LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

Announcements:

It's time to renew your LACFE membership. Keep your membership up to date to secure discounts on trainings from LACFE and associate Chapters. Membership | (lansingacfe.com)

Thank you to those who attended the LACFE's Fall Conference! Vic Hartman's presentation was fast-moving and full of information. Though there was a lot of information covered, the sentence that caught me just right was when Vic gave his final personal tip for interviewing: take time to reflect back on the interview to determine where you can improve and ask others for their review.

While this may seem obvious, I frequently forget to take the time to reflect and even less often ask colleagues or friends for their honest appraisal of my work. It struck me at that moment that this wisdom goes far beyond interview skills and can apply to almost every part of our jobs. I think it can be argued that in the prevention and detection of fraud, we can never cease the hard work of improving our skills. After all - we know that criminals won't be taking a break!

From all of us at the LACFE, have a happy and healthy holiday season!

In This Issue

Fraud Talk Podcast

Military Veterans' Experiences and Skills Brought to the Anti-Fraud Table | Collins Wanderi, Monica Meeks, Bill Stakes | Fraud Talk | Episode 125

In Episode 125 of Fraud Talk, ACFE Training Director Jason Zirkle, CFE, is joined by military veterans from around the world to share their backgrounds and how their experiences have aided them in their roles as CFEs and anti-fraud professionals. Collins Wanderi, CFE, Bill Stakes, CFE, and Monica Meeks, CFE, discuss the tools they've gained and advice they offer to veterans and active-duty military members looking to earn their CFE credential.

https://acfe.podbean.com/e/military-veterans-experiences-and-skills-brought-to-the-anti-fraud-table-collins-wanderi-monica-meeks-bill-stakes-fraud-talk-episode-125/

UPCOMING EVENTS

LOCAL:

Behavioral Forensics Group, LLC
(partnering with the Lansing Chapter of the ACFE)
Virtual Fraud Symposium
December 7th and 8th, 2022 (early bird ends November 30th)
Lansing Chapter receives 40% of the fee for participants we have attend. Use code: MI143
Learn more: https://my-cpe.com/personal-virtual-conference/event/virtual-fraud-symposium

ACFE South Florida Chapter #11 presents 2nd Annual Golf & Fraud Training
Webinar/In-Person
May 4, 2023 (early bird ends December 31, 2022)
Learn more: https://acfesouthflorida.org/event-4876828

NATIONAL:

ACFE – Free Webinar for ACFE Members
Presented jointly by the ACFE and The IIA
Fostering Collaboration – The Auditor and the Fraud Examiner
November 30, 2022
Learn more: Event Details (acfe.com)

ACFE – Free Webinar for ACFE Members
Fraud Scams and Schemes: Industry Trends and Consortium-Based Solutions
December 2, 2022
Learn more: Event Details (acfe.com)

Help me create your newsletter! If you have an event that you would like posted or if you wish to share an article, please contact Jennifer Ostwald at jenny1661@hotmail.com

A Recap of the Lansing Chapter of the ACFE Fall Conference

Our Fall Conference was a very thorough presentation, *The Honest Truth About Fraud–A Former FBI Agent Tells All*, by Vic Hartman, J.D., CPA/CFF, CFE. The conference was well-attended, but just in case you missed it, below is a quick summary.

Mr. Hartman's presentation reminded us that ultimately the motivation to commit fraud is driven by emotion and he argued that the fraud triangle applies in privity of trust relationships (frauds committed by religious leaders, lawyers, directors, occupational frauds), but not in predatory frauds (ransomware, scams, Medicare fraud).

He included a discussion of how government officials have been/can be corrupted by individuals desiring to steer official decisions for their benefit and included several recent government corruption case studies for our consideration.

Non-occupational frauds are different because of how you prevent and investigate them. According to current data, the three largest non-occupational fraud categories are tax fraud ($500 billion), theft of intellectual property ($500 billion), and health care fraud ($250 billion).

