

Greater Pittsburgh



www.acfe-pgh.org

The Greater Pittsburgh Area Chapter (GPAC) of the Association of Certified Fraud Examiners Newsletter. This newsletter is sent to members of the Greater Pittsburgh Area Chapter to keep them informed of events and happenings related to the Chapter.

Assistant District Attorney Lawrence Claus

The speaker for the October meeting was Allegheny County Assistant District Attorney Lawrence Claus.

Mr. Klaus began by introducing Kevin Flanagan, who is a newly appointed forensic accountant in the new white collar crime unit located in Dormont. The goal of the new unit is to handle white collar paper intensive investigations previously not handled by Allegheny County. Mr. Klaus indicated the ultimate goal is to have 5 forensic accounting type investigators. Mr. Klaus indicated Mr. Flanagan previously worked out of the Allegheny County controller's office, where he performed audits, monitored conflict of interest and performed sub-recipient work.

Mr. Klaus indicated that tips would come in from local police for investigation. Mr. Klaus indicated that the new unit was looking to establish relationships with banks and insurance companies.

Mr. Klaus said the new unit would be providing training to local police officers related to white collar crimes. Mr. Klaus went on to discuss some example cases that his office had previously worked on including the Stadium Authority, where over eighteen months, an individual stole over \$155,000.

Mr. Klaus also discussed the situation in Oakland where a financial advisor stole money from the family that owned the Amore restaurant. Mr. Flanagan briefly discussed some of the areas that he hopes to concentrate on in his new role.

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Don't Forget to Register for the Joint CFE/IIA Seminar!

November 13, 2006
8:00 am – 5:00 pm
All Day Program
8 CPE credits
Pittsburgh CFE Chapter Members only \$139.00
Non-members \$159.00

To register contact:
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Evening Event on October 25, 2006 with speaker Barry Webne

On October 25, Barry Webne, a convicted white-collar criminal presented an evening seminar to the chapter. After an hour of cocktails and networking, members were able to hear the intriguing story of how Mr. Webne defrauded his employer in Ohio out of over \$1,000,000, through a payroll scheme.

Mr. Webne's crimes were discovered by his employer and he was prosecuted by his employer. In 1995, he was charged with Bank Fraud for embezzling from his employer. He received a 30-month sentence in Federal prison.

To complete his 30-month federal prison sentence, he was referred to the Federal Bureau of Prison's 6-month "boot camp" program at the Intensive Confinement Center (ICC) in Lewisburg, Pennsylvania.

Mr. Webne gave a candid view of serving time in a boot camp and the impact on his family and personal life of after being convicted of this crime. In giving advice to the attendees on identifying individuals that may be predisposed to committing fraud, there were several traits that Webne said to look for. These include the following:

1. Superficial or fake
2. Ego-centric
3. Shallow Emotions
4. Impulsive
5. Need for excitement
6. Lack of responsibility
7. Anti-social (above or beyond the rules/law)
8. Always pleasing

A fraud examiner should perhaps pay extra attention to an individual displaying these traits in the workplace.

After he had completed his presentation, a lively question and answer period followed where members and non-members had an opportunity to probe into the mindset of a white-collar criminal.

All told, it was an insightful and thought provoking evening. We hope to continue having evening programs and networking events, in addition to our lunchtime sessions. Thanks to all of those that made this event such a great success.

Chapter Events

Fall has really brought the Chapter to life and it is better than ever!!!!

