

# Greater Pittsburgh Chapter

April 2009  
Volume 9 Issue 10



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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## James E. Whitaker, CFE, CPP Urish Popeck Investigating Mortgage Fraud

The speaker for March was James Whitaker of Urish Popeck, and Whitaker & Associates. Mr. Whitaker is a former Regent of the ACFE and spoke about Mortgage Fraud.

Mr. Whitaker spoke about the staggering numbers associated with Mortgage fraud and stated that the problem is not going away. The problems for the mortgage industry involved government backed loans that are sold on the secondary market. After arranging a loan between a bank and customer, loan officers sell the mortgage. There is no singular agency with oversight of the mortgage industry. There is no criminal statute for mortgage fraud. Each state has different regulations on mortgages. States with weaker regulations on mortgages attracted more aggressive mortgage brokers. These states have been hit harder by mortgage fraud.

Mortgage fraud has many forms. Mortgage schemes may involve mortgage brokers falsifying documentation in order to get a loan

## 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 Events

### April 8, 2009

Internal Revenue Service  
Tax Fraud Cases

May 13, 2009

Speaker Invited

June 10, 2009  
Ray Lichauer  
Medicare Fraud

### ACFE Events

For upcoming program information and more details on the ACFE, go to [www.acfe.com](http://www.acfe.com)

### Upcoming ACFE Events

#### [20th Annual ACFE Fraud Conference and Exhibition](#)

*July 12-17, 2009*

*Bellagio, Las Vegas, Nev.*

Today's economic climate requires you to

through. It may also involve fraudulent appraisers valuing property for an amount greater than its real worth. Predatory lending practices include abusive, misleading, or aggressive lending practices that do not benefit the borrower. Examples may include steering – steering the customer to certain products. Stacking – adding products to loan that don't benefit borrower. Stripping – making a loan to a customer that they cannot afford. Excessive and hidden fees, and loan flipping – refinancing a loan with excessive fees.

There are 3 main types of mortgage fraud; Property Acquisition (put person in property they cannot afford), Fraud for profit, (involving a collusion of insiders to inflate property value, with no intent to pay mortgage), and Organized Crimes that buy properties, over-insure them and then burn the property.

The current problems facing the mortgage industry started with legislation under the Carter administration, which was pushed forward under the Clinton administration. To identify mortgage fraud, a reviewer should look at the Residential Loan Application (RSA), and review the verification of employment, deposit, rent. An IRS Form 4506-T can be used to request a transcript of the applicant's tax return. Re-verify the deposit check or down payment documentation. Interview the borrower and verify the identity of the person you are talking to. Conduct a neighborhood canvas for a description of who was living at the location. If correct information provided to lender, but loan officer placed incorrect information on application, then this is a form of lender knowledge.

Mr. Whitaker discussed the scenarios of what happens to properties after a loan is defaulted and the property is foreclosed.

### **2008 Compensation Guide for Anti-Fraud Professionals**

find the answers to address the present and future fraud challenges your company faces. Discover these answers and more at the 20th Annual ACFE Fraud Conference & Exhibition. The 2009 lineup of keynote speakers has been announced: Michael Chertoff, former U.S. Secretary of Homeland Security; and Madoff Securities whistle-blower Harry Markopolos, CFE, CFA, will lead this dynamic group. Visit

### **Attend the Most Important Event for Anti-Fraud Professionals.**

Join more than 2,000 of your fellow anti-fraud professionals at the 20th Annual ACFE Fraud Conference and Exhibition. Whether you are new to the field or an experienced professional, you will find opportunities to enhance your knowledge and develop your skills. You will also enjoy unparalleled opportunities to network with the premier practitioners and thought leaders in the fight against fraud. The ACFE Fraud Conference and Exhibition connects you with experts, resources and information that can help you stay competitive in this rapidly evolving industry.

#### **Sessions Focused on your Challenges**

In addition to a [great keynote line-up](#) listed below, the ACFE put together a program of educational sessions focused on the unique challenges faced by anti-fraud professionals in the current environment.

