



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

A Note on ACFE Leadership Changes from John Gill, J.D., CFE:

"Today brings both sadness and joy as the Association of Certified Fraud Examiners bids farewell to outgoing President and CEO Bruce Dorris, who leaves the ACFE to take some time for himself and his family before beginning the next chapter of his career..."

"It is my pleasure to announce that John Warren, J.D., CFE, is the ACFE's new Chief Executive Officer. John formerly served as the ACFE's Chief Strategy Officer, is a co-author of the ACFE's Report to the Nations, serves as an advisor of the ACFE Research Institute, sits on the Board of Directors of the ACFE Foundation and remains an advisory member of the ACFE Board of Regents..."

"If we have not had the pleasure of meeting, I am John Gill, and I am honored to be the new President of the ACFE. While I most recently served as the Chief Training Officer, I began my career at the ACFE in 1995 as its first general counsel before transitioning into the research department. Teaching classes all over the U.S. and around the world, many of them alongside Bruce, built a strong sense of dedication to the ACFE and members like you."

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Fraud Talk Podcast

The Missing Pieces of the U.K. Fraud Puzzle - Fraud Talk - Episode 133

In Episode 133 of Fraud Talk, Editor in Chief of Fraud Magazine Paul Kilby speaks with Kathryn Westmore, the Senior Research Fellow for the Center for Financial Crime and Security Studies at the Royal United Services Institute, a military and defense think tank in the U.K. Kathryn discusses the increase in fraud in the U.K., government initiatives and the balance between data sharing and data privacy.

<https://acfe.podbean.com/e/the-missing-pieces-of-the-uk-fraud-puzzle-kathryn-westmore-fraud-talk-episode-133mp3/>

UPCOMING EVENTS

LOCAL:

ACFE Southwest Ohio Chapter presents Economic Espionage

In-Person/Virtual

September 8, 2023

12:00 – 1:00pm

Learn more: <https://swohacfe.org/event-5352922>



NATIONAL:

ACFE Fraud Risk Management

Virtual Seminar

September 12-14, 2023 (early registration ends August 14th)

Learn more: [Event Details \(acfe.com\)](https://www.acfe.com/Events/Details.aspx?EventID=5352922)

ACFE Money Laundering Schemes Workshop

Virtual Seminar

October 16-19, 2023 (early registration ends September 15th)

Learn more: [Event Details \(acfe.com\)](https://www.acfe.com/Events/Details.aspx?EventID=5352922)

ACFE Fighting Fraud in the Government

Online Self-Study

On Demand (20 Hours of CPE and fulfills ethics requirements)

Learn more: [Product Detail Page \(acfe.com\)](https://www.acfe.com/Products/Details.aspx?ProductID=5352922)

Help me create your newsletter! If you have an event that you would like posted or if you wish to share an article, please contact Jennifer Ostwald at jenny1661@hotmail.com



The Evolution of Check Fraud

July 18, 2023

Rihonna Scoggins

<https://www.acfeinsights.com/acfe-insights/2023/7/6/the-evolution-of-check-fraud>

Around two millennia ago, human civilizations began employing financial mechanisms akin to today's checks. Such tools included the prescriptions of Ancient Rome, the Adeshas of Ancient India and the letters of credit utilized by Ancient Persians. To circumvent the issues of carrying bulky coin pouches and potential theft, Arab merchants devised the sakk, a paper instrument that facilitated the deposit of money in a bank in one country and its withdrawal in another.

During the 16th century, cashiers in the Dutch Republic began accepting deposits for a charge and disbursed funds to anyone bearing a note from the depositor. This system expanded across Europe over the ensuing centuries. However, due to all notes being manually inscribed, fraudulent activities were prevalent in the forms of forgery, theft and counterfeiting. This situation was so problematic that many regions prohibited this modern mode of payment. This was later circumvented by the use of unique check paper by financial institutions.

As criminals identified and exploited the system's flaws, the sophistication of check fraud only increased.

As fast as a speeding...horse?

In 1762, British banker Lawrence Childs pioneered the use of the first printed checks to navigate the issue of forgery and counterfeiting. This inadvertently created opportunities for new forms of check fraud such as check floating, also known as 'check kiting', paperhanging and chemical alternation. In instances of check floating, fraudsters would take advantage of the "floating period," the time between when a check is tendered and when the money is collected by the receiver from the financial institution, using a bad check which will not be cashed as the checking account does not have sufficient funds to cover the payment. At this point in history, the float period was substantially longer as communication between financial institutions was limited by our methods of travel, no faster than a speeding horse.

Checks on acid

From the late 1700s to the present, acid has been a societal issue, but not that kind of acid. With the invention of printed checks, scammers would use the chemicals they had on hand, like common household cleaners, to chemically alter checks, "washing" them to remove and then change the payable information. This issue has remained a rampant problem and still has no solution to date; in fact, it is estimated that check washing costs individuals, businesses and financial institutions more than \$815 million in losses per year. Banks have instituted the use of high security checks to deter fraudsters and it is recommended businesses use a security pen, which has ink that is not dissolvable by the common chemicals used in check washing. However, these are added costs and even if used, they are negated by mobile check depositing.

The creation of MICR

In the mid-20th century, banks recognized the need for a more secure and efficient system to process checks and combat fraud. This led to the development of Magnetic Ink Character Recognition (MICR) technology, which significantly reduced check fraud and enhanced efficiency in check processing. MICR, pioneered by Stanford Research Institute and General Electric Computer Laboratory in the 1950s, uses special ink that can be read by machines, encoding vital information like the bank's routing number and the account holder's account number on the check.

The implementation of MICR technology streamlined the check clearing process, making it faster and more accurate, while also providing an additional layer of security against counterfeiting and forgery. The unique magnetic properties of the ink made it difficult to alter or replicate the printed characters, thereby reducing the prevalence of check washing and other forms of chemical alteration.

