

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.

Postal Inspector Randy Hayden

Postal Inspector Randy Hayden conducted a presentation for the chapter at the September meeting.

Hayden related that there are roughly 18,000 Postal inspectors. In 2005, the Postal Inspection force was responsible for over 16,000 arrests, including over 3,000 mail fraud cases.

Inspector Hayden provided statistical data on fraud complaints from the Consumer Sentinel website:

<http://www.consumer.gov/sentinel/>

Statistically, identity theft is going down as a percentage of cases, but the dollar amount of loss is increasing. Sweepstakes/lotteries and foreign money offers have increased as a total percentage of reported frauds. Additional statistics show that the total number of complaints has increased 31% since 2003, and the amount of reported loss increased by \$120 million.

By age, 30% of victims are baby boomers. Of all victims, 61% did not notify a police department. Pittsburgh ranked as the 21st major metropolitan area for consumer fraud complaints. For identity theft complaints, Pittsburgh ranked 50th.

Inspector Hayden talked about the different frauds investigated by the Postal Inspection Service. The Nigerian 419 frauds were originally very successful, but the Postal Service began intercepting 419 letters sent with counterfeit postage. A spin-off of the 419 fraud is a swindle paying for items with a phony check, and requesting a refund. Recently the Postal Inspection Service arrested a Nigerian in North Versailles with \$640,000 in

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counterfeit checks.

Nigerians operating out of Holland were recently busted for various spam, phishing, investment schemes, and lottery scams.

Other scams include charity scams for animal shelters and charities, which include multiple mailings reflecting different entity names, but having the same address. Foreign lotteries, which are illegal to send through the mail, which ask victims to issue a payment in order to collect a non-existent prize.

Director of Education
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Inspector Hayden went over several local cases and pointed out that mailing is not always obvious, but is usually found as part of the investment scheme.

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)	Subject
October 11, 2006	Lunch Meeting	Lawrence Klaus	Allegheny County District Attorney's Office
October 25, 2006 5:30 pm	Networking reception/program	Barry Webne	Former white-collar criminal
November 8, 2006	Lunch Meeting	Ray Mitch	Bank Fraud
November 13, 2006	CFE/IIA Joint Training Seminar	George Farragher Michael Petron Patrick Kuhse Jeff Brend	All Day Program 8 CPE credits Only \$125.00
December 13, 2006	Lunch Meeting	To be announced	To be announced

Calendar of Upcoming Events

October 11, 2006, Public Corruption

Lawrence Claus
Allegheny County, Assistant District Attorney

October 25, 2006 Evening Networking Program

Barry Webne
5:30 pm cocktails and networking
followed by dinner and speaker
Don't miss this unique and exciting event!
Announcement to follow.

Web Site for the Investigator:

<http://www.consumer.gov/sentinel/>

The heart of Consumer Sentinel is a one-stop, secure investigative cybertool and complaint database, on a separate restricted-access secure web site, that provides hundreds of [law enforcement agencies](#) immediate access to Internet cons, telemarketing scams and other consumer fraud-related complaints. It gives consumers a way to voice their complaints about fraud to law enforcement officials worldwide.

November 8, 2006

Ray Mitch
Bank Logic

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

\$125 for 8 hours of CPE

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. LOOK FOR THE SEPARATE NOTICE IN THE NEAR FUTURE!

The Consumer Sentinel database, maintained by the [Federal Trade Commission](#), now contains more than one million consumer fraud complaints that have been filed with federal, state, and local law enforcement agencies and private organizations.

Consumer Sentinel offers law enforcers a variety of tools to facilitate investigations and, if necessary, prosecutions. "[Tour Sentinel](#)" provides a behind-the-scenes look at how this works.

Visit the site and find facts on consumer frauds from Internet cons, prize promotions, work-at-home schemes, and telemarketing frauds to identity theft.

