

13th Annual

Emerging Trends in Fraud Investigation & Prevention Conference

Hilton Columbus at Easton

June 3 - 4, 2013

Presented by:

Auditor of State Dave Yost · Attorney General Mike DeWine

Central Ohio Chapter of Certified Fraud Examiners

The Ohio Society of CPAs · Franklin University

Middle Atlantic Great Lakes Organized Crime Law Enforcement Network



www.ohioauditor.gov

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Dave Yost

Auditor of State



Dear Colleague:

We are pleased to invite you to the 13th Annual Emerging Trends in Fraud Investigation and Prevention Conference, June 3-4, 2013, at the Hilton Columbus at Easton. The Ohio Auditor of State's office partners with the Central Ohio Chapter of Certified Fraud Examiners to present this popular and informative anti-fraud seminar.

This annual conference is one of Ohio's premier seminars on fraud detection, deterrence and investigation. As a participant, you will hear from highly trained anti-fraud specialists who will share the most up-to-date tools and current trends for detecting and preventing fraud.

Please join us in June at the 13th Annual Emerging Trends in Fraud Investigation and Prevention Conference.

Sincerely,

Dave Yost
Ohio Auditor of State

Heinz Ickert, CPA, CFE, CFF, CVA

Heinz Ickert

President, Central Ohio Chapter
of Certified Fraud Examiners

Register at www.ohioauditor.gov

Click on: Training/Conferences

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|-------------------------|----------|
| Government Employee | \$225.00 |
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Make checks payable to: Ohio Treasurer of State Josh Mandel

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Attn: Fiscal Department
88 E. Broad St., 4th Floor
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We now accept Visa and Mastercard!

Please visit the Auditor of State's website to view the complete registration details and cancellation and refund policy.
(Please include a copy of the e-mail registration confirmation with payment).

CONTINUING EDUCATION:

The Fraud Conference offers 690 minutes of professional education opportunity. CPAs can apply for 16 CPE hours to their certification. The Ohio Supreme Court has approved 10.5 general CLE credit hours for this conference. Other professional certifications should be calculated by individual requirements.

www.hiltoncolumbus.com

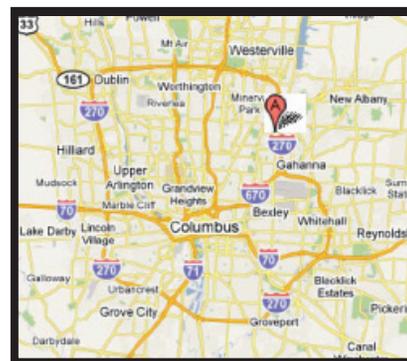
Hilton Columbus at Easton
3900 Chagrin Drive
Columbus, Ohio 43219
Tel: 1-614-414-5000
Fax: 1-614-414-5100

North: 71 SOUTH TO 270 EAST
TO THE MORSE RD EXIT 32
RIGHT ON MORSE RD
LEFT ONTO STELZER RD

West: 70 EAST TO I-670 E
TO I-270 N EXIT 33 EASTON
LEFT ON EASTON WAY
RIGHT ON STELZER RD

South: 71 NORTH TO I-670 E
TO I-270 N TO EXIT 33 EASTON
LEFT ON EASTON WAY
RIGHT ON STELZER RD

East: 70 WEST TO I-270 N TO
EXIT 33 EASTON
LEFT ON EASTON WAY
RIGHT ON STELZER RD



13th Annual

Emerging Trends in Fraud Investigation & Prevention Conference

Schedule of Events - Monday, June 3, 2013

DAY 1

Current Issues

Investigative

Accounting /Auditing

Legal

Special Topics

8:00 - 9:00 am

REGISTRATION / CONTINENTAL BREAKFAST

9:00 - 10:30 am

OPENING REMARKS
GENERAL SESSION: WESTON SMITH, CROSSING THE LINE - INSIDER'S STORY OF FRAUD

10:45 am- 12:00 pm

Workshop 1

Chrissie Powers
Detecting and Preventing
Payroll Fraud

Workshop 2

Elizabeth Miller& Barb Cannon
Cooperation & Collaboration =
Apprehension
The Investigative Formula

