

# Greater Pittsburgh Chapter

March 2008  
Volume 8 Issue 9



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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## Special Announcement: Evening Presentation with Walter Pavlo Wednesday, March 26, 2008

Walter Pavlo is a former MCI Worldcom Executive who pled guilty of embezzling \$6 million from MCI WorldCom. Pavlo will discuss his role in the MCI WorldCom corporate scandal and how the tone at the top enabled this scheme to unravel into the largest accounting fraud of all time. This exciting program will consist of Mr. Pavlo's candid description of this major accounting scandal and how it grew out of control.

The evening program will include networking, dinner, and one hour of continuing education credit.

**Date:** Wednesday, March 26, 2008

**Time:** Networking and cocktails 5:00-6:30 pm  
Program 6:30-7:30 pm

**Place:** The Engineers Club  
337 Fourth Avenue  
Pittsburgh PA 15222

**Cost:** ACFE Pittsburgh Chapter Members \$50.00  
Non-members \$60.00

Dinner will be served and a cash bar will be available

## 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

**March 12, 2008**

**Lance Randolph, CPA, CFE**  
**Director of Anti-Fraud Services**  
**CBiz**

Practical Guidance on Implementing  
All or Part of a Comprehensive Anti-  
Fraud Program

**April 9, 2008**

(Originally scheduled for March, but postponed due to a scheduling conflict)

**United States Postal Inspector**  
**Ken Wahler**  
**Kathleen Haefner, Internal Revenue**  
**Service:**

The BioTechnology Corporation of  
America Case

**May 14, 2008**

**David Banks, CFE, CIA**  
**Wheeling-Pittsburgh Steel**

Quantitative Investigative Methods for  
the Numerically Disinclined

**June 11, 2008**

To be Announced

throughout the evening.

## February Meeting: Craig Workman, CFE: Statement Analysis

Craig Workman, CFE was the speaker at the February meeting. Workman is the Manager of Fraud & Abuse of UPMC Health Plan, and is also Adjunct Faculty at Carlow and Duquesne University. He conducted a presentation on Statement Analysis, and how to identify deceptive queues in speech patterns and written statements.

Workman reviewed why deceptive behavior can be identified in statements. Either a written statement should be taken, or a transcript of a verbal statement should be made. The group reviewed clues to deception, and then worked on the process of analyzing a statement. The presentation reviewed equivocal language, and how truthful statements come from memory.

The presentation reviewed the introduction of characters, and why unimportant information is important. The presentation reviewed steps to take in analyzing a presentation.

The attendees then worked on an exercise applying the concepts reviewed during the meeting and then discussed the results.

## March 12, 2008 Program

### Practical Guidance On Implementing All or Part of a Comprehensive Anti-Fraud Program

An upbeat and interactive session that begins with an overview of the most current fraud schemes in order to define the types of fraud an anti-fraud program should be designed to defeat. Based on those schemes, I introduce anti-fraud program components (prevention, detection, and response) and discuss specific actions that companies can take for each component (specific control enhancements for fraud prevention enhancement, data mining techniques for fraud detection enhancement, etc).

Lance Randolph, CPA, CFE is a Director of Anti-Fraud Services dedicated solely to either investigating

## 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).

## ACFE 19<sup>th</sup> Annual Fraud Conference and Exhibition July 13-18, 2008

### Boston, MA

Gather with more than 2,000 anti-fraud professionals from around the world to share knowledge, exchange ideas and realize your full potential in the global fight against fraud. With informational educational sessions, presentations and various networking opportunities, you'll walk away with even more tools, resources and contacts than ever before.

## Ex-con, anti-fraud consultant Barry Webne charged again

Sunday, February 24, 2008

Alison Grant

### Plain Dealer Reporter

Barry Webne ran a white-collar fraud prevention business after serving a prison term in the 1990s for embezzling \$1 million from a Brook Park manufacturer.

As a consultant to companies and speaker to anti-fraud professional groups, he offered an insider's tale on how easily businesses can be duped.

Webne was charged this month in another \$1 million embezzlement, this time from two

allegations of fraudulent activity or proactively seeking out indicators of unreported illicit behavior of his clients' suppliers, customers, or employees.

A former deputy sheriff, Lance's public accounting experience has always been dedicated to fraud and litigation engagements. As a former manager of a "Big Four" accounting firm's litigation advisory services practice, a co-founder of an investigative accounting boutique, and now a Director of Anti-Fraud services for CBIZ, a national Top 10 professional services company, Lance has conducted fraud examinations for clients in many different industries.

