



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Fun Facts:

- Benjamin Franklin reportedly designed the first American penny in 1787. Known as the Fugio cent, it bears the image of a sun and sundial above the message “Mind Your Business.” A chain with 13 links, each representing one of the original colonies, encircles the motto “We Are One” on the reverse.
- The largest note ever printed was the \$100,000 Gold Certificate, which was used only for official transactions between Federal Reserve Banks and was not circulated among the general public.
- Following the Civil War, between a third and half of all cash in circulation was counterfeit. The U.S. Secret Service was originally created on July 5, 1865 to fight the counterfeiting epidemic.
- There are 293 ways to make change for a dollar.
- A farm in Delaware mulches more than four tons of worn-out U.S. cash into compost every day.
- Some U.S. coins have grooves on the edge (reeded edges). These were added to prevent counterfeiting and clipping. Clippers would shave a small amount of precious metal from the sides and sell those shavings.

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Fraud Talk Podcast

Fraud Now, Pay Later - Fraud Talk - Jim Ducharme - March 2022

In this episode, Jim Ducharme, COO of Outseer, a leading technology company in the fight against payment fraud, speaks on the rise of Buy Now Pay Later services and how fraudsters are exploiting these new avenues of credit. He also discusses identity assurance and how companies are working to combat payment fraud without adding hurdles for consumers.

<https://acfe.podbean.com/e/fraud-now-pay-later%c2%a0-fraud-talk-jim-ducharme-march-2022/>

UPCOMING EVENTS

LOCAL:

Michigan Chamber of Commerce

In Person – Chamber Day 2022

April 27, 2022

Radisson Hotel Lansing

8:30 am – 1:30 pm

Learn more: https://www.michamber.com/signature_events/chamber-day/



Michigan Association of Certified Public Accountants

Forensic Accounting & Valuation Services Conference

In Person

Thursday, May 12, 2022

8:30 am - 5:00 pm

MSU Management Education Center Troy, MI

Learn more: <https://www.micpa.org/cpe/store/course-detail?ProductId=128057>

Central Ohio ACFE Chapter's 21st Annual Emerging Trends in Fraud Investigation and Prevention Conference

In Person and Virtual Event

May 16 - 17, 2022

Earn up to 16 hours of CPE, with 2.5 hours of Ethics CPE

Learn more: <https://web.cvent.com/event/de1cf33a-a1fa-4696-b302-1d1feb60def9/summary>

NATIONAL:

ACFE

Money Laundering Schemes Workshop

Online Workshop

May 9 - 12, 2022

Learn more: <https://www.acfe.com/training-events-and-products/all-events/calendar-of-events/event-detail-page?s=Money-Laundering-Schemes-Workshop-0522Virt-MLSW>

ACFE

Online/In-Person Conference – 2022 Global Fraud Conference

June 19 - 24, 2022 (early registration ends April 6th)

Virtual/Nashville

Learn more: <https://www.fraudconference.com/33rd-home.aspx>

If you have an event that you would like posted in our newsletter or if you wish to share an article, please contact Jennifer Ostwald at jenny1661@hotmail.com

Crocodile of Wall Street Rendered Toothless as Authorities Bite Back

April 01, 2022

Martin Kenney, managing partner with Martin Kenney & Co., Solicitors

<https://acfeinsights.squarespace.com/acfe-insights/2022/4/1/crocodile-of-wall-street-rendered-toothless-as-authorities-bite-back>

The sums involved in the latest high-profile cryptocurrency fraud are mind-blowing. A self-proclaimed amateur rapper nicknamed the “Crocodile of Wall Street,” Heather Morgan, along with her husband Ilya Lichtenstein, were arrested and charged with conspiracy to allegedly launder \$4.5 billion in stolen Bitcoin last month.

Equally astonishing is the success of the U.S. Justice Department in retrieving assets in this case — it has reportedly recovered \$3.6 billion of the digital currency after seizing the couple’s digital wallets. While this still leaves approximately \$1 billion outstanding, it remains a tremendous feat. One can only hope that the recovery will continue to grow in size as the investigation develops.

The couple, bailed for \$8 million between them, are alleged to have laundered huge sums of Bitcoin stolen in a 2016 hack. The hacker, which the DOJ has not claimed was either Morgan or Lichtenstein, targeted a coin exchange called Bitfinex, stealing 119,754 bitcoins. The theft was so significant that it knocked 20% off the value of Bitcoin after the news of the hack broke.

Equally staggering is the value of hack—originally around \$71 million—which has shot up in a comparatively short number of years, owing to the volatile upward growth in Bitcoin’s value. The fact that the U.S. authorities were able to track the Bitcoin movements here is testament that digital currencies are no longer the opaque tender they once were, which gives asset recovery specialists cause for hope as we move forward.

