



February/March 2005 Newsletter



President's Message

Hello to everyone. Hopefully, 2005 is off to a good start for you both professionally and personally. The board of directors is hopeful that the chapter will be as productive this year as it was in 2004.

In January the chapter submitted its application for the ACFE 2004 Chapter of the Year Award. We should find out the results sometime this spring. With all that was accomplished in 2004 (new website; great fraud training seminar; excellent luncheon speakers; increased membership by 42%; CFE Scholarships offered; etc.), I feel confident that we put forth a competitive application. Once we hear back from the ACFE, we will make sure to communicate the results to you.

The chapter has some exciting events coming up and we hope you are able to attend. The most important of these events is the chapter's 2005 Annual Fraud Training Seminar. This year the seminar will be held on May 2nd and 3rd at the Mid-America Center (same place as last year). You should have received a seminar brochure in the mail within the last few weeks. This year's seminar should be our best yet. We are having three outstanding nationally recognized speakers present at the seminar. For only \$175 (or less if you send more people) you will get 16 hours of CPE, education from the foremost experts in their fields of study, breakfast and snacks both days, and an excellent opportunity to meet other fraud professionals in our area. If you would like to attend or want more information please visit our website www.HeartlandCFE.com and look under the "Upcoming Events" link. A copy of the seminar brochure is available and it contains specific information on the topics covered (insurance fraud; identity theft; and money laundering) and biographies of each speaker. Any questions you may have please contact Lynn Ford, who is our chapter training director. He does a great job for the chapter. Lynn may be contacted at ChapterTrainingDirector@HeartlandCFE.com We hope to see you at the seminar and remember seating is limited so send in your application early to guarantee yourself a seat.

In May the chapter will conduct its election for: 1) chapter historian and 2) chapter treasurer. The election will in all likelihood be via email so look for more information as we get closer to the election. If you would be interested in running for a position please talk with Judy Carter or Dennis Carroll who are in charge of our nominations committee or contact any board member. The positions available are for a two year term commitment.

I look forward to seeing you at the May seminar and other chapter events this year. If I have not yet met you, please come introduce yourself to me as I would like to get to know everyone in the chapter.

Thanks,
Jeff Sebree, CIA, CFE

March 2005 ACFE Meeting

**Park Inn Regency Lodge
Tuesday, March 8th, 2005**

The Heartland ACFE Chapter is having its March 8th luncheon meeting at the Park Inn Regency Lodge from 11:30 a.m.-1:00 p.m. Our guest speaker will be Lynn Ford, Assistant Vice President of the Investigative Service Unit, a division of the IAT Group.

Mr. Ford will speak on the topic of investigations with a program titled "The Anatomy of A Background Investigation." A discussion will follow. Please visit the website at www.heartlandcfe.com and click on the registration link under the upcoming events tab to register for this meeting.

November 2004 ACFE Meeting Review

**ACFE/IIA Joint Meeting
Park Inn Regency Lodge
Tuesday, November 16th, 2004**

On Tuesday, November 16th, 2004, a joint meeting of the Heartland Chapter-ACFE and the Ak-Sar-Ben Chapter-IIA was held at the Park Inn Regency Lodge. There were approximately 100 people in attendance. Dr. Steve Albrecht of Brigham Young University was our featured speaker on the topic of "New Developments in Detecting Fraud." Dr. Albrecht made several interesting observations:

- Of the ten largest corporate frauds of all time, six occurred in 2002, shortly after the stock market bubble burst and these frauds could no longer be kept hidden.
- Undetected frauds almost always multiply exponentially over time.
- There are no small frauds, only large frauds that are caught early.
- Fraud should be viewed as a business problem. The business must generate a huge amount of additional revenue to make up for a typical fraud loss. It is much cheaper to simply put greater resources into fraud prevention.
- The fraud epidemic has created huge new opportunities for fraud professionals. Fraud investigations are conducted more than ever before in cases of divorce, bankruptcy, and tax liability, creating a greater need for expert witnessing.

Dr. Albrecht stated that there are only two ways to detect fraud: reactive and proactive. The traditional approach to fraud detection has always been reactive. According to the ACFE report on fraud detection, the largest number of frauds(26%) are detected as a result of an anonymous tip. However, under the Sarbanes-Oxley Act of 2002, companies must now proactively look for fraud. The act has driven up spending on internal auditing and related fraud prevention activities. Forensic auditing is also being incorporated as an element of GAAS auditing.

Dr. Albrecht characterized the new approach as "Strategic Fraud Detection". This technology based fraud detection approach focuses on both people and transactions which indicate anomalies. Dr. Albrecht also gave several interesting examples of cases he has consulted on recently to illustrate his points. His presentation was very timely, informative, and well received.