The section on money laundering led us through the substantial impact of the International Consortium of Investigative Journalists and the methods they used to learn about and report on money laundering around the globe. There were several real-life examples showing strategies for placement, layering and integration used in various parts of the globe.

The discussion of hard and soft controls useful in preventing and detecting fraud included an informal rating exercise for an organization attendes were part of (current or former).

The investigations section helpfully provided a review of reasons to bring an attorney onboard an investigation early, confidential privileges extending to relationships far beyond attorney-client, and when a duty to notify law enforcement or regulatory bodies exists. Mr. Hartman included a discussion of strategies he has found useful in investigations, pitfalls and legal issues that may arise, organizing your team, and managing client expectations.

He gave us his personal tips learned over decades of experience to consider incorporating into our own interviewing strategy and structure, as well as very important potential legal issues to keep in mind.

Finally, Mr. Hartman led us through a deep-dive of the ACFE Code of Ethics and Code of Professional Standards.

How Much Do You Know About Fraud? Try this pop quiz

By Victor Hartman, JD, CPA, CFF, CFE, and Jim Wansersk How-Much-Do-You-Know-About-FraudNew.pdf (hartmanfirm.com)

Survey Methodology: This survey was conducted online within the United States by Harris Poll on behalf of LifeLock from October 20-24, 2016 among 2,001 U.S. adults ages 18 and older. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables, please contact media@lifelock.com.

LifeLock

A Florida Fund for Injured Kids Raided Medicaid. Now It's Repaying $51 Million

November 15, 2022
Carol Marbin Miller, Miami Herald
https://www.propublica.org/article/miami-nica-settlement-medicaid-repay

Florida's long-troubled compensation fund for infants born with catastrophic brain injuries has resolved one of its thorniest disputes: the claim that it avoided hundreds of millions in health care costs by raiding the safety net for impoverished Floridians.

The Birth-Related Neurological Injury Compensation Association, or NICA, settled a three-year-old whistleblower complaint that alleged the program grew assets of nearly $1.7 billion partly by dumping health care and caregiving costs onto Medicaid, the state-federal insurer for poverty-stricken and disabled Floridians.

Under the settlement, announced Monday by the U.S. Justice Department, NICA agreed to pay $51 million to resolve allegations that it violated the federal False Claims Act. NICA's board of directors, ushered in last year as part of a far-reaching reform, already had voted to cease the program's reliance on Medicaid.

Beginning in April 2021, the Miami Herald, in partnership with ProPublica, published a series of stories showing NICA withheld and delayed care to many families, focusing on stockpiling assets instead.

Administrators reduced costs, the Herald reported, partly by funneling families into Medicaid — a program already so poorly funded that a federal judge in late 2014 accused the state of rationing care and maintaining an unconstitutionally inadequate system of care for children in poverty.

Monday's settlement amount is more than twice what was paid by the administrators of a Virginia compensation program to resolve a similar lawsuit — but also far less than the $140 million that Florida health administrators estimated was diverted by NICA from the state's chronically underfunded Medicaid program.

"The Medicaid program provides a safety net for our most vulnerable populations that do not have access to traditional healthcare coverage," U.S. Attorney Juan Antonio Gonzalez, who heads the DOJ's Southern District of Florida, said in a prepared statement.

He added: "The misuse of Medicaid funds will not be tolerated."

NICA denied wrongdoing in the settlement agreement.

Florida lawmakers created NICA in 1988, responding to dire warnings — critics called them exaggerated — that obstetricians would flee the state to avoid rising medical malpractice premiums. Under the law, the parents of children born with a certain type of brain injury were precluded from filing malpractice suits. In return, NICA was to provide medical care, therapy, medication and in-home caregiving for the life of the injured child.

Most children accepted into NICA either were deprived of oxygen at birth — sometimes as the result of a constricted umbilical cord — or suffered other brain damage or spinal injury. The program is no-fault, meaning parents need not prove their doctor or hospital acted recklessly.