Workshop 3

Weston Smith
Financial & Non-Financial
Red Flags of Fraud

Workshop 4

Bob Smith
Case Study on Charter
School Investigation

Workshop 5

Arvin Clar
Interview & Interrogation

12:00 - 1:30 pm

LUNCHEON SPEAKERS:
AUDITOR OF STATE, DAVE YOST, SCHOOL ATTENDANCE

1:45 - 3:00 pm

Workshop 6

Frank Wisehart
Behavioral Fraud

Workshop 7

Karen Huey
Ohio Casinos:
A View from the OCC
Enforcement Division

Workshop 8

Dr. Henry Smith
The Rita Crundwell Story

Workshop 9

Arvin Clar & Brad Tammaro
The BCI
Teamwork Approach

Workshop 10

Chris McGee
Risk Mitigation Strategies for
IT Enabled Transformation

3:15 - 4:30 pm

Workshop 11

Emerging Trends
in Fraud Investigation
Panel Discussion

Workshop 12

Chris Watson
Information Security and
Compliance

Workshop 13

Frank Wisehart
Behavioral Fraud

Workshop 14

Brenda Shoemaker &
Doug Squires
Financial Crimes
Prosecutions

Workshop 15

Donna Waldron
State of Ohio v. Daniel Burns:
A Case Study

13th Annual

Emerging Trends in Fraud Investigation & Prevention Conference

Schedule of Events - Tuesday, June 4, 2013

DAY 2

Current Issues

Investigative

Accounting / Auditing

Legal

Special Topics

7:30 - 8:30 am

REGISTRATION / CONTINENTAL BREAKFAST

8:30 - 10:00 am

GENERAL SESSION: JOSEPH BUCKLEY, JOHN E. REID & ASSOCIATES
THE REID NINE STEPS OF INTERROGATION

10:15 - 11:30 am

Workshop 16

Chrissie Ross
Utilizing Analytical Products
to Enhance Your Case

Workshop 17

Joseph Buckley
The Behavior Analysis
Interview

Workshop 18

Justin Wykes
The 0's and 1's of
Digital Forensics

Workshop 19

Jon Metzler & Bill Greene
Case Study of
Augustine Kotee

Workshop 20

Dan Bradley
Fraud Financial
Statement

11:30 am - 1:00 pm

LUNCHEON SPEAKER: PHIL SORENTINO
Work Smart, Have Fun & Create Loyalty

1:00 - 2:15 pm

Workshop 21

Stephen Nelder
Construction Fraud

Workshop 22

Dan Bradley
Fraud & Not For Profit

Workshop 23

Adam Featherling
Emerging Trends in the
Investigation
of Insurance Claims

Workshop 24

Jenn Pratt
Detecting Vendor Collusion

Workshop 25

Heinz Ickert
Ethics for CFEs

2:30 - 3:45 pm

Workshop 26

Emerging Trends
in Fraud Investigation
Panel Discussion

Workshop 27

Joseph Buckley
The Behavior Analysis
Interview

Workshop 28

David Sems
Data Mining Techniques
for Uncovering Fraud

Workshop 29

Jonathan Blanton &
Ryan Stubenrauch
Multijurisdictional
Fraud Cases

Workshop 30

Jason Watson
Once a Ponzi,
Always a Ponzi

General Sessions

General Session: June 3, 2013 : Crossing the Line - Insider's Story of Fraud **Speaker:** Weston Smith, President, ChalkLine Solutions, LLC

Description: Confidence in financial markets has reached an all-time low in the aftermath of repeated corporate scandals, Ponzi schemes, and unethical business practices. Weston Smith, who was one of many participants in the multi-year fraud that occurred at HealthSouth, will describe the culture and rationalizations that led to the initiation of the fraud, the pressures to continue cooking the books, and the lessons to be learned from the fraud. He will also focus on the effectiveness of legislation in eliminating occupational misconduct, and the need for developing a business culture that effectively decreases unethical and illegal behavior.

Luncheon: June 3, 2013 : School Attendance **Speaker:** Dave Yost, Auditor of the State

General Session : June 4, 2013 : The Reid Nine Steps of Interrogation **Speaker:** Joseph Buckley, President, John E. Reid and Associates

Description: In this session, we will discuss the interrogation process, beginning with how to initiate the confirmation; develop the interrogational theme; stop denials; overcome objections; and, use the alternative question to stimulate the admission.

