mislabeled.

"I'm very happy to see law enforcement getting involved," Larry Olmsted, author of "Real Food/Fake Food: Why You Don't Know What You're Eating and What You Can Do about It," told Salon at the time. "Mislabeling is rampant in the seafood industry, and if you can't reliably get the fish you want in a port city like New York, just imagine what levels of fraud are like further inland. This business has had a fraud problem for years and years and the only people tracking it have been public interests groups."

Without regulation, us consumers may spend our lives worrying that the purveyors of succulent fish steaks, flavorful sushi rolls and moist crab cakes may be lying to us. That leaves us with a choice: take an informed risk, or avoid seafood altogether — even if that means, in my case, giving up on delicious Subway tuna hoagies.



# From the President: Stronger Together

July 15, 2021

FROM THE PRESIDENT AND CEO

Bruce Dorris, J.D., CFE, CPA

<https://acfeinsights.squarespace.com/acfe-insights/from-president-stronger-together>

What you do matters. Over the last year, we've seen your impact in powerful and unique ways. In the face of uncertainty, new challenges and evolving risks, you responded quickly and innovatively, reflecting and reimagining at every step. Many of you shifted your teams, your investigations and your anti-fraud programs to a remote approach on a moment's notice. Some of you were challenged to do more with less, and to effectively prevent and detect fraud, even in the face of budget cuts and staff reductions. You found creative ways to move your engagements forward when the usual approaches were not an option.

Whether interviewing witnesses and testifying in court cases on Zoom, or using GoPro cameras and drones to conduct physical inspections remotely, you rose to the challenges before you, and worked to keep your clients and organizations protected from those who wished to take advantage of the situation. You found solutions to assess and respond to a rapidly evolving fraud landscape, from new cyber risks to unemployment and loan fraud, from supply chain issues to challenges in third-party due diligence. In short, you displayed impressive resilience, overcame obstacles, and stepped boldly into the unknown.

The unknown for us here at the ACFE was the shock of an empty parking lot. I still remember looking out from the back porch of our building in downtown Austin, Texas, seeing a deserted office and feeling a heavy weight on my shoulders. In the midst of helping distribute phones to staff and scrambling to settle into what we at first thought would last just a few weeks, we realized it was going to be an uphill climb.

Fifteen months later and we are still climbing. I remember the uncertainty we all felt when we gathered for last year's virtual ACFE Global Fraud Conference. We had questions then about how the pandemic would affect us — our professional responsibilities, our personal lives, our companies and our fraud programs. But we came together, and we learned together.

Over the last year, that has continued. You've shared your observations and learnings, enabling us to compile this information into benchmarking reports, training programs and educational materials for our whole profession. Even during a time of so many questions, with your help, we created resources that gave you the answers you needed to continue your work.

In our latest effort to provide you with the information you need, we've partnered with Grant Thornton to explore the evolving fraud environment. In this benchmarking report titled, "The Next Normal: Preparing for a Post-Pandemic Fraud Landscape," we hope to give you an enlightening picture of both what we've experienced over the last year, and what lies before us as we move forward. The findings in the report emphasize that, even though we've accomplished much over the last year, and even though we are seeing positive shifts in the overall landscape, we cannot let our guard down. We must remain vigilant. The heightened risk of fraud is not going away anytime soon.

You may be asking yourself, “When will this trend plateau?” I know you are tired, and you want to shed the increased efforts the pandemic has required of us all, but we can’t forget that lowering our defenses is exactly what fraudsters want us to do. The reality is that remote work and our increased dependence on technology are here to stay. And both of these shifts come with challenges — and with opportunities. So how do we ensure we are keeping ahead of the emerging risks, while also using these developments to our advantage as fraud fighters? And where do we go from here?

As we collectively explore these questions, the ACFE remains committed to providing you, our members, with the resources you need to adapt to the “next normal” of your anti-fraud work. We’ll continue to offer virtual and hybrid training options on the topics we know you need to do your jobs well.

We’re planning additional benchmarking surveys and reports to give you global, real-time insights into the state of our profession, our shared challenges, and best practices in preventing, detecting and responding to fraud. So please keep an eye out for survey invitations and continue to share your observations with us. Your participation is necessary to make these resources insightful and useful.

We’re also excited to launch a brand-new platform for the CFE Exam. Our new partnership with Prometric, a global leader in exam delivery and security, will provide an enhanced experience for our members who are taking the CFE Exam, including the ability to take the exam either remotely on your own computer or at any of Prometric’s testing centers throughout the world. It will also further extend the security of the exam process to maintain our high standards and ensure the ongoing integrity of the CFE credential.