Check fraud today

Modern day check fraud involves several common methods. Check kiting, or 'floating checks', still persists. Paperhanging is another prevalent type, where checks are written on closed accounts. Check washing, counterfeiting and forgery, often using sophisticated printing technology, are common, and finally, there's identity theft, where a criminal impersonates the account holder, often obtaining the account holder's checks or even creating counterfeit checks with the victim's account information. Cybersecurity is becoming an increasingly important issue with online banking and digital checks, where hackers can potentially gain access to sensitive information and perform fraudulent activities. Despite all of the advancements in security measures in our modern era and through the long history of check fraud, the creativity and sophistication of fraudsters continue to pose significant challenges.

Video of the Month

[Better Business Bureau warns about check fraud and check washing - YouTube](#)

Lane Montz, president and CEO of the Better Business Bureau, talks about check washing and check fraud, which are growing problems in our area!





Summer Word Scramble Puzzle

1. NCBCAIGKKPA

2. ALAELSBB

3. ABIOGNT

4. NBIK

5. MNIAGPC

6. LOREFSW

7. EIC RAMEC

8. CANEO

9. IICCPN

10. LRXAE

11. USN

12. ETAH

13. OTH

14. AADSLSN

15. MISW

16. ELVART

17. CIONTA AV

18. TERMWAONEL



Where in the World?

Logic Puzzle



Five college friends start talking about where they were born. It turns out that all of them were born into military families. Figure out who was born where and to what branch of the military.

- Both Josh and the person with the last name of Vale have never been to Europe.
- The Howard and Gibson families dislike each other because one is Air Force and the other is Army.
- Anna Weaver was born in England and her family weren't Marines.
- The person born in Florida was the child of a Coast Guard.
- The Howards always start their children's name with a J.
- Melony Gibson is from Germany and plans to follow her father's steps in the Army.
- Joy's first and last name have the same number of letters, and the first letter of her last name is shared with her birth place.

		Last Name	Birth Place	Branch
First Name	Josh			
	Melony			
	Harris			
	Joy			
	Anna			
Branch	Air Force			
	Army			
	Coastguard			
	Marines			
	Navy			
Birth Place	Japan			
	Germany			
	Florida			
	Brazil			
	England			

	Last Name	Birth Place	Branch
Josh			
Melony			
Harris			
Joy			
Anna			

Play This Logic Puzzle
ahapuzzles.com/x/lp/49



Protecting The Disabled Community From Fraud

July 24, 2023

Rihonna Scoggins

<https://www.acfeinsights.com/acfe-insights/2023/7/24/protecting-the-disabled-community-from-fraud>

As we commemorate the anniversary of the Americans with Disabilities Act (ADA), it's crucial to reflect on the progress we've made and the challenges that still lie ahead. One such challenge is the prevalence of fraud schemes that disproportionately affect the disabled community.

Understanding the Threat

Fraud schemes targeting the disabled community are unfortunately widespread and diverse. They range from identity theft, financial scams, healthcare fraud to disability benefits fraud. These schemes often exploit the vulnerabilities of disabled individuals, such as their reliance on assistance programs or their potential isolation from society.

Identity Theft

Identity theft is a common form of fraud that affects many, but it can be particularly devastating for disabled individuals. Disabled individuals are often targeted because they may rely on caregivers or other third parties to manage their finances. Scammers may steal personal information to apply for credit, file taxes or even get medical services. The Federal Trade Commission provides resources on how to protect against identity theft and what to do if you become a victim.

Financial Scams

Financial scams often involve tricking disabled individuals into giving away their money or personal information. These scams can take many forms, including lottery scams, romance scams or investment scams. The scammers often prey on the victim's trust and goodwill and take advantage of their financial situations.

Healthcare and Disability Benefits Fraud

Healthcare fraud involves the misuse of the healthcare system for financial gain. This can include billing for services not provided, misrepresenting non-covered treatments as necessary medical procedures or prescribing unnecessary medications. Disability benefits fraud involves individuals or organizations falsely claiming disability benefits. It can also involve service providers overcharging for their services or providing unnecessary services to increase their profits.

Your Role as a Certified Fraud Examiner (CFE)

As a CFE, you are at the forefront of the battle against fraud schemes that target the disabled community. Your training and expertise in detecting, preventing and investigating fraudulent activities are invaluable. Here's how you can make a difference:

Detection and Investigation

A CFE can play a crucial role in investigating potential disability fraud, thereby safeguarding the resources for the disabled community. You can collaborate with government agencies overseeing disability benefits, work with insurance companies offering disability insurance or even operate as a private consultant for individuals and organizations.

Prevention

Your role doesn't stop at detection and investigation. You also have a significant part to play in preventing fraud from happening in the first place. By helping organizations implement effective anti-fraud controls and educating individuals about common fraud schemes, you can help them avoid becoming victims.

Advocacy

As a CFE, you are also an advocate for the rights of fraud victims. You can assist victims in reporting the fraud to the appropriate authorities and guide them through the process of recovering their losses. Your support can make a significant difference in their journey towards justice and recovery.

Here are some organizations that work to help the disabled community:

Special Needs Alliance

Public Interest Law Center

Disability Rights Fund

Remember, your role as a CFE is not just a profession—it's a commitment to protect the most vulnerable members of our society from exploitation. As we commemorate the anniversary of the ADA, let's reaffirm this commitment and continue our fight against fraud.



Quote of the Month

“It’s an incredible feeling that I am now part of an organization that does so much to right so many wrongs in the financial industry, in government, in terms of fraud and corruption.”

— Bruce Dorris, upon his appointment as new CEO and president of the Association of Certified Fraud Examiners in 2018