Luncheon: June 4, 2013 : Work Smart, Have Fun & Create Loyalty **Speaker:** Phil Sorentino, CSP. Humor Consultants, Inc.

Description: Phil Sorentino will present a system that will teach you the "why to's" and the "how to's" that will position you for success and enjoyment. Work Smart: Phil will show you six ways to motivate yourself and four ways to help others motivate themselves. Have Fun: Enjoy a Servant's Attitude, today, we must position ourselves to be different by enjoying the process of taking care of yourself and the people we touch. Create Loyalty: Customer satisfaction/customer service, these concepts are the basics. Phil will present the four key factors in creating Customer Loyalty based on research from the Gallup Organization.

Workshop Descriptions Day 1

Workshop 1 Title: Detecting and Preventing Payroll Fraud **Speaker:** Chrissie Powers, Managing Member, P.D. Eye Forensics, LLC.

Description: Who commits payroll fraud; cost and duration of payroll fraud schemes; techniques for detecting payroll schemes; discuss war stories to put it into perspective, etc.

Workshop 2 Title: Cooperation & Collaboration = Apprehension The Investigative Formula **Speaker:** Elizabeth Miller, Fraud Investigator, Barb Cannon, Deputy Inspector, Auditor of State's office

Description: This session will discuss a 2012 fraud investigation involving a village clerk accused of embezzlement of public funds. The presenter will provide an inside look at how a tip led to The Auditor of State's office collaboration with law enforcement and county prosecutor for quick prosecution and conviction. The presenter will provide insight into the collaboration between these agencies.

Workshop 3 Title: Financial and Non-Financial Red Flags of Fraud **Speaker:** Weston Smith, President, ChalkLine Solutions, LLC.

Description: Media accounts of the HealthSouth fraud cite it as a fraud that ran for five years. In reality, the fraud existed for over ten years, but in the courts was capped at five due to the statute of limitations. Were there red flags? Yes, many. Then why wasn't the fraud uncovered? In hindsight, the red flags were stiff in the wind. In this workshop, we will review fraudulently stated HealthSouth filings as a starting point, discuss the red flags contained therein, and how audit detection was avoided. Most importantly, we will expand beyond the HealthSouth fraud and discuss what to look for in today's companies, governmental agencies and organizations. The non-financial red flags of HealthSouth were not unique to the company. In fact, we will take a deep look at identical non-financial red flags of illegality that occur within many companies, governmental institutions, charitable organizations, and individuals.

Workshop 4 Title: Case Study on Charter School Investigation **Speaker:** Bob Smith, Assistant Chief Legal Counsel, Ohio Auditor of State's office

Description: Legacy Academy is a case study of the Special Audit of Legacy Academy for Leaders and the Arts, a community school in Mahoning County, which resulted in the criminal prosecution of Carl Shye, a treasurer for numerous community schools across Ohio. The case study reviews how the information developed in the audit established a pattern of theft by Mr. Shye in this and other community schools, how he utilized various community school accounts to launder money stolen from other community schools, how he altered documents to convince the schools he was helping them out financially when he was, in reality, stealing from them, and how he would use identity theft to assist in his crimes.

Workshop 5 Title: Interview and Interrogation **Speaker:** Arvin Clar, Special Agent, Leo Palaibis, Forensic Accountant, Leo Fernandez, Forensic Accountant, BCI&I

Description: This course will explore the interviewing techniques associated with Financial Crime investigations. Topics to be discussed are the verbal and non-verbal approach to interviewing and the ability to focus on the truthful and deceptive cues of the subject involved in the financial investigation. Also to be discussed successful techniques in gaining the confessions from the subject and building "positive" approach to the Interrogation, which will lead to a successful prosecution.

Workshop Descriptions Day 1 *(continued)*

Workshop 6 Title: Behavioral Fraud **Speaker:** Frank Wisehart, Director of Business Advisory Services, Schneider Downs & Co., Inc.

Description: This course will cover verbal and nonverbal clues hidden in human behavior that tend to indicate when someone is being truthful and when someone is lying. Participants will learn how to identify these clues, how to move past objections to the truth and how to know when further digging into the financial records may be necessary. Also, this course will provide participants with internet sites that are useful for evidence gathering. Participants will walk away with: a better understanding of the deceptive techniques people employ to hide the truth, a basic framework for identifying signs that indicate when someone is lying and when someone is telling the truth, and internet tools that aid in investigations and background checks on individuals and corporations.

