

Greater Pittsburgh Chapter

May 2008
Volume 8 Issue 11



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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April Meeting: Postal Inspector Ken Wahler: Biotechnology of America Case

The speaker for April was Ken Waller, a US Postal Inspector that investigated the case. This case involved Tim Heffner, a local business man, and Robert Wandler, product manager of Sigma Aldrich's Rare Chemical Library division in Milwaukee Wisconsin to

Heffner through Biotech Corporation of America (BCA) paid kickbacks to Robert Wandler, to increase BCA's sales to that company.

From late 1995, Wandler set up a business, Crosslinks, and began to acquire rare chemicals on Heffner's behalf. Heffner purchased the chemicals from Wandler through Crosslinks, and sold them back to Sigma Aldrich at \$40 -\$67.50 per pound. The price Wandler was paid by Heffner and BCA for the chemicals it purchased was roughly \$5 per compound.

Beginning in 1999, Heffner and Wandler, through BCA, sold the majority of those chemicals Wandler purportedly acquired for Heffner back to Sigma Aldrich, with Wandler as the requesting purchaser for Sigma Aldrich, and on many of them, also as the approving official authorizing payment by Sigma

Committees

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Craig Workman

Networking
James Fellin

Education
Craig Workman

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

Upcoming Chapter Events

May 14, 2008

**David Banks, CFE, CIA
Director, Internal Audit
Weirton Steel**

Quantitative Investigative Methods for
the Numerically Disinclined

June 11, 2008

Chapter Elections

**Paul Van Osdel
WTAE Action News**

Investigative Reporting; The Good, the
Bad and the Ugly

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

Aldrich for the compounds and resins related items. Wandler was paid around 10% of the price at which Heffner sold these and other chemicals to Sigma Aldrich. The two orchestrated these sales beginning in 1996 and they increased in frequency greatly from 1999 through 2003. In addition to chemical compounds, Wandler also was the purported source to Heffner/BCA of resin related items, which were sold to Sigma Aldrich through BCA. Wandler as the requesting purchaser for Sigma Aldrich, and on many of them, also was the official authorizing payment for the resin related items.

Heffner appointed Wandler to BCA's Board of Director's in June, 2000. In addition to the payments for purported purchases from Wandler and the kickback/commission amounts, Heffner paid Wandler additional disguised kickback/bonus payments from 1999 through late 2003 to increase BCA's sales to Sigma Aldrich. BCA's sales to Sigma Aldrich did increase during that period. From December 1995 through December 2003, Wandler received approximately \$133,000 in bonus kickbacks and \$568,132.00 in payments for compounds and commission kickbacks. Heffner made approximately \$4.4 million in gross sales from Sigma Aldrich. In addition to serving on the board of directors of BCA, Wandler also accepted gifts from Heffner including airfare from Milwaukee to Pittsburgh, payment of hotel, meal, and entertainment costs while he was in Pittsburgh for the board meetings, for Heffner's annual Christmas party, and on other visits to Pittsburgh.

Heffner caused Sigma Aldrich a loss of approximately \$2,116,956.00 during the period when Heffner paid kickbacks and bribes to Wandler.

Heffner also was involved in a skimming scheme in which he set up the shell companies - Chemical Intermediate, US Chemical Company, Diversa Corporation, and ChemTech Resources, which were essentially fictitious names. He used these shell companies in order to fabricate purchases of chemical compounds and chemical products. He negotiated BCA checks into bank accounts bearing the shell company names. He then used the monies from these shell company bank accounts to pay personal

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.

ACFE 19th 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.

May 14, 2008 Program
David Banks, CFE, CIA
Director, Internal Audit, Weirton Steel
Quantitative Investigative Methods for the Numerically Disinclined

Our speaker for May is David Banks. Many of you may remember David from his previous presentation a few years ago on Benford's Law. David is a past winner of an ACFE award for Contributions in Commerce. Mr. Banks is member of the Pittsburgh Chapter of ACFE and Senior Auditor for Wheeling-Pittsburgh Steel. Mr. Banks specializes in fraud related auditing and has authored a book **Auditing Accounts Payable for Fraud**, and numerous articles on the fraud related auditing. His lecture, "Quantitative Investigative Methods for the Numerically Disinclined," is a compilation of methods that investigators, even those with little or no mathematical or statistical backgrounds, can use to improve their investigations. Mr. Banks' premise is that just as technology has moved television and many other complex discoveries from the laboratory to our homes and offices, the use of today's computers and software makes it possible for the average person to use complex quantitative methods. Following Mr. Banks' talk, he will distribute free workbooks and software that will let everyone attending actually use the described techniques with their own data. (If you're really interested, he'll be talking about discovery sampling, attribute sampling, Benford's Law and binomial distributions). If this sort of stuff scares you, then this is *the* lecture for you! This is the best one hour that you can spend!

Please join us for this interesting and relevant presentation.

expenses, which was income to him.

Heffner evaded \$1,270,053.00 in federal income taxes by creating shell companies to which he diverted BCA money and then skimmed the money from the shell company bank accounts for personal use. He wrote checks out of the shell company accounts to pay for his lifestyle and personal expenses such as a helicopter, yachts, Mercedes Benz, Ferrari, deposits into his investment accounts, and payments on personal credit cards.

Heffner was indicted on 2/13/2007, and pled guilty on 7/7/2007. His restitution totaled \$2,117,000. Heffner also received 18 month of prison time.

We look forward to seeing you at future Chapter Events!