And, I am excited to share that ACFE.com, the website where you spend time finding the resources you need, managing your CPE and registering for events, is getting a full makeover. We’ve rethought every page, link, photo and sentence on the site to make it as user-friendly and helpful as possible.

I know this site, along with the other initiatives we have undertaken, will give us even more tools and reasons to stay connected in our fight against fraud.

Connected. That word may have a new meaning to many of us after this past year. I, for one, know that what we used to think of as connection looks a little different these days. We have all worked to stay connected — virtually — across borders and time zones. The challenges and events of the last year have shown how, now more than ever, we must intentionally foster the communities that we belong to.

The ACFE is made up of nearly 90,000 individuals of all races, genders, religions, cultural backgrounds and individual identities — each with their own personal experiences, perspectives and contributions. And we are undoubtedly stronger because of our diversity. Fostering a truly global and inclusive community means we must intentionally recognize and celebrate our differences. It also means we must not shy away from having meaningful — and often difficult—conversations around race, diversity and equitability in the anti-fraud field. We must listen to and learn from the experiences of others — particularly those who have felt the impact of discrimination and those who have been doing the work to counter prejudice and

intolerance.

We at the ACFE are committed to being part of the solution. As part of our efforts and commitment toward change, we have hosted a series of webinars and provided a library of resources for our members focused on topics related to diversity, equity, inclusion and belonging. The increased focus on these topics also reflects a greater shift in what organizations — and the individuals who make them up — are being called to do. Recent calls for increased transparency and responsibility for environmental, social and governance issues show how stakeholder expectations are moving from a primary focus on the bottom line to a broader focus on how the bottom line is achieved.

Employees are increasingly looking to work for companies that are committed to good governance practices, environmental sustainability and social responsibility. And we, the anti-fraud profession, have a crucial part to play in this evolving mandate. We must think globally and recognize how we can support our organizations in these areas of focus, including how our roles as fraud fighters and fact-finders have shifted.

We are the guardians of not only our organizations’ finances and resources, but also their reputations, the cultures they cultivate, and the integrity with which they carry out their business. We are the experts on how the menace of fraud threatens organizations’ ability to meet all of these objectives — and we recognize how meeting these objectives can, in turn, strengthen our anti-fraud programs. We know the importance of displaying empathy and unwavering ethics, as we work to influence individuals and organizations to not just do well, but to do what is right. As our roles evolve and expand, we remain steadfast in our mission to protect against those who would use dishonesty and corruption to get ahead.

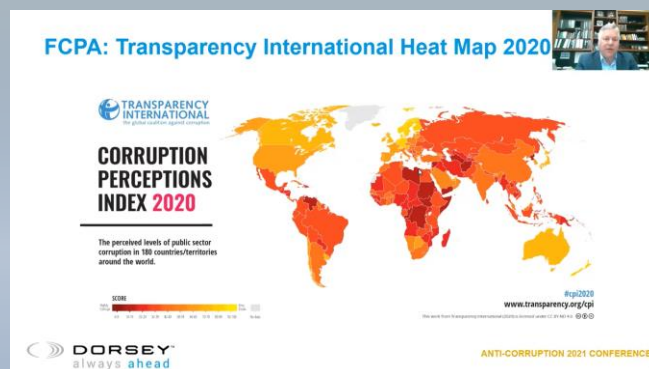
As we look out at what’s to come, we know we have much to build on. Our collective experiences continue to strengthen our overall profession. And so we thank you, our members and attendees, for the support you provide to your organizations and to each other, and for the trust you place in the ACFE, to provide you with the resources and networking you need to break through and keep growing. We gratefully recognize that none of us is in this fight against fraud alone.

We are, indeed, stronger together.

## Video of the Month

[Important Developments in Fraud, Corruption, and Enforcement, 2020-Present - YouTube](#)

**Dorsey & Whitney LLP**  
**Anti-Corruption 2021 Conference**





## SEC Removes PCAOB Chairman Duhnke, Seeks to Fill All Board Member Positions

June 7, 2021

Soyoung Ho Senior Editor, Accounting and Compliance Alert

<https://tax.thomsonreuters.com/news/sec-removes-pcaob-chairman-duhnke-seeks-to-fill-all-board-member-positions/>

The SEC said that William Duhnke was “removed” as chairman of the audit regulatory board—the PCAOB, effective June 4, 2021. Board member Duane DesParte was designated to serve as acting chair, also effective June 4.