Workshop 7 Title: Ohio Casinos: A View from the OCCC Enforcement Division **Speaker:** Karen Huey, Director of Enforcement, Ohio Casino Control Commission. Michael Masterson, Deputy Director of Enforcement, Special Agent in Charge Ohio Casino Control Commission, BCI&I

Description: This workshop will cover the advent of casino gaming to Ohio, the development of the Ohio Casino Control Commission and their role in regulating, licensing and enforcing casino operations. The OCCC Gaming Enforcement Agents are Ohio's newest law enforcement officers and this workshop will explore this new position, new criminal statutes as well as, highlight casino gaming cheat cases. Additional discussion includes, CTE and SARC reporting, money laundering and fraud.

Workshop 8 Title: The Rita Crundwell Story **Speaker:** Dr. Henry Smith, Associate Professor of Accountancy, Otterbein University

Description: This session will cover the Controller of the city of Dixon, IL, embezzling \$53 million over a 22 year period; she was finally caught and brought to trial; the federal court sentenced her to twenty years; state charges on 60 counts of theft are pending.

Workshop 9 The BCI Teamwork Approach Speaker: Arvin Clar, Special Agent, Leo Palaibis, Forensic Accountant, Leo Fernandez, Forensic Accountant, Greg Jefferies, Forensic Accountant, Charles Thomas, Criminal Intelligence, BCI&I Brad Tammaro, Special Prosecutor, OOCIC

Description: This presentation will show BCI's collaborative approach to Organized Financial Crime investigation. Case investigation methodology and how each of the BCI Units approach the investigative techniques regarding RICO Crimes also referred to as Engaging in the Pattern of Corruption. Case topics will be explored and discussed with the "best practice" to financial investigations. The Ohio Organized Crime Investigative Commission Special Prosecutor will discuss the case presentation and evidence needed to successfully seek prosecution.

Workshop 10 Title: Risk Mitigation Strategies for IT Enabled Transformation **Speaker:** Chris McGee, Director, KPMG Advisory

Description: This session is aimed at any organization going through or thinking about going through an IT enabled business transformation. This session will offer Business and IT Leadership an understanding of some of the most critical risks affecting large scale IT projects today. The expected outcome is a greater awareness to predict, adapt and effectively mitigate IT Project risks and threats. This session will cover: Software Development Lifecycle overview, top risks identified within each SDLC phase, and emerging tools and trends.

Workshop 11 Title: Emerging Trends in Fraud Investigation Panel Discussion **Speaker:** Kevin Saionzkowski, Chief Auditor, Auditor of State's office Heinz Ickert, CPA, CFE, CFF, CVA, President, ACFE

Description: A panel of today's speakers will be available to discuss trends observed in their jobs and practices fighting fraud. Open session format allowing attendees to participate with panel discussing latest trends, schemes, techniques or approaches to handling and investigating allegations of fraud. Session will provide the attendee the opportunity to seek input or suggestions regarding any aspect of fraud detection, deterrence or investigation.

Workshop 12 Title: Information Security and Compliance **Speaker:** Chris Watson, Senior Manager, Internal Audit and Risk Advisory Services, Schneider Downs & Co., Inc.

Description: This course will provide an overview of information security requirements for government agencies. Participants will learn how implementing proper security and internal controls can reduce security related risks. Also, this course will provide participants with a basic overview of immediate steps that can be taken to improve their overall security posture.

Workshop 13 Title: Behavioral Fraud **Speaker:** Frank Wisehart, Director of Business Advisory Services, Schneider Downs & Co., Inc.

Description: This course will cover verbal and nonverbal clues hidden in human behavior that tend to indicate when someone is being truthful and when someone is lying. Participants will learn how to identify these clues, how to move past objections to the truth and how to know when further digging into the financial records may be necessary. Also, this course will provide participants with internet sites that are useful for evidence gathering. Participants will walk away with: a better understanding of the deceptive techniques people employ to hide the truth, a basic framework for identifying signs that indicate when someone is lying and when someone is telling the truth, and internet tools that aid in investigations and background check on individuals and corporation.