This year, the state Agency for Health Care Administration, or AHCA, which oversees Florida's Medicaid program, estimated in a report that it had spent more than $140 million over the previous 33 years to cover hospital stays, in-home nursing and other medical needs for children covered by NICA.

NICA's reliance on Medicaid dollars frustrated and, at times, infuriated parents who depended on the program. Parents complained bitterly that they were forced to exhaust all efforts and appeals for Medicaid reimbursement — a process that could take months, if not years — before NICA would consider paying, even for such necessary items as wheelchairs and medications.

The Herald series led to sweeping changes: NICA's long-standing executive director stepped down. The program's board of directors resigned en masse. And the Florida Legislature approved a massive overhaul, including increased payments to parents and fewer restrictions on benefits. Lawmakers also required the program to include a NICA parent and an advocate for children with disabilities on the board.

Jim DeBeaugrine, a former head of the state's disabilities agency, gained oversight of NICA as board chairman following the previous board's resignation. He said Monday the settlement helps the program sustain its ongoing reform.

"I think we are all glad to have this behind us," DeBeaugrine said. "We will focus on continuing to do what we were all appointed to do. That's improve the way this program serves the families. … It's important to get this behind us." "My main disappointment," he added, "is that the money we are paying comes from dollars that otherwise would serve our families."

The path to reforming NICA's dependence on Medicaid was cleared by a Virginia couple who filed a whistleblower suit in July 2015 challenging the legality of that state's compensation program for infants born with profound brain damage. Florida NICA was modeled after the Virginia Birth-Related Neurological Injury Compensation Program.

The Virginia program settled that lawsuit by paying $20.7 million to the U.S. government and agreeing to stop shifting costs to Medicaid. The parents of Cody Arven, a severely disabled boy on whose behalf the suit was filed, received $4.1 million of that settlement.

Veronica and Theodore Arven, the latter now deceased, also filed a whistleblower complaint against Florida NICA. Though the DOJ chose not to intervene in the Florida case, the department's attorneys investigated the claims and helped negotiate the settlement.

The settlement set aside $12.7 million for Veronica Arven and the estate of Theodore Arven for their role in spearheading the litigation. "We are pleased that this whistleblower lawsuit has resulted in a resolution that ultimately benefits all NICA families and provides relief to a long-overburdened Florida Medicaid program," said Scott Austin, a Virginia attorney who acted as lead counsel in the litigation.

10 Charged in Business Email Compromise and Money Laundering Schemes Targeting Medicare, Medicaid, and Other Victims

Justice Department's first coordinated action against individuals using BEC and money laundering schemes to target public and private health insurers

November 18, 2022
https://www.justice.gov/opa/pr/10-charged-business-email-compromise-and-money-laundering-schemes-targeting-medicare-medicaid

The U.S. Department of Justice announced charges today against 10 defendants in multiple states in connection with multiple business email compromise (BEC), money laundering, and wire fraud schemes that targeted Medicare, state Medicaid programs, private health insurers, and numerous other victims and resulted in more than $11.1 million in total losses.

"The Criminal Division and our partners are committed to holding accountable those who seek to line their own pockets through sophisticated business email compromise and money laundering schemes targeting public and private health insurers as well as individual victims," said Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department's Criminal Division. "As these cases demonstrate, we will work tirelessly to combat fraud affecting Medicare and Medicaid, which are vital in providing health care to millions of Americans, including some of our most vulnerable citizens."

The charges stem primarily from BEC schemes in which individuals posing as business partners are alleged to have fraudulently diverted money from victims' bank accounts into accounts they or co-conspirators controlled (sometimes through the use of recruited "money mules") by using spoofed email addresses, bank account takeovers, and similar fraudulent methods designed to deceive victims into believing they were making legitimate payments.

"These defendants defrauded numerous individuals, companies, and federal programs, resulting in millions of dollars in financial losses to vital federal programs meant to provide assistance to those in need," said U.S. Attorney Ryan K. Buchanan for the Northern District of Georgia. "We pledge to continue to work alongside our federal and state partners to investigate and prosecute those who engage in fraud and money laundering activities resulting in financial and psychological harm to members of our communities."