Look at all the great activities taking place over the next few months:

Date	Meeting Type	Speaker(s)	Location
November 8, 2006 12:00 – 1:00 pm	Lunch Program	Ray Muth Bank Fraud	Tambelini's 7 th Street Downtown Pittsburgh
November 13, 2006 8:00 am – 5:00 pm All Day Program 8 CPE credits Pgh Chapter member \$139, non-members \$159	CFE/IIA Joint Training Seminar	George Farragher Michael Petron Patrick Kuhse Jeff Brend	Pittsburgh Rivers Club One Oxford Centre 301 Grant Street Pittsburgh PA 15219
December 13, 2006 12:00 – 1:30 pm	Lunch Program	Allegheny District Attorney Stephen Zapalla	To be announced

Calendar of Upcoming Events

November 8, 2006

Ray Muth, CPA, CISA, CISSP, CITP
Bank Logic,Net, CPA's & Consultants
Electronic Bank Fraud and Social Engineering

November 13, 2006 **Join CFE/IIA All-Day Program**

Pgh Chapter Members \$139 for 8 hours of CPE
Non-Chapter Members \$159
Speakers include:
George Farragher, CPA, CFE
Michael Petron
Patrick Kuhse
Jeff Brend, CPA/ABV, ASA, JD

The fee will also include breakfast, lunch, drinks, and a snack for each participant.

Web Site for the Investigator:

United States Geological Survey Website.

<http://www.usgs.gov/>

An unbiased, multi-disciplinary science organization that focuses on biology, geography, geology, geospatial information, and water, dedicated to the timely, relevant, and impartial study of the landscape, our natural resources, and the natural hazards that threaten us.

The website includes catalogs, maps and collections of data locations within the United States. A wealth of information is available at this website, and at sites associated with this website.

December 13, 2006

Allegheny County District Attorney Stephen Zapalla

November Speaker Ray Mitch, Bank Logic: Electronic Bank Fraud and Bank Social Engineering

Raymond E. Muth, CPA, CISA, CISSP, CITP is President of BankLogic.Net, CPA's & Consultants. BankLogic primarily specializes in community bank IT audits and IT security assessment services.

Ray is highly regarded in banking IT circles for his innovativeness and understanding of bank operations, particularly networking and Internet technologies. Among his noted accomplishments, he introduced the first Internet banking application and got approval for the first array of e-commerce offerings for community banks. His specialty in open source (Linux-based) systems has helped deliver cost-effective security solutions for many banks, thrifts and co-sourcing firms.

Ray has been in community banking for 20 years serving 6 years as a Director and Executive Vice President. He received his BS and MBA from the University of Dayton. He is a graduate of the ABAs Stonier Graduate School of Banking. He has been an instructor for ABAs Stonier School as well as various state School of Banking Associations. He has been a speaker for BAI, the IBAA, the New York Bankers Association and the Minnesota Bankers Association. He has also been a contributing author for a number of banking publications including PACB's Transactions Magazine.

Please join us for this interesting and relevant presentation.

Time to Renew Your Membership

The Chapter is in the process of issuing Membership Renewals. Membership options include one-year and two-year rates, as well as a student rate.

The Association of Certified Fraud Examiners gives you the following opportunities:

- Extensive Networking
- Industry Specific Knowledge
- Quality Education

Chapter Membership rates are as follows:

	One Year	Two Years
CFE	\$40.00	\$64.00
Non-CFE	\$50.00	\$80.00
Student	\$15.00	

If you need a membership form, please contact Kelvin Pier at kpier@piersolutions.com or Craig Workman at craig.workman@hminsurancegroup.com.

Fraud Fact: Off-Shore Trusts

The set up of off-shore trusts caters to the desire to avoid taxes. For a fee, the company purports to be able to create an offshore trust to which taxpayers can transfer their assets. Since the trust is not within the U.S., the logic goes, the assets are not subject to taxation.

Naturally, the logic is faulty and for several reasons. First, if the taxpayer derives use from the funds in the trust, according to law those funds are considered taxable income, and the person may be prosecuted for tax evasion. Some operators simply take consumers' money and disappear. Some convince consumers to place their assets in a trust, naming the operator as beneficiary; once validated, the consumer no longer controls his own assets.

