



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Blind Spots

I recently read a fascinating book on how the brain works; *Incognito* by David Eagleman. In the book, Eagleman discusses blind spots (see a fun test below).

We all have blind spots, what/where are yours? As Certified Fraud Examiners, we aim to approach each investigation with an open mind and understand the story told by the evidence. I was recently examining banking records in a complex case. I took a break and asked the all-important question: what's missing?

Blind spots exist for investigators and fraud prevention experts alike. What holes are not covered by the policies and procedures currently in place?

Fraudsters are always hunting for a blind spot they can exploit. Our protection against these fraudsters is education and a willingness to not only admit the blind spots to ourselves, but to foster the environment that allows superiors, equals, and subordinates to point out blind spots and flaws without repercussion.

I'm not big on New Year's resolutions, but if I were to make one for 2022, it would be to acknowledge and address my own blind spots.

Wishing you all joyful holiday celebrations from the LACFE!

In This Issue

Blind Spots

Fraud Talk Podcast – Understanding the Art and “Science” of the Theranos Saga

Upcoming Events

Extreme couponers were sent to prison in \$31.8 million fraud scheme

Blind Spots Test & Reindeer Games

Fraud Predictions are Alarming, But Together We Can Help Reverse Them



Fraud Talk Podcast

Understanding the Art and “Science” of the Theranos Saga

In this special episode released during International Fraud Awareness Week, Chris Ekimoff, CFE, CPA/CFF, director of financial investigations and dispute services at RSM and co-host of the inSecurities podcast, and Mandy Moody, CFE, ACFE communications manager, discuss the latest and greatest highlights from the trial of former Theranos CEO Elizabeth Holmes. Chris and Mandy provide background and analysis on the many facets of the Theranos tale, review the implications of the previously-settled matter with the SEC in 2017 and discuss common issues with the legal system regarding allegations of fraud.

<https://acfe.podbean.com/e/understanding-the-art-and-science-of-the-theranos-saga-chris-ekimoff-mandy-moody-fraud-talk-episode-114/>

UPCOMING EVENTS

LOCAL:

Michigan Association of Certified Public Accountants

Online – Cognitive Biases for Accountants

Thursday, December 9, 2021

2:00 pm - 4:00 pm

Other dates also available

Learn more: <https://www.micpa.org/cpe/store/course-detail?ProductId=124555>



Michigan Association of Certified Public Accountants

Online – K2's Small Business Internal Controls, Security and Fraud

Thursday, December 16, 2021

9:30 am - 5:00 pm

Learn more: <https://www.micpa.org/cpe/store/course-detail?ProductId=126061>

NATIONAL:

ACFE

Online Seminar - Understanding the Mindset of a Fraudster

January 19-20, 2022 (early registration ends December 20th)

8 Ethics CPE Hours

Learn more: <https://www.acfe.com/events.aspx?evtid=a3Y1Q000003dEpwUAE>

ACFE

Online Seminar - Fraud Risk Management

January 25-27, 2022 (early registration ends December 27th)

Learn more: <https://www.acfe.com/events.aspx?evtid=a3Y1Q000003dEmTUAU>



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

Extreme couponers were sent to prison in \$31.8 million fraud scheme

By Jordan Valinsky, CNN Business

October 26, 2021

https://www.cnn.com/2021/10/25/business/extreme-couponer-sentencing/index.html?mkt_tok=NDEwLUhZTC01NzkAAAGAgtcwclA_dedL1OEhdzXzuoQXSukfgwrC5NF39HZ6q3bqm4eDsvq0GNX5Uvosy5bqmKnSsNv01mVrheqT2SmT_B2qCp0ZX4yZQg27d51ck62C

The FBI is revealing new details about a \$31.8 million counterfeit coupon scheme that landed a Virginia Beach couple in prison for nearly 20 years, combined.

In a press release last week, the agency said that investigators found fake coupons in "every crevice" of the house belonging to Lori Ann Talens and her husband, Pacifico Talens, Jr.. The falsified savings were worth more than \$1 million. They also found designs for coupons for more than 13,000 products on Lori Ann Talens' computer.

"She trained herself in the different techniques she needed to manipulate barcodes to make these coupons work," said Special Agent Shannon Brill in the FBI release. Talens, who is considered the mastermind of the scheme, would create fake coupons with discounts "near or even over" an item's retail value.

Talens didn't use the fraudulent coupons for herself. The FBI said she sold them to subscribers that found her on social media and communicated with them using an encrypted messaging app. Talens was paid more than \$400,000 in digital currencies such as bitcoin and sometimes "exchanged coupons for stolen rolls of the special paper stores use to print out coupons," the agency said.