In addition, the commission is seeking to replace and fill all five seats. One seat has been vacant since late January when Jay Brown stepped down as his wife, SEC Commissioner Allison Herren, became acting chair and served in that capacity until Gary Gensler was sworn in as permanent chair on April 19.

The commission oversees the PCAOB. This includes appointments and removal of board members and approval of the PCAOB’s annual budget and audit standard changes.

The coming wholesale change at the board follows heavy lobbying by progressive groups and senators who asked the SEC to replace all board members for a fresh start. They took particular aim at Duhnke, a former staffer to Republican Senator Richard Shelby, for bringing an industry-friendly approach to supervising auditing firms when the PCAOB’s sole mission is to protect investors and further the public interest in the preparation of informative, accurate, and independent audit reports.

Former PCAOB member Brown late into his tenure had also been critical of the board, saying that it had been ignoring investor views even as it pursued agenda that favored the auditing profession. Moreover, progressive groups told the SEC that the PCAOB has four Republican appointees with no Democrats.

“The SEC’s duty is not to satisfy partisan critics,” the groups told the SEC in mid-May. “It is to safeguard investors from fraud and preserve the security of the financial system. The longer Duhnke and his cohorts remain in control of the PCAOB, the greater danger investors face, due to his deliberate inaction.” (See Progressives to SEC Chair Gensler: Fire all Members of Audit Regulatory Board in the May 20, 2021, edition of Accounting & Compliance Alert.)

“The PCAOB has an opportunity to live up to Congress’s vision in the Sarbanes-Oxley Act,” SEC Chair Gensler said in a statement. “I look forward to working with my fellow commissioners, Acting Chair DesParte, and the staff of the PCAOB to set it on a path to better protect investors by ensuring that public company audits are informative, accurate, and independent.”

### Dissent

However, in a joint statement, SEC Commissioners Hester Peirce and Elad Roisman, who voted against removing Duhnke and replace all board members, said they have serious

concerns about the hasty decision.

“Although the Commission has the authority to remove PCAOB members from their posts without cause, in all of our actions, we should act with fair process, fully-informed deliberation, and equanimity, none of which characterized the Commission’s actions here,” Peirce and Roisman said. “Instead the Commission has proceeded in an unprecedented manner that is unmoored from any practical standard that could be meaningfully applied in the future.... These actions set a troubling precedent for the Commission’s ongoing oversight of the PCAOB and for the appointment process, including with respect to attracting well-qualified people who want to serve. A future in which PCAOB members are replaced with every change in administration would run counter to the Sarbanes Oxley Act’s establishment of staggered terms for Board members, inject instability at the PCAOB, and undermine the PCAOB’s important mission by suggesting that it is subject to the vicissitudes of politics.”

### **Jay Clayton Started Precedent**

But this will be the second time that the SEC will choose an entirely new board members. Jay Clayton, when he headed up the SEC, shattered previous norms and replaced all at the end of 2017. Before Clayton took the helm of the SEC, it was almost a given that board members would serve two terms, or at least serve out the remainder of a term.

Clayton’s initial picks for the board had three who were industry-leaning while two were more investor protection-oriented. When investor-leaning Kathleen Hamm’s term was up for renewal, she was given the boot in favor of Trump’s White House staffer Rebekah Goshorn Jurata. Then when former PricewaterhouseCoopers LLP partner James Kaiser said he did not want to seek a second-term, PCAOB Chief Auditor Megan Zietsman, previously a partner with Deloitte & Touche LLP, was elevated to be a member. Duhnke had hired her to run the audit rulemaking division.

DesParte was previously a corporate controller, and Brown was a law professor at the University of Denver before joining the PCAOB.

The SEC’s Office of the Chief Accountant will begin the process to solicit applications for the five seats, and additional information will be provided in the coming weeks.

The SEC appoints the five board members for five-year terms, which can be renewed once. The chair cannot be a practicing certified public accountant (CPA), and no more than two board members can be a CPA. This is to mitigate conflicts of interest under the Sarbanes-Oxley Act of 2002, which established the PCAOB to supervise accounting firms that audit publicly listed companies in order to prevent accounting scandals that toppled Enron and WorldCom and cost investors an estimated \$85 billion two decades ago.

## **Quote of the Month**

**"Together we can face any challenges as deep as the ocean and as high as the sky."**

- Sonia Gandhi

Indian politician; current President of the Indian National Congress