

# Greater Pittsburgh Chapter

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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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## November Meeting: Perry A. Minnis

### Alcoa, Director, Ethics, Compliance & Advisory Services

At the November 14, 2007 meeting, Perry Minnis spoke about Alcoa's world-wide efforts to promote ethical business conduct, however, it is challenging to be ethical in volatile countries. Mr. Minnis spoke about some of the efforts undertaken by Alcoa to promote ethics, including annual training, quarterly newsletter updates, business conduct updates, and a global ethics and compliance line. Additionally, conducting risk assessments to identify what may happen in the future in order to mitigate future risks. When operations occur in foreign countries, you must be aware and deal with the cultures of that foreign country.

Mr. Minus discussed that it is important to be aware of the types of fraud in the business environment. In the United States, 1000 companies had to restate their financials, 56% of CFO's reported pressure to misrepresent financial data, and 6% of revenues for companies worth \$100 million or more, is lost to fraud and abuse. Interestingly, 78% of college students look for companies with ethics and values when looking for a job, however, 73% cheated to get good grades.

Mr. Minnus stated that legal compliance is a must. Laws cannot govern all conduct. A company must have a values based ethics program that goes beyond what you should do. Ethics defines how you want to be perceived by others.

Why focus on ethics and compliance? It's the morally right thing to do; companies have a reputation at stake; companies with standard programs will stand out; and compliance programs count in the enforcement community in the form of reduced fines, penalties, and exemptions from fines and prosecutions.

## Committees

Membership  
Kelvin Pier

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

**December 12, 2007**

Robert Ridge,  
Thorp Reed Law Firm  
Foreign Corrupt Practices Act

**January 9, 2007**

To Be Announced

**February 13, 2007**

To Be Announced

## Website for the Investigator: Ixquick

<http://www.ixquick.com/>

A meta-search engine claiming deep-web capability. Also includes and international telephone directory, searchable video and picture files.

Mr. Minnus showed a list of companies and the fines associated with them.

Mr. Minnus went on to discuss occupational fraud and the three factors common in fraud cases. There is a desire to meet analyst's expectations. There is a desire to meet compensation and incentive thresholds, and there is a pressure to reach goals, with an emphasis on metrics.

Mr. Minnus discussed characteristics of a fraudster; intelligent, egotistical, inquisitive, a risk taker, rule breaker, hard worker that doesn't take vacation or time off, and a person that works under stress or personal crisis, may be disgruntled or even a big spender.

Procurement types frauds may include conflict of interest, kickback schemes, product substitution, false, inflated or duplicate invoices, unnecessary purchases, phantom vendors, and falsification of records. Construction in a foreign countries is a prime target of fraud.

Foreign countries may have very strict privacy laws that may prohibit fraud hotlines. It is important to understand the culture.

Mr. Minnus discussed some cases and how frauds were perpetrated. These schemes had common themes including; individuals with a high degree of autonomy; individuals that took advantage of control weakness; the lack of appropriate supervisory oversight; and individuals considered experts in certain areas. Mr. Minnus reminded the group that not all kickbacks are bribes, some are in the form of favors. People make poor choices not corporations. In closing, Mr. Minnus suggested an annual certification of ethical compliance including an annual survey of employees, the follow-up on all disclosures, and compliance phone number and e-mail available to all employees.

In closing, Mr. Minnus recommended a program where the tone is set at the top. Implement controls that facilitate ethical behavior. Carefully screen job candidates and assign proper authority and responsibility. Reward good conduct and install confidential fraud reporting mechanism. The corporate focus should include a global compliance program that is improved and updated yearly with benchmarking of data. The compliance program must gain cultural acceptance. No countries have laws that ban integrity. Make sure that environment is safe, and that people are safe. Treat people with dignity. Mr. Minnus then took questions from the group.

## Robert Ridge, JD, Foreign Corrupt Practices Act Practice Leader, Commercial and Corporation Litigation Practice Group, Thorp, Reed & Armstrong

Mr. Ridge has worked with clients in a variety of industries, such as banking, health care, pharmaceuticals, securities, manufacturing and automotive. He served as Special Investigative Counsel to the Unsecured Creditors Committee in Bankruptcy proceedings. He has prosecuted and defended complex RICO and commercial fraud disputes involving securities issues, real estate investment financing, fraudulent convenances, and the misuse of trade of trade secrets, as well as representing clients accused of violating various consumer protection statutes. In 2005 and 2006 Mr. Ridge was named a Pennsylvania Super Lawyer, an honor bestowed upon the top five percent of Pennsylvania lawyers. Mr. Ridge obtained his J.D. from Georgetown University.

An interesting internet tool that provides a large variety of responses to submitted inquiries.

When conducting business overseas, many companies confront issues such as language and cultural differences, as well as different philosophies on handling business transactions. These differences may lead to legal problems, including allegations of bribery and violations of the Foreign Corrupt Practices Act that can cost a company millions.

Mr. Ridge's presentation will discuss the Foreign Corrupt Practices Act (FCPA), anti-bribery provisions of the act, and criminal and civil penalties for violating the act. Mr. Ridge will discuss recent FCPA cases making headlines, and will provide examples of effective FCPA compliance programs.

Please join us for this interesting and relevant presentation.

### Speakers and Writers Needed

The Chapter is looking for speakers for future Chapter meeting events. Presentation should be 50 minutes long and be about a fraud or white-collar crime related issues. Speakers receive 1 hour of CPE credit for their presentation.

The Chapter is also looking for writers to contribute articles for future Newsletters. If you would like to contribute an article or short piece on fraud, please forward your articles or contributions to Craig Workman at [craig77w@comcast.net](mailto:craig77w@comcast.net).

### Continuing Professional Education Verification

Don't forget to submit your Continuing Professional Education (CPE) to the ACFE by January 31, 2008. Since the Board of Regents revised the continuing education requirements to 20 CPE credits every calendar year, the ACFE has simplified the reporting process. You no longer are required to submit detailed documentation to the ACFE regarding your CPE credit hours unless you are randomly selected for audit.

To maintain your CFE certification each year:

1. Earn at least 20 total credits between January and December, ten of which must be fraud related.
2. Confirm your CPE compliance by visiting [www.ACFE.com](http://www.ACFE.com) and selecting "My account" from the left hand menu, then select CPE compliance.
3. Maintain detailed documentation of earned CPE credits in a file of your own for up to three years to provide to the ACFE in case you are selected for audit.

### PA Alliance for Security and Preparedness (PAASP)

The Pennsylvania Alliance for Security and Preparedness (PAASP) supports innovative and collaborative efforts across all private and public sector industries, that increase the professionalism and development of personnel, raise the profile, and improve recruiting and retention of security and preparedness professionals.

Please see [www.paasp.com](http://www.paasp.com) for more details.



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

We look forward to seeing you at future Chapter Events!