Fraud Fact: Detection and Prevention of Payroll Schemes

For general payroll schemes and ghost employee schemes:

- Have someone other than the payroll department distribute checks
- Require positive identification of each payee
- Look for duplicate names, addresses, or deposit accounts
- Require supervisors to authorize overtime and to refer timecards directly to payroll
- Review excessive overtime or overtime worked by a single employee in a department
- Compare the personnel list and the payroll list. Determine whether any employees have failed to execute the tax withholding forms, or have not elected to receive any health benefits or other optional withdrawals, such as enforced savings plans.

Encyclopedia of Fraud

October Speaker Allegheny County Assistant District Attorney Lawrence Klaus

Lawrence Claus, is an assistant district attorney and former deputy attorney general for Western Pennsylvania. Claus worked in the district attorney's office from 1973 to 1982 before going to the state attorney general's office. There, he served as senior deputy attorney general in the Organized Crime and Public Corruption Section and later as chief deputy of the attorney general's Bureau of Criminal Investigations. Lawrence Claus is now the Allegheny County deputy district attorney in charge of public corruption cases.

Mr. Claus has been involved in several high profile cases in the Pittsburgh area including the prosecution of Jeff Habay, and the County's review of former Mayer Murphy, and his alleged deal for votes with the Pittsburgh Firefighters.

Don't miss 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.

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.

The Greater Pittsburgh Chapter Library

Title

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

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Fraud Fact: Land Flips

Land flips occur by buying and selling real estate quickly, often several times a day or within a few months of purchase, increasing the sale price each time. The sales are often transacted between related parties or among several shell corporations. Land flips may be used to generate fraudulent earnings, fraudulent assets, or to support higher comparable prices for other appraisals. Almost every land flip involves collusion between the customer and the appraiser, with the lender or investor the victim. This scheme also has been perpetrated between lending institutions to avoid loan loss reserve increases, in which case the succession of deals is sometimes called a “Daisy Chain”.

Encyclopedia of Fraud

Network Your Way to Success

by Ellen Alcorn

Monster Contributing Writer

<http://diversity.monster.com/articles/networks/>

Any expert will tell you that networking is one of the best ways to advance your career, and it's a good source of support for everyday job concerns. Employers, especially those with good diversity programs, also

recognize the value of networking, and there are official -- as well as unofficial -- networks for virtually every group.

"A lot of people of color find these networks especially important," says Cornelia Gamlem, president of the GEMS Group, a human resources consulting firm in Herndon, Virginia. "They can be a kind of balance in understanding whether a situation is unique or if it's something other people have gone through as well. [Networks] can help people avoid that feeling of being isolated and overcome problems all on their own."

But remember that how you network is just as important as whether you network. Here are some rules of the road:

Get an Early Start

The sooner you start creating a network, the faster you'll progress in your career. Many professional societies have student chapters in colleges and universities. Making connections early will give you a head start on your job search. Keep your eyes open for networking opportunities as soon as you've landed a job.

Look Before You Leap

"Be careful of whom you ally yourself with," warns Mary Jane Sinclair, president of MJS Associates in Morristown, New Jersey. "They may be using you to advance an issue." Sinclair uses an example of a young college grad who joined an in-company women's network. However, rather than advancing the members' cause, this network was more interested in taking on management. "This woman was viewed by management as a troublemaker," Sinclair says. Once you've taken a job, carefully find the networks that will be most beneficial to you and your career.

If at First You Don't Succeed, Try Again

Unfortunately, there isn't always an obvious network to join. For instance, if you're an African American woman in a sea of white colleagues, it may not be easy to align yourself with others in the company. See if there's a local professional organization with African American members. Or seek out people in your community. Don't just limit yourself to racial or gender categories.

Cast a Wide Net

"Look for support wherever you find it," Sinclair says. "Networking really works best when the group's common interest isn't just race or gender, but the success of each member in the group." Establishing a broad network enables you to turn to different groups, depending on your professional challenges. "Without a broad-based network, there's no one to turn to in a time of crisis," Sinclair says. "The broader you cast your net, the broader your catch will be."

We look forward to seeing you at future Chapter events!