The three-year scheme was discovered by the Coupon Information Corporation, which received a tip that someone was making and mailing fraudulent coupons. One group of manufacturers said it lost \$125,000 from fake coupons linked to Talens.

In September, Talens was sentenced to 12 years in prison for "perpetrating a counterfeit coupon fraud scheme" that amounted to \$32 million in losses for retailers and manufacturers, according to the Department of Justice. Her husband was sentenced to 7 years in prison because he was aware of and profited from the scheme.

The couple was accused of using the money for high-end home renovations, including building a new pool and remodeling their kitchen. Talens said in a statement obtained by the New York Times that she was "deeply ashamed and embarrassed" by her actions.

Blind Spots Test

Excerpts taken from www.healthise.com

A blind spot, scotoma, is an obscuration of the visual field. A particular blind spot known as the physiological blind spot, “blind point”, or punctum caecum in medical literature, is the place in the visual field that corresponds to the lack of light-detecting photoreceptor cells on the optic disc of the retina where the optic nerve passes through the optic disc. Because there are no cells to detect light on the optic disc, the corresponding part of the field of vision is invisible.

A process in our brains interpolates the blind spot based on surrounding detail and information from the other eye, so we do not normally perceive the blind spot.

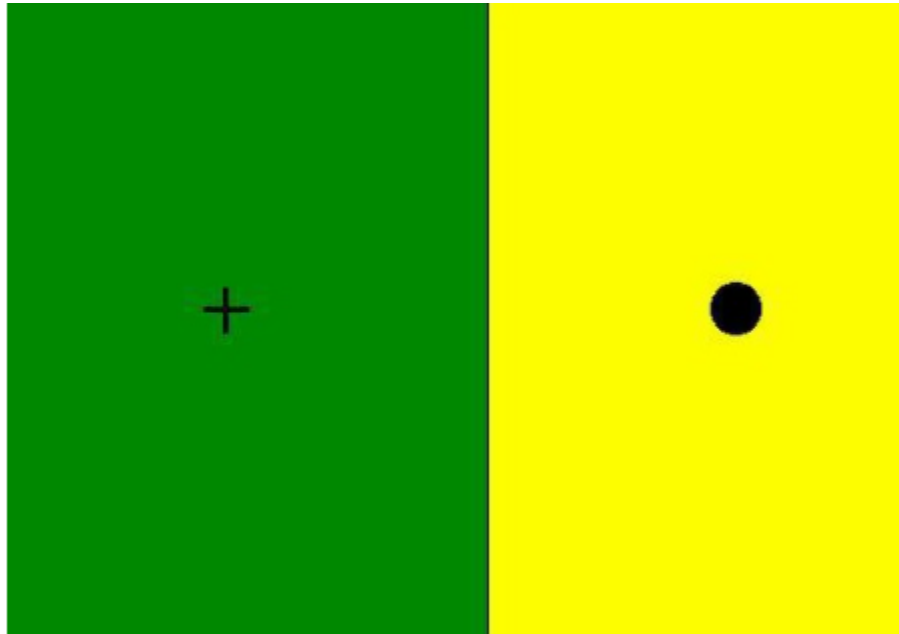
Sit at your computer with your nose pointing in between the cross and the black circle. Cover your LEFT eye and stare at the cross with your RIGHT eye. Now SLOWLY move towards the computer screen while still staring at the cross with your RIGHT eye.



At somewhere around 10-14 inches from the computer screen, the black circle will disappear and the area where the black circle was will now be all white – this is your BLIND SPOT. If you move closer to the screen or farther away, the circle will re-appear. At just the right distance, the circle will disappear.

Now try the OTHER eye...but this time cover your RIGHT eye and look at the CIRCLE with your LEFT eye.....move closer and you will see that the CROSS now disappears!

Your eye has an inner lining which is made of a sheet of nerves. This sheet of nerves is responsible for your vision and what you see and it is called the RETINA. There is a “hole” in the sheet where the Optic Nerve enters the eye. This area is called the Optic Nerve Head. Photoreceptors are cells in the retina that detect light and allow you to perceive “vision”. On the optic nerve head there are NO photoreceptors. Thus, there is no light or vision detected at this spot in the retina. This is your “Blind Spot”. Every eye has a blind spot.



Now try it AGAIN with the above green and yellow graphic....but this time you will notice that when you move to just the right distance, the circle will disappear and your brain will fill in your blind spot WITH YELLOW when you are looking with your right eye (left eye covered)....and your brain will fill in your blind spot WITH GREEN when you are looking with your left eye (right eye covered)!

Your brain automatically matches the surrounding colors when it “fills in” visual information for you.