Deputy Attorney General Lisa Monaco said of the events, “Today’s arrests, and the Department’s largest financial seizure ever, show that cryptocurrency is not a safe haven for criminals

Comments by U.S. Attorney Matthew M. Graves for the District of Columbia were particularly interesting, illustrating a change in position by the authorities toward digital currencies. Graves said that such thefts as those alleged by Lichtenstein and Morgan “could undermine confidence in cryptocurrency.” The underlying message appears to signal a seismic shift in attitude toward digital currencies — from representing all that is wrong with the world of money laundering to a point where U.S. officials are concerned about digital currency platforms being damaged by hacks.

Digital currencies are becoming increasingly common. Companies such as Tesla now accept certain digital currencies as a form of payment (in this case Dogecoin, which can be used to buy Tesla merchandise). As their popularity grows, those who once robbed banks will likely swap their shotguns and masks for computers and high-powered servers to enact their crimes.

As they do, those who track assets are already penetrating the layers by which such crooks seek to hide their loot. "Chain Hopping" — the process of moving and shifting digital currency in an attempt to befuddle those seeking to follow money laundering chains — is no different notionally than the placing, layering and integration that anti-money laundering specialists are familiar with. Fortunately, it is possible to track digital currency movements, with outfits such as Chainalysis and other experts now leading the way in the field.

The investigators involved in the Lichtenstein/Morgan case should be congratulated for their efforts. If their suspicions are proven to be correct, the couple's prosecution will serve as a deterrent to others of a similar ilk. The recovery of the billions of dollars in value sends a further message: If you are going to commit such crimes, not only will you stand to lose your liberty, but your ill-gotten gains can and will be targeted too.

Crime must not pay, and our best weapon against crime is having meaningful deterrents that can be employed by those with the skills and determination to implement them, including confiscation of wealth.

Video of the Month

[How phishing scammers manipulate your amygdala and oxytocin | Christopher Hadnagy | TEDxFultonStreet - YouTube](#)

Professional hacker ("Social Engineer") Christopher Hadnagy explains how we can protect ourselves from email "phishing", voice-based "vishing", and text-based "SMShing" attacks from con artists. Christopher Hadnagy, is the founder and CEO of Social-Engineer, LLC. Chris possesses over 16 years experience as a practitioner and researcher in the security field. His efforts in education and awareness have helped to expose social engineering as a top threat to security today.



A Step in the Right Direction: U.S. State of the Union Pledges More Investment in Anti-Fraud Resources

March 02, 2022

From the President and CEO Bruce Dorris, J.D., CFE, CPA

<https://acfeinsights.squarespace.com/acfe-insights/2022/3/2/a-step-in-the-right-direction-us-state-of-the-union-pledges-more-investment-in-anti-fraud-resources>

After the past two years of navigating the COVID-19 pandemic, there's no denying that we've seen an increase in fraud. It's not only anti-fraud professionals who've noticed the rise — new stories about fraudsters taking advantage of businesses and governments seem to multiply every day. One way to staunch this continued flow of fraud is dedicating more resources to anti-fraud measures and sending an unambiguous message to fraudsters that they will face real consequences for their crimes.

That's why I was encouraged to hear a promise for more oversight and enforcement in U.S. President Joe Biden's State of the Union address Tuesday night. "The watchdogs have been welcomed back," said President Biden. "We're going after the criminals who stole billions in relief money meant for small businesses and millions of Americans." He subsequently announced that the Justice Department will name a chief prosecutor for pandemic fraud.

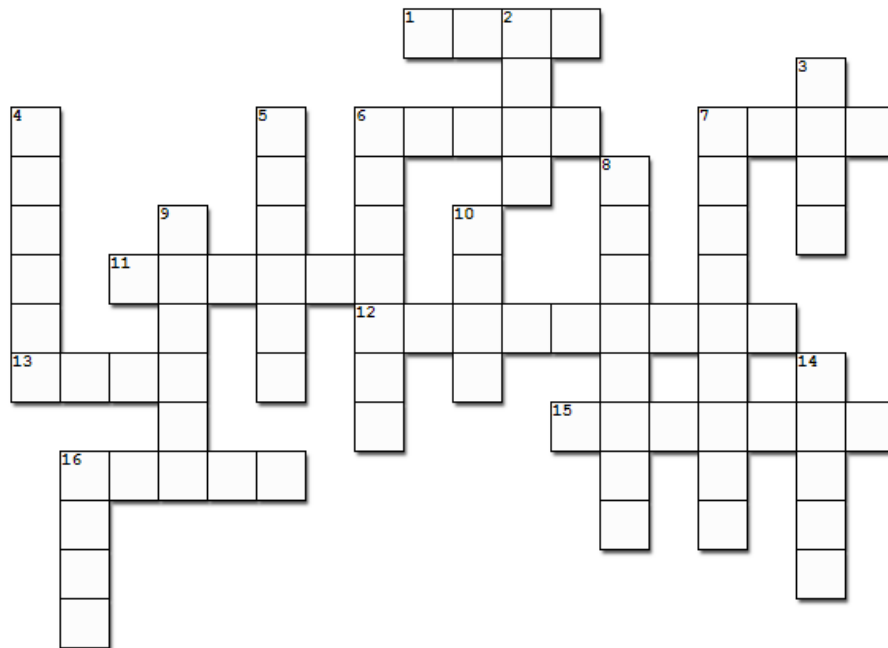
Not only is discussing fraud on a national stage an important step in combatting it, increasing resources to those investigating and prosecuting it is paramount. The U.S. government approved nearly \$6 trillion for aid packages to help keep unemployed citizens and small businesses afloat in the wake of the pandemic. With so much money accessible, and the need for it to be distributed quickly, it has proven a fertile ground for fraudsters — in December 2021 the U.S. Secret Service estimated that nearly \$100 billion had been lost to fraud.