Encyclopedia of Fraud

The Greater Pittsburgh Chapter Library

Title	Status
2003 Edition of the Encyclopedia of Fraud (cd)	In
2003 Edition of the Fraud Examiners Manual (cd)	In
Auditing Accounts Receivable for Fraud	In
Conducting Internal Investigations	Out
Contract and Procurement Fraud (CD Rom)	In
Cooking the Books – Video/workbook	In
Fraud Related Internal Controls	Out
How Fraud Hurts You and Your Organization (cd)	In
Interviewing and Interrogation (book by Don Rabon)	In
Investigating Fraudulent Financial Transactions (2 CD-Rom set)	Out
Statement Analysis (CD Rom)	In
The Computer and Internet Fraud Manual	Out

Fraud Fact: Booking Fictitious Assets

Fictitious assets boost the value of the owners' equity account. Because company assets are often physically found in many different locations, this fraud can sometimes be easily overlooked. One of the most common fictitious assets schemes is to simply create fictitious documents. In other circumstances, the equipments is leased, but is recorded as if was owned.

Encyclopedia of Fraud

Job Opportunity

HM Insurance Group is looking for a Special Investigation Representative for its SIU. Please contact Georgene Fink at 412-544-1124 for details.

One Day Fraud Prevention Seminar!

The Greater Pittsburgh Chapter of the Association of Certified Fraud Examiners and The Institute of Internal Auditors announce a joint CFE / IIA Seminar

Monday November 13, 2006

Time: 8:00 am to 5:00 pm

Location: Pittsburgh Rivers Club

One Oxford Centre

301 Grant Street

Pittsburgh PA 15219

Cost: \$139 (Pittsburgh Chapter Member) \$159 (Non-Members)

Enrollment fee includes 8 hours of Continuing Professional Education, Breakfast, Lunch and Snack.

Format: This seminar will consist of four individual presentations and a panel discussion.

Seminar Speakers:

George Farragher, CPA, CFE – Principal with Ernst & Young in Cleveland, Ohio. Mr. Farragher will present valuable experiences with the IRS, Department of Defense and in Corporate America.

Jeffrey W. Brend, CPA/ABV, ASA, JD – Mr. Brend is a principal of Levin & Brend, P.C. and will discuss aspects of a fraud investigation from an attorney's perspective.

Patrick Kuhse – Mr. Kuhse will share his life story of prominence as a stockbroker and former Certified Financial Planner, his involvement in a bribery scheme with the Oklahoma State Treasurer's Office, his subsequent flight and life as an international fugitive, eventual self-surrender and incarceration in both a foreign jail and US Federal Prisons.

Michael Petron – Mr. Petron is a Manager in Ellin & Tucker, Chartered Business Valuation/Forensic and Litigation Services Group. Mr. Petron has been supporting the Department of Justice's Enron Task Force for over three years. Mr. Petron's main responsibilities included investigating the personal financial structures of the senior executives with the aim of uncovering possible illegal acts and finding potential assets for forfeiture. Petron's efforts directly lead to the indictment and subsequent conviction of one senior executive and four counts of fraud. Petron's presentation will discuss his experience with the nation's largest bankruptcy and one of the most prominent cases of corporate fraud in American history.

To register contact Joshua Lefcowitz 412)281-7692 x432 or at jl@alpern.com

Related Announcement

Chapter Vice President James Fellin is co-chair of the New Leadership Board of the Pittsburgh Symphony Orchestra. Jim would like to elicit your support for a fundraiser sponsored by the New Leadership Board on November 11, 2006. The event centered around a symphony concert featuring renowned conductor, Marin Alsop. The event includes a pre-concert light dinner and happy hour at Heinz Hall, a ticket to the evening's concert and a post concert dessert reception with the conductor at Cafe Zao. This special event is very affordable at \$75 per person. An outstanding value!!!

This event is also a fundraiser for Heartstrings, an initiative to buy symphony tickets for underprivileged individuals who cannot normally attend a symphony concert.

Make reservations through James Fellin at jfellin@nottinghamgroup.com or 412-288-8948.

We look forward to seeing you at future Chapter events!