Video of the Month

[Fraud Busting: Blind Spots with Kevin McCarthy and Traci Brown - YouTube](#)

Kevin McCarthy visits Fraud Busting. He unknowingly participated in a years-long stock fraud scheme and ended up in jail for it. Looking back he knows he rationalized away the red flags that said big trouble was coming. He had massive blind spots and developed a system so you can find yours too.



Reindeer Games

Christmas Challenge

Find the words in the list hidden in the puzzle grid below.

- ADVENT
- BABY
- BAKE
- BELLS
- BOW
- CANDLE
- CANDY
- CARDS
- CAROL
- CELEBRATION
- CHARITY
- CHESTNUTS
- CHIMNEY
- CHOCOLATE
- CHRISTMAS
- CINNAMON
- COOKIES
- DECEMBER
- DECORATE
- ELF
- FAMILY
- FIREPLACE
- FRIENDS
- FRUITCAKE
- GIFT BASKET
- GIFTS
- GINGERBREAD
- GOLD
- GREEN
- HAPPY
- HELPER
- HOLIDAY
- HOLLY
- ICICLES
- IVY
- JESUS
- JINGLE

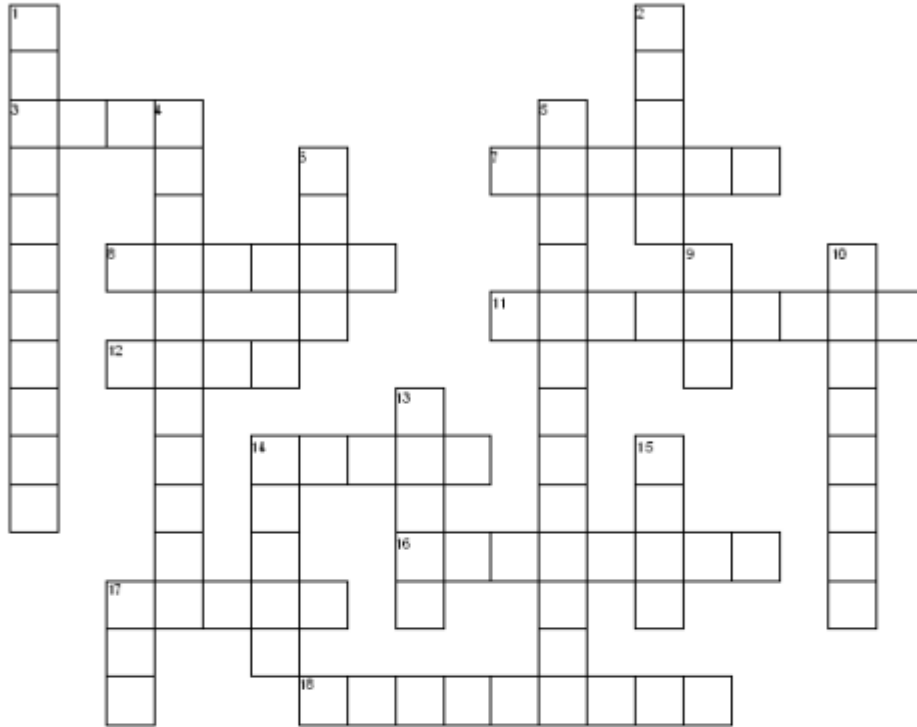
C S
W L U A
R Y R I R L
E L I G H T S E
A I Y R E P L E H A
T G N U T C R A C K E R
H L N I F S E R X C A N D Y
F A M I L Y T W E E C B O W F S
T Z U R K M N A R S R I H C D D N P
H G E E C E R R S B N T D R H O L V
J K L O J Q E J E C O C L I Y D
S A T F B F E A L I W T O S
L H T S J P H N D N C A F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

- JOSEPH
- LETTER
- LIGHTS
- MANGER
- MARY
- MERRY
- MISTLETOE
- NATIVITY
- NAUGHT
- NICE
- NORTH POLE
- NUTCRACKER
- ORNAMENTS
- PACKAGE
- PRESENT
- REINDEER
- RELATIVES
- RIBBON
- RUDOLPH
- SALE
- SANTA
- SHEPHERD
- SHOPPING
- SILVER
- SLEIGH
- SNOWFLAKE
- STAR
- STOCKING
- TINSEL
- TOY SOLDIER
- TREE
- TRIM
- WINTER
- WISEMEN
- WONDERLAND
- WRAPPING PAPER
- WREATH

A Riddle:

I was known to Greek philosophers a thousand years ago, I have numbers all in a line, and I can tell you if rain will turn to snow. What am I?