Oversight offices were forced to adapt at a breakneck speed and handle an unprecedented volume of requests for funds. Hannibal "Mike" Ware, CFE, the Inspector General for the U.S. Small Business Administration (SBA) and the Chair of the ACFE Board of Regents, outlined the challenges his office faced in a report to the SBA in October 2020. "On March 31, 2020, more than 680,000 applications came in, the highest number of loan applications SBA has ever received on [one] day," the report said. "By April 10, 2020, SBA had received more than 4.5 million loan applications, well above the average of 65,000 per year before the pandemic."

It hasn't only been just the sheer volume of applications that government watchdogs have reviewed that's proved challenging. The CARES Act allowed applicants to request the SBA pay out an advance grant of up to \$10,000 within three days of receiving an application. Even without the mountains of applications to go through, it would be unfeasible to thoroughly investigate an applicant within three days. Government agencies were tasked with the impossible.

The more organizations invest in controls, the more likely they are to prevent and detect fraud — and oversight offices are no different. Certified Fraud Examiners dedicate their careers to fighting fraud, and this allocation of resources publicly acknowledges their vital role. This pledge that the government will not only support the continued efforts of diligent anti-fraud professionals, but also bring fraudsters to swift justice, sets a strong tone that fraud will not be tolerated.

Spring Crossword



Created using the Crossword Maker on TheTeachersCorner.net

Across

1. children go to the _____ and play
6. spring has arrived when this bird is in your yard
7. plant a _____ and wait for a flower to grow
11. a place to plant flowers or plants
12. a caterpillar turns into a _____
13. temperature that is not too cold and not too hot
15. April showers bring May _____
16. spring starts during this month

Down

2. water falling from the sky
3. birds make a _____ to lay eggs
4. open the _____ and let fresh air into the house
5. rain gathers in one spot on the ground and makes a _____
6. colorful arc in the sky after the rain
7. a yellow flower that faces the sun
8. hold this to stay dry when it rains
9. a person whose job it is to plant crops
10. fly a _____ on a windy day
14. grass grows and turns the color _____
16. ice and snow _____

Administrator Guzman Announces Expanded Efforts to Aggressively Crack Down on Bad Actors and Prevent Fraud in Programs

April 1, 2022

<https://www.sba.gov/article/2022/apr/01/administrator-guzman-announces-expanded-efforts-aggressively-crack-down-bad-actors-prevent-fraud>

Newly Appointed Special Counsel Will Oversee Enhanced Strategies Alongside Dedicated Leadership Board, Building on Previous Fraud Control Measures Deployed by the SBA

WASHINGTON – Today, Administrator Isabella Casillas Guzman, head of the U.S. Small Business Administration (SBA) and the voice for America’s 32.5 million small businesses in President Biden’s Cabinet, announced an all-hands-on-deck, multi-faceted expansion of efforts to identify and support the SBA Inspector General’s recovery of fraudulently obtained COVID economic relief funds and to prevent potential future theft of taxpayer dollars.

Recognizing that managing fraud risk in agency programs and operations is integral to responsible stewardship of taxpayer resources and effective service delivery to the American public, the SBA’s efforts will encompass a multi-pronged approach that builds upon current activities the Agency has undertaken to limit fraud. The SBA’s work in the Biden-Harris Administration to enhance fraud controls in pandemic programs has been recognized by federal accountability agencies and watchdogs. These new efforts will expand that work as SBA continues to undertake measures to ensure the integrity of its programs.