#### **[Ponzi Rides Again \(and Again\)](#)**

*Jonathan Turner, CFE, CII, ACFE Regent  
Managing Director, Wilson & Turner, Inc.*

#### **[Web 2.0 and Social Networks for Fraud Investigators](#)**

*Cynthia Hetherington  
President, Hetherington Group*

#### **[Fair Value Fraud—Heightened Risk in a Global Economic Crisis](#)**

*Gerard Zack, CFE, CPA, ACFE Fellow  
President, Zack Accounting & Consulting*

#### **[Mortgage Fraud in a Fiscal Recession](#)**

*Jenny Brawley, CFE  
Mortgage Fraud Investigations Manager,  
Freddie Mac*

The ACFE's [2008 Compensation Guide for Anti-Fraud Professionals](#) is out, and the results confirm the value of the Certified Fraud Examiner credential: **CFEs earn nearly 22 percent more**, on average, than their non-certified colleagues. This finding is based on research conducted by independent research firm Industry Insights, Inc.

Findings in the 2008 Compensation Guide include:

- **Certified Fraud Examiners (CFEs) earn nearly 22 percent more than their non certified colleagues.**  
The survey showed that CFEs earn a median total compensation of \$90,300, while the median total compensation for non-CFEs is \$74,111.
- **More executive-level professionals are certified.**  
Greater than 80 percent of those surveyed who are a partner or principal in their firm are CFEs. Similarly, more than 70 percent of the respondents who are executives and directors have the credential, while CFEs make up more than two-thirds of survey respondents who are managers and supervisors/senior consultants.
- **The CFE adds value for auditing and accounting professionals.**
  - External auditors: CFEs earn 27.6% more than non-CFEs
  - Internal auditors: CFEs earn 18.3% more than non-CFEs
  - CPAs/CAs: CFEs earn 25.1% more than non-CFEs

The full 2008 Compensation Guide is available for download (in PDF) at [www.ACFE.com/compguide](http://www.ACFE.com/compguide).

### **ACFE Members Save 5% on Dues with Auto Dues Renewal**

You can save time, eliminate paper statements and postage, and get a 5% discount on your membership dues when you sign up for ACFE Auto Dues Renewal. You can enroll online, or contact Member Services and a member of the ACFE team will help you.

[memberservices@acfe.com](mailto:memberservices@acfe.com)

**For more information, please visit [www.FraudConference.com](http://www.FraudConference.com).**

#### **[Interviewing Techniques for Auditors](#)**

April 16-17, 2009  
San Jose, Calif.

## Financial Statement Fraud

May 7-8, 2009  
Miami, Fla.

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### **April 8, 2009 Meeting**

#### **The Internal Revenue Service: Investigating Tax Fraud:**

**Christian Eehalt**  
**Greg Martinelli**  
**Lisa Gapsky**  
**Kathy Haefner**

This presentation will review the investigation of tax fraud including cash businesses, inventory manipulations, kickbacks, and foreign activity. The presentation will review how a lack of controls can result in problems and also review the use of QuickBooks. The presentation will include four speakers from the Internal Revenue Service.

Christian Eehalt is a graduate of the University of Pittsburgh with a degree in Accounting. Having worked at the IRS for the past six years as a Revenue Agent, Christian has also spent the past 2.5 years as an IRS Special Enforcement Program (SEP) Agent.

## Conducting Internal Investigations

April 20-21, 2009  
Atlanta, Ga.

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Greg Martinelli, a graduate of California State (PA) with a degree in Accounting, has worked at the IRS for over 20 years and served as an IRS SEP Revenue Agent for the past six plus years. Greg has testified as an expert witness in federal trials.

Lisa Gapsky is a graduate of Robert Morris College with a degree in Accounting. She has worked at the IRS for over 21 years, serving as an IRS SEP Revenue Agent for the last six plus years. Lisa's experience also includes testifying as an expert witness in federal trials and over two years as a CFE.

Kathy Haefner is a graduate of Indiana University of Pennsylvania with a degree in Criminology. She has working in IRS-CI for over 25 years as a special agent.

Please join us for this interesting and relevant presentation.



## **Keynote Speakers**

The ACFE Annual Fraud Conference traditionally hosts the foremost experts in the anti-fraud field. These leaders in their fields share their insights and address the key issues. Previous conference speakers include: Senator George J. Mitchell, Senator Paul Sarbanes, the Honorable Michael Oxley, Ben Stein, Rudy Giuliani, Sherron Watkins, David M. Walker, Cynthia Cooper, William Barr and many others.

