

Greater Pittsburgh Chapter

April 2010
Volume 10 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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April Speaker Brian Cochenour Advanced Excel Techniques

The speaker for April is Brian Cochenour, Application/Technical Trainer for New Horizons Computer Learning Centers. Mr. Cochenour specializes in high level database, programming and technical programs and applications. He has a Bachelor of Science in Information System Technology, and holds the following certifications; CEI, CEH, MCT, A+, MCAS, MOS. He has also developed multiple internal web applications, and designed and implemented a database for genealogical research.

Mr. Cochenour will discuss various ways of using Advanced Excel Techniques.

New Horizons Computer Learning Centers are located at www.nhpittsburgh.com, and at 412-920-5100.

Please join us for this interesting and relevant presentation.

Upcoming Chapter Events

April 14, 2010

Advanced Excel Techniques Brian Cochenour,
Application/Technical Trainer for New
Horizons Computer Learning Centers

April 21, 2010

Evening Program 5:00 – 7:30 pm
Weston Smith Former CFO, HealthSouth
Allegheny HYP Club
619 William Penn Place,
Downtown Pittsburgh 15219
Members: \$45.00 Non-members: \$55.00

May 12, 2010

Monthly Meeting
Speaker Invited

May 21, 2010

ACFE/IIA Fraud Program 4 CEUs
White Collar Crime Seminar
Rivers Club, One Oxford Center
11:30 am Registration
Program 12 Noon-4:00 pm
Dave Duffus, CPA/ABV/CFF, CFE, MBA
Richard Hilliard, CPA/CFF, CFE
William Miller, J.D., CPA
Karen Paultet, DSc, MS
Members \$60.00, Non-members \$70.00

Special Evening Program Featuring Weston Smith, Former CFO, HealthSouth

Weston Smith, of Birmingham, Alabama worked his way through college and graduated with honors from the School of Business at the University of North Alabama. Upon graduation, he started his professional career at Ernst & Young and earned a Certified Public Accountant license. He was then recruited by HealthSouth Corporation and eventually ascended to the rank of Chief Financial Officer.

HealthSouth, founded by a small group under the leadership of Richard Scrushy, quickly grew from

March Speaker

Assistant US Attorney

Brendan Conway

The Mortgage Fraud Task Force

Assistant US Attorney Brendan Conway spoke at the March meeting. Mr. Conway is a key member of the Mortgage Fraud Task Force and has primary responsibility for prosecuting all mortgage related crimes in Western Pennsylvania.

Mr. Conway's presentation demonstrated that much of the current mortgage crisis and the near-collapse of the banking industry were attributed in large part, to unscrupulous mortgage brokers who were paid based upon the number of mortgages they originated. In order to increase their own personal income, they underwrote loans through a variety of schemes for which the borrowers were not qualified and/or the properties were greatly overvalued. The peak of the crisis was in the 2002 to 2006 time period. The repercussions of this are still being felt today and have led to many prosecutions of persons in the mortgage industry. Some of the schemes that were undertaken during that time period include the following:

- Failure to properly validate a borrower's income.
- Using unscrupulous appraisers who would appraise a property for any value the broker desired.
- Lending more than the total value of a property.
- Failure to disclose significant problems with a property.
- Cross-lending on a property so it had more in loans than value.

All told, the mortgage crisis resulted in hundreds of billions of dollars of losses. The

one facility to over 2,000 located in all 50 states. The company was a Wall Street darling, and in Birmingham, Alabama, Scrusby carefully nurtured his rock star status as a classic rag to riches story. In reality, the company's success was a scam. Underneath the glimmering corporate office, the fleet of corporate jets, and Scrusby's narcissistic antics, laid a \$2.7 billion accounting fraud. Sick of the lies and demands to further the scheme, Weston Smith blew the whistle, exposing to the government and the public the real truth behind the company. He paid heavily for his own role in the fraud, including spending 14 months in a federal prison camp.

After the smoke cleared from the HealthSouth debacle, Weston was recruited by a Birmingham-based CPA firm to serve as an independent consultant and controller to key clients. Weston's experience and skills were recognized by a Birmingham business where he served in sales and administration.

As a business ethics consultant, Weston shares his powerful personal story with corporations, small businesses, academia, civic groups, and religious groups. Despite the stigma of getting caught up in fraud, the loss of career and finances, and the stain of a record, Weston has no regrets about blowing the whistle. "Finally, I did the right thing, and I'm committed to making this a teachable experience for others."

Meeting Reservations

Please reserve your space for the Chapter meetings in advance. The Chapter must provide an accurate count of attendees to Tambellini's prior to the meetings, and is responsible for paying for meals for no-shows. Additionally, Tambellini's cooks only enough food for the number of registered attendees. While we understand that circumstances come up that cause people to miss meetings, in order to maintain our programs at an affordable rate for all attendees, the Chapter will no longer absorb the cost for attendees missing meetings.

task force is currently targeting professionals related to the industry including brokers, appraisers, real estate agent, title company's lawyers as well as others. Many of these cases are far reaching and a case against one broker may lead to additional cases against many of the other disciplines involved. The task force is comprised of several law enforcement agencies with the Secret Service performing a lot of the investigatory work and the US Attorney's office doing the prosecutions. Mr. Conway anticipates that while the incidents of acts of mortgage fraud have diminished greatly since the collapse, the prosecutions will go on for another year or two.

Chapter Volunteers Needed!

Chapter officer elections are fast approaching at the June meeting. One officer will soon be retiring (congratulations!). Also, volunteers are needed to assist the Chapter in organizing events, planning, scheduling speakers, and writing the Chapter Newsletter.