Key measures being announced today are:

- The designation of Peggy Delinois Hamilton to a new role as **SBA Special Counsel for Enterprise Risk** to advise Administrator Guzman on fraud and risk management activities across the Agency.
- The creation of the **SBA’s Fraud Risk Management Board (FRMB)** to provide anti-fraud oversight and coordination.
- Consistent with new efforts to bring bad actors to account for their fraudulent acts, the SBA fully supports the work of the **Interagency COVID-19 Fraud Enforcement Taskforce** and **DOJ’s Chief Pandemic Prosecutor** and Director for COVID-19 Fraud Enforcement. The SBA believes these new initiatives can enhance the Agency’s fraud risk framework and further strengthen its fraud risk mitigation efforts.

“Throughout the first year of the Biden-Harris Administration, the SBA has taken important steps to close the door on fraud, waste, and abuse and ensure billions of dollars in taxpayer-funded COVID relief make it into the hands of small business owners,” **said SBA Administrator Guzman.** “The steps we are announcing today build on that work under the capable watch of Peggy Delinois Hamilton, as our new SBA Special Counsel for Enterprise Risk, and the newly created Fraud Risk Management Board, in coordination with the SBA’s Office of Inspector General and the Department

of Justice's Chief Pandemic Prosecutor. Together, we will hold fraudsters accountable and shut down future pathways to fraud."

In line with the Biden-Harris Administration and Administrator Guzman's focus on aggressively rooting out scams targeting government programs, these efforts also reflect Administrator Guzman's top priority of increasing equity across the programs and leveling the playing field for all entrepreneurs by ensuring eligible small business owners have full access to the capital and resources needed to start and grow their businesses.

Peggy Delinois Hamilton as Special Counsel for Enterprise Risk in the Office of the Administrator

Administrator Guzman has designated Peggy Delinois Hamilton as SBA Special Counsel for Enterprise Risk in the Office of the Administrator. In this role, she will advise the Administrator on risk management activities enterprise-wide and directly support the Administrator in the development of strategies for mitigating the dynamic risks facing the Agency, focusing on potential fraud exposure as a top priority, as well as the development of plans to reduce risks to SBA operations. As a result of her extensive and unique bank regulatory experience and deep knowledge of agency priorities, she will provide strategic insight into potential enterprise-wide risks that have a clear impact on key agency programs. Peggy has served as SBA's General Counsel since February 2021, and another senior SBA official will take on these duties in the interim.

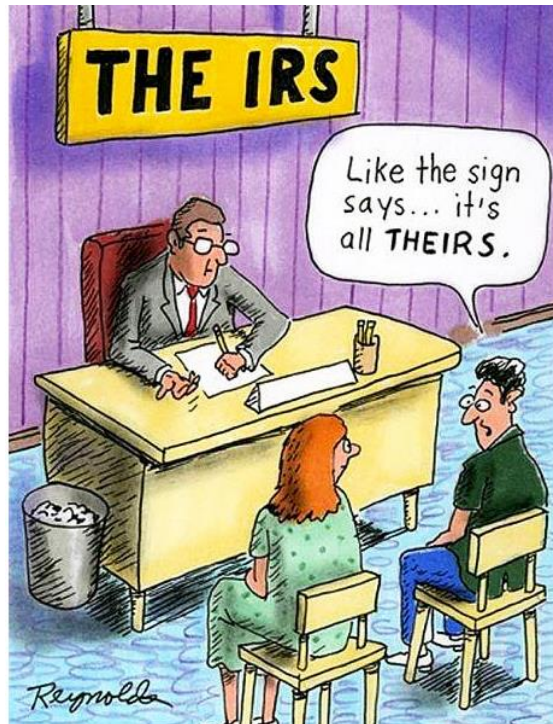
SBA's Fraud Risk Management Board

The Fraud Risk Management Board (FRMB) was established to serve as the designated anti-fraud entity responsible for oversight and coordination of SBA's fraud risk prevention, detection, and response activities. The FRMB is composed of experienced agency executives across the SBA enterprise. They will report to the Enterprise Risk Management Board (ERM Board) and, through the ERM Board, to the Administrator. In coordination with the oversight community, the FRMB will take additional steps to assess and address fraud risk on an agency-wide basis.

SBA's Ongoing Fraud Control Enhancements and Efforts

The SBA has taken tangible steps to control for and mitigate fraud risks in its COVID-19 related relief programs by working in tandem with other agencies across the federal government and using a whole-of-government approach to reduce risks.

In addition, SBA's fraud risk management framework supports information sharing across SBA programs. As flags and alerts are placed on businesses and business owners, fraud indicators can be applied across various SBA programs, utilizing a whole-of-SBA approach to preventing, detecting, and responding to fraud risks.



Quote of the Month

“When it comes to taxes, there are two types of people. There are those that get it done early, also known as ‘psychopaths’, and then the rest of us.”

– Jimmy Kimmel