Workshop Descriptions Day 1 *(continued)*

Workshop 14 Title: Financial Crimes Prosecutions **Speaker:** Brenda Shoemaker, Financial Crimes Chief, Doug Squires, Assistant US Attorney, US Attorney's Office
Description: Financial crimes have been on the rise and take many forms. This course examines the latest and greatest ways to prove your case. Charging issues and the best practices for calculating loss will be explored through federal case summaries. This course also includes the essential tools needed to prosecute white collar cases with an emphasis of the role of accountants and analysts in these cases.

Workshop 15 Title: State of Ohio v. Daniel Burns: A Case Study **Speaker:** Donna Waldron, Assistant Chief Auditor, Special Audit Section, Auditor of State's office
Description: A Case study from the Auditor of State's Special Audit Section. This session will provide details on how one man abused his position of authority, first as the chief business manager at Toledo Schools and later, as the chief operating officer at Cleveland Schools, to tamper with records and engage in a pattern of corrupt activity resulting in thefts from both schools. The presentation will explain the red flags which caused an employee to report the fraud, as well as examples of the documents used by Mr. Burns to misappropriate school funds.

Workshop Descriptions Day 2

Workshop 16 Title: Utilizing Analytical Products to Enhance Your Case **Speaker:** Chrissie Ross, Criminal Intelligence Analyst, Bureau of Criminal Investigation, Ohio Attorney General's Office.

Description: This presentation will review several cases and show how BCI's Criminal Intelligence Unit assisted with the use of different types of analytical products for successful prosecution.

Workshop 17 Title: The Behavior Analysis Interview **Speaker:** Joseph Buckley, President, John E. Reid and Associates

Description: Most investigative interviews consist of two primary types of questions – investigative and behavior provoking. Investigative questions concern the subject's version of events, relevant background information, alibi or activities at the time in question, developed by the traditional who, what, where, when, why and how type of questions. Behavior provoking questions are ones that are used to assess the subject's truthfulness by evaluating the nature of their response. Truthful people answer the behavior provoking questions one way, while a deceptive person usually offers a different verbal response. During this presentation we will discuss how to phrase and ask the behavior provoking questions, and describe the type of answers to anticipate from the truthful and deceptive individuals. During this presentation we will show videotapes of actual interviews to illustrate the material.

Workshop 18 Title: The 0's and 1's of Digital Forensics **Speaker:** Justin Wykes, Computer Crime Specialist, National White Collar Crime Center

Description: Learn the fundamental principles and challenges of digital forensic examinations, and how the examinations of computers, cell phones, and tablets are conducted. Discover how suspects may attempt to hide information from you, and what information is available that the suspect may not even know exists!

Workshop 19 Title: Case Study of Augustine Kotee **Speaker:** Justin Gates, Medicaid Special Agent, Jill Monk, Medicaid Special Agent

Jon Metzler, Senior Assistant Attorney General, Bill Greene, Senior Assistant Attorney General, Health Care Fraud Section, Ohio Attorney General's Office

Description: Kotee was convicted after a plea in October after being arrested in South Carolina and extradited to Ohio. It is a unique case in that the defendant created a series of fake providers, and used them to do nothing other than submit fake bills.

Workshop 20 Title: Fraud Financial Statement **Speaker:** Dan Bradley, Principal, Young, Oakes, Brown & Co. P.C.

Description: What's scarier than fraud? In this session, you will learn the requirements of both management and the auditor/outside accountant as it relates to fraud. Hear "horror stories" of fraud that Dan Bradley, CPA, principal, Young, Oaked, Brown & Co., P.C., has detected and how management could have detected or even prevented the fraud. You will come away with some general best practices by management to attempt to prevent fraud. This is an excellent overview for anyone interested in fraud prevention and detection.

Workshop 21 Title: Construction Fraud **Speaker:** Steve Nelder, Managing Director, Fraud Solutions, LLC.

Description: Learn the techniques used to detect and investigate construction fraud, which is one of the most difficult types of fraud to document since it often involves collusion. Over \$2 million of fraudulent activity was documented and referred to the FBI for prosecution, which resulted in sentencing and a prison term. Stephen Nelder, CPA, CAFÉ, Managing Director, Fraud Solutions, LLC, will walk you through these fraud combatting techniques and he will tell you how to refer the matter to law enforcement.