Lance has also designed and directed proactive fraud detection assignments for clients ranging in size from \$35 billion to \$10 million in a variety of industries including: heavy and light manufacturing, direct to customer retailing, professional services, and automobile sales (including financing). These projects have typically involved transactional data analysis, but have also included establishment of continuous monitoring activities, as well as more dynamic procedures such as periodic review of public records.

Lance is a frequent public speaker, averaging a public speaking engagement a month, including engagements for local chapters of the IIA and was a speaker at the IIA Risk & Control Conference in 2007.

Please join us for this interesting and relevant event

subsidiaries of Block Communications Inc., publisher of the Toledo Blade newspaper. Prosecutors say the thefts occurred from 2001 to 2006, when Webne held several positions at the companies. At the time, he also was moonlighting through Webne Consulting Group as an adviser to businesses on white-collar crime. The Plain Dealer profiled him when he spoke to the Cleveland chapter of the Association of Certified Fraud Examiners last summer.

Although he was a guest speaker at chapters across the country, he never gave theft-prevention training to members, as he claims, President James Ratley said.

Webne, 48, did not return calls to his house Friday. He and his wife, Tonya, and four daughters live in Ottawa Hills, a well-to-do village near Toledo. If convicted of the latest allegations, he could face up to 20 years in prison, although sentences in embezzlement cases are often much shorter.

Assistant U.S. Attorney Thomas Karol said he expects Webne to plead guilty. He has been cooperating fully with investigators, said his attorney, Jon Richardson, a prominent lawyer who represented Tom Noe when he was charged with illegally funneling money to President Bush's re-election campaign.

Ratley said repeat embezzlement is uncommon. Still, he said, "once they've crossed that line one time, they'll cross it again when they get the opportunity."

The government says Webne's latest scam began after Block subsidiary Community Communications Services hired him in July 2001. The alternative media delivery company (now closed) specialized in door-hanger - or "bag"- advertising.

While there, Webne would write checks to himself and sign them using the stamp of the employee authorized to sign checks, prosecutors say. When the cashed checks were returned from the bank, he would shred them and make false bookkeeping entries to conceal the theft. Webne also supposedly falsified payroll records to give himself raises.

Block transferred him in November 2003 to another subsidiary, Corporate Protection Services, where he was general manager. There, he took packages of blank checks for an account the company had with Sky Bank and wrote checks for himself, primarily to a company he owned, the government says. He allegedly concealed the thievery by doctoring company books and monthly bank statements.

The schemes are similar to those for which Webne was sent to prison after being hired in 1991 as the controller at Bettcher Manufacturing Co. near Cleveland Hopkins International Airport.

With a few ledger entries and an altered paycheck, one day, he doubled his salary for a pay period. When the crime escaped detection, he plunged forward, compulsively stealing sums that reached \$30,000 to \$40,000 a month. "Put up against an auditor with absolutely no experience, and I'll have them for lunch," he said last July. Webne eventually fell under suspicion and was fired. When FBI agents visited his Bay Village home, he confessed. He was sentenced to prison for 30 months but got out after six months in a prison boot camp.

Block Communications is not speaking publicly about its allegations. Block's insurance company is

trying to recover about \$900,000 it paid to cover the money Webne is accused of stealing (\$1 million minus Block's deductible of \$100,000).

The subsidiary of Chubb Corp. sued Webne, his wife and the couple's Internet firm, highschoolpride.com, in 2006. A judge recently ordered the Webnes to reimburse the insurer.

## **PA Alliance for Security & Preparedness**

[www.paasp.org](http://www.paasp.org)

### **“Company & College Expo, Job Fair and Conference for the Security & Preparedness Industry”**

**Date:** Monday, MARCH 10, 2008  
**Time:** 9:30 AM to 4:00 PM  
**Location:** California University of PA @ SOUTHPOINTE  
Southpointe Center  
135 Technology Drive, Canonsburg PA 15317

REGISTRATION To register for the conference OR to register as an Exhibitor, Sponsor, Employer/Job Fair, or Advertiser, please complete the Registration Form on the website at <http://www.paasp.com/paasp-conference-2008.php> or email the information on the form to [dhines@paasp.com](mailto:dhines@paasp.com)



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

**We look forward to seeing you at future Chapter Events!**