

Greater Pittsburgh Chapter

October 2007
Volume 8 Issue 4



The ACFE is the professional organization for fraud examiners. The mission of the ACFE is to reduce the incidence of fraud and white-collar crime, and to assist the membership in its detection and deterrence.



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September Meeting: Chief Joe Hoffman, Chief, White Oak Police Department:

At the September 12, 2007 meeting our speaker was Mr. Joseph Hoffman. Mr. Hoffman is currently the Chief of Police for White Oak Borough. Prior to that Mr. Hoffman was a Treasury Agent and acted as director of internal investigations for the Pittsburgh office.

Mr. Hoffman provided us definitions related to bribery, extortion, conspiracy, and entrapment. Mr. Hoffman also discussed the "Miranda Warning." The Miranda Warning is necessary only when an officer is going to interrogate a suspect and is not required at the time of arrest, as generally depicted on many television shows and movies.

Finally, Mr. Hoffman provided us with several case examples of bribery, extortion, and conspiracy. One case, in which Mr. Hoffman worked on, related to a gentleman who owned a trucking company. This business owner was told by an IRS agent that unless the business owner provided him with \$50,000 that the agent would shut down the business. After some time the business owner contacted legal counsel, who contacted Mr. Hoffman. Mr. Hoffman's group then administered a polygraph test to the business owner, which was passed. At that time the group then prepared an undercover investigation in which the business owner was given a body wire and met with the IRS agent to provide the bribe. The IRS agent was subsequently convicted as a result of this undercover operation.

Mr. Hoffman also discussed the Randy "Duke" Cunningham case which involved a \$2.4 million bribe related to military contracts and the Ivan Boesky case which related to insider securities trading.

Committees

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Newsletter
Craig Workman

Networking
James Fellin

Education
Craig Workman

Website
John Elliott

Please contact a committee chair with ideas, or to help on committee activities.

Upcoming Chapter Events

October 10, 2007

Laura Miller, CPA, CFE
Managing Director
Navigant Consulting
Construction Fraud

November 14, 2007

Perry Minnus
Alcoa, Director of Ethics and
Compliance
Topic to be announced

December 12, 2007

Robert Ridge,
Thorp Reed Law Firm
Foreign Corrupt Practices Act

October 10, 2007 Presentation: Construction Fraud by Laura Miller, Managing Director for Navigant Consulting

Laura Miller and she is a Managing Director at Navigant Consulting (lauramiller@navigantconsulting.com).

Registration: 11:45 AM to 12:00 Noon

Presentation: 12:00 Noon to 1:00 PM

Place: Tambelinni's Restaurant
139 7th Street
Pittsburgh PA 15222

**Cost: Members & Associates of the Pittsburgh Chapter: \$20
All others: \$30**

CPE: Qualifies for 1 credit hour of continuing professional education.
Attendance certificates will be provided.

**RSVP: to Shelley Bias via: shelley.bias@alcoa.com
Or Phone: 412-553-2240**

The October presentation will be by Laura Miller, of Navigant Consulting. Ms. Miller will discuss the financial impact of construction fraud with examples of publicly known cases. Ms. Miller will discuss cases she worked on and explain how the fraud was discovered. Ms. Miller will also discuss how construction fraud is typically perpetrated, the perpetrators that commonly commit these crimes and what a CFE should look for to detect these crimes.

Laura Miller, CPA, CFE is Managing Director of the Pittsburgh Office of Navigant Consulting. Ms. Miller provides accounting, auditing, fraud related financial, and economic analysis assistance to clients on civil construction and power related engagements and has been involved in claim analyses and preparation, related to lost profit matters. Ms. Miller has a wide variety of experience including analysis and review of issues including construction contractor disputes, bond claim issues, and auditing costs related to an environmental EPA superfund cleanup.

Ms. Miller has a BS in Business Administration, and a MBA in Accounting and Finance Concentration. She is a CPA and a CFE.

Please join us for this interesting and relevant presentation.

Developer Overhead

Developer overhead is a budget item ripe for abuse. Developer overhead supplies the developer with operating capital while the project is under construction. The overhead is added as construction cost, whose ultimate collateral is the property. The lender disperses two types of funds from the same loan: real-estate funds for improving the property, the developer overhead to supply the developer with working capital. Dishonest developer personnel, sometimes in collusion with lending personnel, claim excessive funds as developer overhead. Historically, some troubled construction loans or foreclosures due to fraud have been totally disbursed in the developer overhead category.

Understating Assets

In rare cases-companies with government contracts or regulated companies-it is advantageous to understate assets. Additional funding is often based on the need for greater assets, so the understatement simulates that need. Asset understatement can be done directly (overestimating the value) or through accelerated depreciation (reducing the value of an asset too soon).

Fraud Resource Center on ACFE Website

Whether you are new to the fight against fraud or a seasoned expert, access the latest anti-fraud information, articles, data and statistics you need to stay knowledgeable in this evolving profession.

- [Searchable Articles](#)
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- [Fraud Examination Tools](#) **New!**
- [Publications](#)
- [EthicsLine](#)
- [External Links](#)
- [Downloads](#)
- [Fraud Magazine CPE Quiz archive](#)

<http://www.acfe.com/fraud/fraud.asp>

Website for the Investigator: Ic3.gov

<http://www.ic3.gov/>

The Internet Crime Complaint Center (IC3) is a partnership between the [Federal Bureau of Investigation](#) (FBI) and the [National White Collar Crime Center](#) (NW3C).

IC3's mission is to serve as a vehicle to receive, develop, and refer criminal complaints regarding the rapidly expanding arena of cyber crime. The IC3 gives the victims of cyber crime a convenient and easy-to-use reporting mechanism that alerts authorities of suspected criminal or civil violations. For law enforcement and regulatory agencies at the federal, state, local and international level, IC3 provides a central referral mechanism for complaints involving Internet related crimes.



**Watch out for new
programs in the not too
distant future!**

We look forward to seeing you at future Chapter Events!