After ten years of writing the Chapter Newsletter, I am finally giving up this responsibility to concentrate on other responsibilities.

Please see a Chapter Officer with any questions on how you can become involved with the Chapter.

New! 2010 CFE Exam Prep Course, U.S. Edition

Attention ACFE Associate member: Get certified in 2010 with the new [2010 CFE Exam Prep Course](#). Featuring the updated Fraud Prevention and Deterrence section (*formerly Criminology and Ethics*), the 2010 CFE Exam Prep Course is the most comprehensive study tool available to prepare you for the CFE Exam. Purchase the [CFE Exam Prep Course](#) at the ACFE Bookstore and start working toward *your* CFE credential today.

Other:

Failure to notify the Chapter within 24 hours of a meeting will result in an invoicing of the cost of the meeting to missing attendees. Thank you for your understanding and cooperation.

The Mid-Atlantic Chapter of the ABA's Criminal Justice Section White Collar Crime Committee and Pietragallo, Gordan, Alfano, Bosick, & Raspanti, LLC are sponsoring a program for April 15, 2010

How to Survive a Criminal Tax Investigation.

Cocktail Reception 5-6:30 pm
Program 6:30-7:30 pm
Contact Kristen Bria @ (215)988-1469

Upcoming ACFE Events

www.acfe.com

ACFE News:

Authors Needed for Fraud Findings Column

Would you like to be a contributing author for the Fraud Findings column in Internal Auditor magazine? The ACFE Research Department is seeking submissions for upcoming issues of the column. To be considered, please submit a narrative summary of a fraud case, approximately 1,500 words, that discusses how the case was perpetrated how it was detected, and several examples of "lessons learned" from the case. Send submissions to Andi McNeal at AMcneal@ACFE.com.

ACFE Foundation Taking Donations for the Silent Auction

After two successful years, the ACFE Foundation is sponsoring the 3rd Annual Silent Auction, opening June 23, 2010 and concluding during the 21st Annual ACFE Fraud Conference and Exhibition in Washington, D.C., on July 27. In an effort to surpass last year's success, the ACFE Foundation is asking for your chapter's participation with either a monetary donation or an item that reflects the uniqueness of your city, state, or country. The Silent Auction

<http://www.biddingforgood.com/auction/AuctionHome.action?vhost=acfe> is now live so you can make a donation through the site or by contacting Dianne Lloyd at dlloyd@acfe.com. Auction items are needed by June 10th.



**Greater Pittsburgh Chapter –
Association of Certified Fraud Examiners**

FRAUD SEMINAR

An Evening with Weston Smith

Date:	Wednesday – April 21, 2010
Speaker:	Weston Smith, former CFO and whistleblower at Healthsouth
Location:	Allegheny HYP Club, 619 William Penn Place, Downtown Pittsburgh 15219
Registration & Cash Bar:	5:00-6:00 pm
Dinner:	6:00 pm
Program:	6:30 pm – 7:30 pm
CPE Available:	1 Credit Hour
Cost:	Members: \$45.00 Non-members: \$55.00
Reservations:	E-mail your reservation to Doreen Culley at dculley@bc.pitt.edu .
Deadline:	All reservations are due no later than Friday, April 16th. Cancellations after April 16th will be billed unless a replacement is sent.

Weston Smith, of Birmingham, Alabama worked his way through college and graduated with honors from the School of Business at the University of North Alabama. Upon graduation, he started his professional career at Ernst & Young and earned a Certified Public Accountant license. He was then recruited by Healthsouth Corporation and eventually ascended to the rank of Chief Financial Officer.

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SEMINAR ON WHITE COLLAR CRIME

- Date:** Friday, May 21, 2010
- Topic:** ACFE/IIA Fraud Seminar
- Speakers:** Dave Duffus, CPA/ABV/CFF, CFE, MBA, Partner, ParenteBeard & Manager, Forensic and Litigation Services Practice
- Richard Hilliard, CPA/CFF, CFE, Senior Manager, ParenteBeard's Forensic and Litigation Services Department
- William Miller, J.D., CPA, Assistant DA, Detective, Allegheny County District Attorney's Fraud Investigation Unit
- Karen Paullet, DSc, MS, Communications Coordinator, Allegheny County District Attorney's Office
- Location:** Rivers Club, One Oxford Center, 301 Grant St., Downtown Pittsburgh
- Registration & Lunch:** 11:30-12:00 pm
- Program:** 12:00 pm – 4:00 pm
- CPE Available** 4 Credit Hours
- Cost:** Members: \$60.00 Non-members: \$70.00 (Check or Cash at door)
- Reservations:** E-mail your reservation to Doreen Culley at dculley@bc.pitt.edu Please indicate if you are an IIA or an ACFE member, or have no affiliation!
- Deadline:** All reservations are due no later than May 14, 2010. Cancellations after May 14th will be billed unless a replacement is sent.
- Questions:** Please call Kimberly Traupman, IIA, at 412 716-4559 or
Diane Matthews, ACFE, at 412 578-6384

Course Features:

- ❖ Investigation and Prosecution of White Collar Crime from an ADA/Detective's Perspective—investigative techniques, forensic accounting, interview & interrogation, methods of proof, Grand Jury and courtroom proceedings, current case examples
- ❖ Computer Forensics-tools, technology & methods employed by criminals; presenting evidence in court
- ❖ Special Investigations/Internal Investigations—roles of outside experts, internal audit, and management; internal control failures typically found in cases that include financial statement fraud or aggressive accounting