January 2005 ACFE Meeting Review

**Park Inn Regency Lodge
Tuesday, January 11th, 2005**

Heartland Chapter member Don Holdegraver was the featured speaker for our January meeting. Mr. Holdegraver is the Director of Operations Analysis at the University of Nebraska-Lincoln. His presentation was titled "P-Card Fraud in the Heartland, A Post-Mortem."

Mr. Holdegraver stated that in 2003, it was decided that the university should conduct random audits of some of its operations outside of the Lincoln campus. One of the departments chosen for audit is located in rural Nebraska. In preparation for the audit, one of the items selected for review were several transactions with the department manager's purchasing card.

Upon beginning the review, it quickly became apparent that there were numerous irregularities in the use of this particular employee's card. The employee ultimately cooperated in the investigation. He acknowledged having used the card inappropriately on numerous occasions, and cooperated in the recovery of over \$32,000 of merchandise from his personal residence. He was immediately terminated.

The investigation found several themes common to many occupational frauds. The perpetrator was a "trusted employee", well liked by everyone both at work and in the community. There was a subordinate employee who suspected wrongdoing, but was unsure of who to report her suspicions to or what the ramifications to her job might be. The office was in a location remote from the organizations central operations, making it prone to limited oversight. Weak internal controls were also found with respect to the university's purchasing card system. The p-card system has been completely revamped to strengthen the internal controls in the program.

CFE Scholarship Winners

The following members were the January 2005 scholarship recipients for the CFE examination:

[Don Stephens](#) – Currently attends the University of Nebraska – Omaha and is expected to graduate in May of 2005. Don is a retired Omaha Police Officer, and over his 30 tenure worked as a Detective, Supervisor in Crimes Against Property Section and investigated employee theft & other financial fraud cases. Upon graduation from UNO, Don plans to pursue a career in the fraud/audit arena.

[Barbara Kuechel](#) – Barbara is a graduate of UNO. She is currently working at First National Bank of Omaha as an Information Systems Auditor. She currently holds the professional designations of CISA, CIA, and CPA.

[Martin \(Marty\) Adams](#) – Marty is a graduate of UNL. He is currently a Lieutenant for the Omaha Police Department in the Crime Analysis Unit. Prior to that, Marty worked in the Burglary/Fraud Unit for two years. After Marty's retirement in 2006, he will pursue a career in white collar fraud.

[Martin \(Skip\) Langlois, Jr.](#) – Skip is attended the US Coast Guard Academy, and graduated from Strayer University (D.C.) and from the University of South Dakota. Skip is currently the Director of Internal Audit at FirstComp Insurance Company. He currently holds the professional designation of CISA. Skip is also the current President of the AKSARBEN Chapter of the IIA.

Congratulations and best of luck on the exam!

2005 Annual Fraud Training Seminar

The Heartland ACFE Chapter is hosting its annual Fraud Training Seminar. The Seminar will be held May 2nd and May 3rd, 2005 at the Mid-America Center located in Council Bluffs, Iowa.

We have an elite group of speakers presenting at this year's seminar. On May 2nd, we will have **Mr. Barry Zalma**, a highly respected attorney in insurance fraud investigations. He will present on "How an Investigator Deals with the Issue of Insurance Fraud."

Also presenting on the 2nd will be **Mr. Alan Malinchak**, former Chief of the FBI's Leadership Development Institute. H will present "Investigating Identity Theft Frauds," a useful topic in both our personal and professional lives.

On May 3rd, **Mr. Stan Langston** will present "Investigating Money Laundering and Terrorist Financing Frauds." Mr. Langston served with distinction for the Central Intelligence Agency (CIA) where he established and directed a team of financial accountants and fraud investigators to mount operations against the financial networks of narcotics traffickers and organized crime syndicates.

For only \$175 you can get these two days of training from some of the most renowned experts in the fraud investigation field. You will also get the materials presented by the speakers, 16 CPE hours, breakfast and snacks both days, and the opportunity to network with other fraud investigation professionals.

You can register online by clicking the Fraud Training Seminar Registration & Payment link below. Company discounts are available as follows:

- 5-9 attendees - \$165 per person
- 10-14 attendees - \$160 per person
- 15-19 attendees - \$155 per person
- 20 or more - \$150 per person

When individuals from the same company pay with a credit card, initially register at the \$175 rate. You will be reimbursed for the discounted amount upon signing in at the seminar.

Seating is limited, so be sure to sign up soon! Please see the next few pages for sign-up information and the seminar schedule.