WINTER WEATHER



ACROSS

- 3. The process by which snow or ice changes to water.
- 7. A period of very cold winter weather that damages plants.
- 8. Intensely cold temperature.



- 11. The temperature felt by the human body when wind makes it feel colder than the actual temperature.
- 12. Mildly cold feeling.
- 14. Bright with sunshine.
- 16. Snowfall that is so heavy one can see little or nothing on the horizon.
- 17. Ice crystals on a frozen surface; "Old Jack _____."
- 18. A large mass of snow that slides down a mountain.

DOWN

- 1. A standardized measure of how hot or cold it is outside.
- 2. Rain that freezes as it falls.

- 4. A tool used to measure the temperature.
- 5. Water that falls to the earth in the form of rain, hail, mist, sleet, or snow.
- 6. Pieces of ice falling from the sky.
- 9. A solid form of frozen water.
- 10. A storm with heavy snow, strong winds, and severe cold.
- 13. Covered with snow.
- 14. A mixture of snow and water.
- 15. Precipitation in the form of small white ice crystals that form inside clouds.
- 17. Thick water vapor that makes it hard to see.

Fraud Predictions are Alarming, But Together We Can Help Reverse Them

By Martina King
CEO, Featurespace
November 18, 2021

<https://acfeinsights.squarespace.com/acfe-insights/2021/11/17/fraud-predictions-are-alarming-but-together-we-can-help-reverse-them>

Fraud is nothing new. In fact, fraud has been with us from as far back as 300 B.C. when Hegestratos, a Greek sea merchant tried to sink his empty ship and claim back the nonexistent cargo of corn. Unlike many fraudsters however, Hegestratos' plan backfired, and he came to a watery end.

Today things are very different. In our increasingly digital world, sophisticated criminal activity is taking advantage of individual and organizational vulnerabilities on an industrial scale. In the ACFE and Grant Thornton's latest report, *The Next Normal: Preparing for a Post-Pandemic Fraud Landscape*, 51% of organizations have uncovered more fraud since the onset of the pandemic and 71% of respondents expect payment fraud to increase in the next year. Weaknesses in our global financial infrastructure and a lack of fraud consciousness are generating huge personal and institutional losses.

The outlook is not bright

Banking industry lobby group U.K. Finance recently declared that fraud in the U.K. has become "a national security threat." In the first half of 2021, more than 750 million pounds was stolen through fraud in the U.K. — that's the same amount of money the U.K.'s Chancellor of the Exchequer granted to charities to help them recover from the pandemic. Perhaps that's why the U.K. has been branded the "bank scam capital of the world."

The rest of the world is experiencing similar increases in fraud. In the last year, Americans have lost nearly \$30 billion to phone scams alone. In Singapore, nearly nine in ten merchants lost revenue due to payment fraud causing far reaching consequences to their businesses. In a report from FIS and Forrester, synthetic identity fraud and account takeover fraud were ranked top in causing operational losses.

In the December 2020 Nilson report, they estimate that by 2025, total payment card volume worldwide is projected to be \$56.182 trillion, with gross card fraud globally expected to be \$35.31 billion. More than ever before, all organizations — especially those that deal with payments and transactions — need to be proactive in their fight against fraud.

But...it's not all bad

One of the most resource-efficient ways to prevent fraud is to simply raise awareness of it. The ACFE's 2020 Report to the Nations showed that fraud training for employees, or even just having a stated anti-fraud policy, reduced fraud losses by 38% and 33%, respectively, compared to organizations that did not have those controls. And luckily fraud awareness is on the rise through great initiatives like International Fraud Awareness Week.

While one organization raising fraud awareness still helps, it makes a larger impact when many organizations and individuals band together to educate others about fraud — and Fraud Week is the perfect opportunity to do so. As the world leader in fraud and money laundering prevention technology, Featurespace thought it essential to join forces with the ACFE and the hundreds of other fraud fighting heroes around the world to raise awareness of fraud and help reduce its impact.

What we're doing and how you can help

Anti-fraud messages are often most effective when you can show others the impact it has on organizations and individuals. To help raise awareness and protect more people from fraud, we have shared a series of stories, case studies and expert views during Fraud Week to help others understand different types of fraud — as well as offer advice and solutions.

But we can't do this alone — we also want to hear from you and help share your ideas and stories so we can collectively raise awareness of fraud. IFAW@featurespace.com is a dedicated email address for you to share any whitepapers, articles and views that might help improve fraud awareness. We'll share the best of these on our channels during the week.

So during this Fraud Week, we encourage you to raise fraud awareness in any way you can so together we can help protect society from fraud.

Quote of the Month

“There are three stages of man: he believes in Santa Claus; he does not believe in Santa Claus; he is Santa Claus.”