"In the District of South Carolina, we've seen a marked increase in email scams, identity theft, and related money laundering schemes," said U.S. Attorney Adair Boroughs for the District of South Carolina. "These indictments demonstrate our unwavering commitment to fighting internet crime and holding internet fraudsters accountable, particularly when their schemes target taxpayer-funded programs intended to benefit the most vulnerable among us."

The prosecutions announced today include alleged schemes that fraudulently diverted payments intended for hospitals to provide medical services to patients. For example, fraudulent emails from accounts resembling those associated with actual hospitals were

allegedly sent to public and private health insurance programs requesting that future reimbursements be sent to new bank accounts that did not belong to the hospitals. Unwittingly, five state Medicaid programs, two Medicare Administrative Contractors, and two private health insurers allegedly were deceived into making payments to the defendants and their co-conspirators instead of depositing the reimbursement payments into bank accounts belonging to the hospitals. The defendants and their co-conspirators allegedly laundered the proceeds fraudulently obtained from these health care benefit plans and from other victims by, among other things, withdrawing large amounts of cash, layering them through other accounts they or their co-conspirators opened in the names of false and stolen identities and shell companies, transferring them overseas, and purchasing luxury goods and exotic automobiles.

“These allegations depict a brazen effort to siphon monies, in part, from essential health care programs to instead fund personal gain,” said Deputy Inspector General for Investigations Christian J. Schrank of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). “A top concern of HHS-OIG is the integrity of programs such as Medicare and Medicaid, so it is an utmost priority to pursue individuals who financially exploit them. This coordinated action is a prime example of the commitment that HHS-OIG and our law enforcement partners have to defending the federal health care system against fraud.”

“Millions of American citizens rely on Medicaid, Medicare, and other health care systems for their health care needs. These subjects utilized complex financial schemes, such as BECs and money laundering, to defraud and undermine health care systems across the United States,” said Assistant Director Luis Quesada of the FBI’s Criminal Investigative Division. “Elder fraud and romance fraud schemes utilized by the subjects often target our most vulnerable citizens and the FBI is committed to pursuing justice for those who were victimized by these schemes.”

This week, charges were unsealed against six defendants in the Northern District of Georgia and against one defendant in the District of South Carolina. In addition, one defendant was previously charged in the Northern District of Georgia and one was previously charged in the Eastern District of Virginia. A third defendant previously charged in the Northern District of Texas has entered a guilty plea and been sentenced. The alleged schemes caused more than $4.7 million in losses to Medicare, Medicaid, and private health insurers, and $6.4 million in losses to other federal government agencies, private companies, and individuals, such as elderly romance fraud victims who were deceived into sending hundreds of thousands of dollars to the defendants and their co-conspirators.

The seven defendants against whom charges were unsealed this week are:

- Biliamin Fagbewesa, 31, of Columbia, South Carolina, was charged by indictment in the District of South Carolina on Nov. 8 with three counts of money laundering and one count of unlawful procurement of naturalization. According to court documents, Fagbewesa allegedly used a stolen identity to open bank accounts in the name of a shell company to receive more than $1.4 million of proceeds fraudulently diverted from a state Medicaid program, a hospital, and others, approximately $583,000 of which Fagbewesa laundered and spent on, among other things, Fagbewesa’s rental payments. If convicted of the top count, he faces a maximum penalty of 20 years in prison.