Workshop 22 Title: Fraud and Not for Profit **Speaker:** Dan Bradley, Principal, Young, Oakes, Brown & Co. P.C.

Description: Listen and learn from some non-profit fraud "war stories." This course will focus on how these frauds occurred and how they could have potentially been prevented with appropriate internal controls.

Workshop Descriptions Day 2 *(continued)*

Workshop 23 Title: Emerging Trends in the Investigation of Insurance Claims **Speakers:** Adam Featherling, Claim Line Director – SIU, Kemper Service Group. Andy Sway, General Counsel, Smith, Rolfs & Skavdahl Co., LPA.

Description: There are myriad social, economic and industry-specific changes in the past decade that have an effect on the insurance claims investigation process. In order to stay ahead of the curve in our changing environment, emerging trends must be identified, and their advantages and disadvantages must be clearly deciphered. In the face of these changes, this program addresses how to identify these trends in property and bodily injury claims, and how to use these new trends to a distinct advantage.

Workshop 24 Title: Detecting Vendor Collusion and Fraud in Public Contracting **Speakers:**Jenn Pratt, Section Chief, Bob Morgan, Principal Investigator, Antitrust

Description: Offering instruction on the indicators of collusion, examples from actual fact patterns we have encountered (including our Rock Salt case).

Workshop 25 Title: Ethics for CFEs **Speaker:** Heinz Ickert, CPA, CFE, CFF, CVA, President, ACFE

Description: A discussion of ethical considerations for the certified fraud examiner, certified public accountants and investigators. In addition to discussion of ethical considerations involved in while conducting a fraud investigation, session will discuss corporate behavioral trends and developments. CFEs – meet your annual ethical training requirement.

Workshop 26 Title: Emerging Trends in Fraud Investigation Panel Discussion **Speaker:** Michael Spiert, Chief of Investigations, Auditor of State’s office.

Dan Bradley, Principal, Young, Oakes, Brown & Co. P.C. Heinz Ickert, CPA, CFE, CFF, CVA, President, ACFE

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Workshop 27 Title: The Behavior Analysis Interview **Speaker:** Joseph Buckley, President, John E. Reid and Associates

Description: Most investigative interviews consist of two primary types of questions – investigative and behavior provoking. Investigative questions concern the subject’s version of events, relevant background information, alibi or activities at the time in question, developed by the traditional who, what, where, when, why and how type of questions. Behavior provoking questions are ones that are used to assess the subject’s truthfulness by evaluating the nature of their response. Truthful people answer the behavior provoking questions one way, while a deceptive person usually offers a different verbal response. During this presentation we will discuss how to phrase and ask the behavior provoking questions, and describe the type of answers to anticipate from the truthful and deceptive individuals. During this presentation we will show videotapes of actual interviews to illustrate the material.

Workshop 28 Title: Data Mining Techniques for Uncovering Fraud **Speaker:** David Sems, CEO, CPA, CITP, CFF, Sems & Associates

Description: Learn some of the latest techniques in computer forensic and data analytics to help deal with fraud. David Sems, CPA, CITP, CFF, founder and president, Sems & Associates, will help you find a “needle in the haystack” as you search for data in multiple locations and formats. You will find out how to apply fuzzy string matching, link analysis, text mining, trend analysis, self-organizing maps and cluster analysis, to help clients discover patterns, artifacts and anomalies in huge sets of disparate data.

Workshop 29 Title:Multijurisdictional Fraud Cases **Speaker:** Jonathan Blanton, Principal Assistant AG, Ryan Stubenrauch, Assistant AG, Consumer Protection Section - Economic Crimes Unit

Description: Examining the issues involved in investigating, assembling and trying in Multijurisdictional State level fraud cases. Discussion of Ohio’s Corrupt Activities statute, venue and jurisdictional issues, and everything in-between.

Workshop 30 Title: Once a Ponzi, Always a Ponzi **Speaker:** Jason Watson, Supervisory Special Agent, FBI

Description: Most white collar crimes of the 21st century can be described as a re-emergence of a tried and true scam. The basic concept of fraudulent schemes can be traced back to fraudsters of the past. Over time, advances in technology have been the difference maker in providing criminals with greater access to victims and anonymity. This presentation will focus on the changing landscape of white collar crimes and challenges that are equally great in bringing forth successful prosecutions.