This year's conference is no exception. The 2009 lineup of keynote speakers is a diverse group of influential leaders and practitioners that will both inform and enlighten you.



**Michael Chertoff**

*2nd U.S. Secretary of Homeland Security*  
Opening Ceremonies & General Session  
Monday, July 13  
8:30 - 9:50 a.m.

In his previous capacity as a federal prosecutor, Michael Chertoff co-authored the USA PATRIOT Act, served as the lead prosecutor in the "Crazy Eddie" Antar securities fraud case and led the government investigation of Enron and its accounting firm, Arthur Andersen. A leader and statesman, Chertoff came to the job of 2nd Secretary of Homeland Security with a background heavy with experience in fighting terrorism and white-collar crime, having served as the head of the Justice Department's criminal division in the months after September 11. [Read Bio](#)



**Robert Rudloff, Jr., CFE, CIA**

*Vice President of Internal Audit, MGM MIRAGE*  
Working Lunch  
Monday, July 13  
11:40 a.m. - 1:10 p.m.

A 27-year veteran of the gaming industry, Bob Rudloff is a recognized leader in the internal auditing profession and a frequent speaker on internal auditing, fraud and gaming industry topics at local and national conferences and seminars. Prior to joining MGM MIRAGE, he was Director of Internal Audit Services with PricewaterhouseCoopers serving diverse clients such as Starbucks Coffee Company, Overture Services, Gemstar-TV Guide, Hypercom, Hyatt Gaming and the Mississippi Band of Choctaw Indians. Mr. Rudloff will discuss the ethical failures of organizations, the indicators that were present, and how to develop a stronger ethical culture in an organization. [Read Bio](#)



**Mark Sullivan**

*Director of the United States Secret Service*  
General Session  
Tuesday, July 14  
8:30 - 9:50 a.m.

After joining the agency in 1983 as a special agent and working his way up the ranks, Mark Sullivan was sworn in as the 22nd Director of the United States Secret Service on May 31, 2006. He oversees the activities of the entire federal law enforcement agency best known for protecting the safety of the President and other national VIPs. In addition to the more traditional duties of the U.S. Secret Service, Mr. Sullivan's agency is also responsible for the investigation of financial crimes, credit card fraud, telecommunications fraud, computer fraud, identity theft and crimes affecting federally insured financial institutions.



**Harry Markopolos, CFE, CFA**

*Fraud Investigator and Madoff Securities Whistle-Blower*

Working Lunch

Tuesday, July 14

11:40 a.m. - 1:10 p.m.

Harry Markopolos is an expert in financial derivatives mathematics and prior to becoming a full-time fraud examiner, he was Chief Investment Officer for a Boston-based, multi-billion dollar derivatives asset management firm. Mr. Markopolos has risen to prominence as the “Madoff whistle blower” for his persistence in shedding light on Bernard Madoff’s alleged \$50 billion Ponzi scheme. Beginning in May 2000, Mr. Markopolos regularly submitted detailed documentation to the Securities & Exchange Commission regarding the scheme. He was ignored and the fraud was allowed to reach epic proportions. He recently testified to the House Financial Services Committee on the breakdown within the SEC.



**Aaron Beam**

*Convicted Fraudster & Former HealthSouth Chief Financial Officer*

General Session & Closing

Wednesday, July 15

11:40 a.m. - 12:30 p.m.

In 1984, Richard Scrushy and Aaron Beam co-founded HealthSouth, a provider of outpatient surgery and rehabilitative services that would go on to become that nation’s largest company of its kind with annual revenues exceeding \$3.5 billion. After years of record growth, the company fell just short of expectations in 1996 and Scrushy ordered the books to be fixed. Mr. Beam complied and, anguished and guilt-ridden, resigned from the company a year later. When the scheme, which had continued for nearly 10 years, unraveled in 2005, Beam pleaded guilty to bank fraud in what became a \$2.6 billion accounting scandal. He served only three months in federal prison in return for his testimony against former HealthSouth Chief Executive Officer Richard Scrushy. [Read Bio](#)

*Subject to change.*