- Patrick Ndong-Bike, 32, of Atlanta, Georgia, was charged by indictment in the Northern District of Georgia on Nov. 15 with four counts of money laundering. According to court documents, Ndong-Bike allegedly used false identities to open bank accounts in the names of those identities and shell companies to receive approximately $2.4 million of proceeds of BEC fraud and other similar schemes, approximately $679,000 of which Ndong-Bike laundered and spent, including proceeds that were fraudulently diverted from Medicare and several private companies. If convicted of the top count, he faces a maximum penalty of 20 years in prison.
- Desmond Nkwenya, 35, of Atlanta, Georgia, was charged by indictment in the Northern District of Georgia on Nov. 15 with two counts of money laundering and one count of bank fraud. According to court documents, Nkwenya allegedly used false identities to open bank accounts in the names of those identities and shell companies to receive approximately $308,000 derived from BEC fraud and other similar schemes, all of which Nkwenya laundered. Nkwenya also allegedly received approximately $119,000 as a result of a fraudulent Paycheck Protection Program loan application. If convicted of the top count, he faces a maximum penalty of 30 years in prison.
- Cory Smith, 29, of Atlanta, Georgia was charged by indictment in the Northern District of Georgia on Nov. 15 with three counts of money laundering. According to court documents, Smith allegedly opened a bank account in the name of a false identity and used that account receive and launder more than $57,000 fraudulently diverted from a private company in a BEC scheme. If convicted of one of the counts, he faces a maximum penalty of 20 years in prison.
- Chisom Okonkwo, 26, of Atlanta, Georgia, was charged by indictment in the Northern District of Georgia on Nov. 15 with three counts of wire fraud, two counts of aggravated identity theft, and six counts of money laundering. According to court documents, Okonkwo allegedly used stolen and false identities to open accounts in the names of shell companies that received approximately $830,000 in proceeds from BEC fraud and other similar schemes, approximately $535,000 of which Okonkwo allegedly laundered through a variety of transactions, including withdrawing large amounts in cash. Okonkwo also allegedly paid for a luxury car through a fraudulent loan she obtained in the name of a stolen identity. If convicted of the top count, she faces a maximum penalty of 20 years in prison.
- Olugbenga Abu, 45, of Atlanta, Georgia, was charged by indictment in the Northern District of Georgia on Nov. 15 with one count of bank fraud, one count of wire fraud, and four counts of money laundering. According to court documents, Abu allegedly used a false identity to open a bank account that received and laundered more than $95,000 of BEC fraud proceeds. Abu also allegedly obtained a fraudulent loan of more than $341,000 and fraudulently sought an additional $65,000 of loan proceeds from the Small Business Administration (SBA). If convicted of the top count, he faces a maximum penalty of 30 years in prison.
- Trion Thomas, 50, of Stone Mountain, Georgia, was charged by information in the Northern District of Georgia on Sept. 21 with conspiracy to commit money laundering. According to court documents, Thomas allegedly received and laundered $93,000 of Medicare payments that had been fraudulently diverted because of a BEC scheme that targeted Medicare. If convicted, he faces a maximum penalty of 20 years in prison.

The three defendants previously charged are:

- Malachi Mullings, 29, of Sandy Springs, Georgia, was charged in the Northern District of Georgia on Feb. 22 with conspiracy to commit money laundering and seven substantive money laundering offenses. According to court documents, Mullings used numerous bank accounts opened in the name of a shell company, The Mullings Group LLC, to receive and launder millions of dollars derived from BEC schemes targeting a health care benefit program, private companies, and individual romance scam victims. In one instance, Mullings laundered $310,000 fraudulently diverted from a state Medicaid program that had been intended as reimbursement for a hospital. In another instance, Mullings received $260,000 from a romance scam perpetrated on an elderly victim, which he subsequently used to purchase a Ferrari. If convicted of the top count, he faces a maximum penalty of 20 years in prison.
- Adewale Adesanya, 39, of Jonesboro, Georgia, pleaded guilty in the Northern District of Texas on June 2 to conspiracy to commit money laundering and use of a false passport. According to court documents, Adesanya used a false passport in the name of "Timi Graig" to create a shell company for the purpose of opening bank accounts to receive and launder more than $1.5 million obtained from BEC schemes targeting two state Medicaid programs, the IRS, the SBA, a private company, and two elderly romance scam victims. On Sept. 15, Adesanya was sentenced to four years in prison.
- Sauveur Blanchard Jr., 49, of Richmond, Virginia, was charged by indictment in the Eastern District of Virginia on Sept. 8, 2021, with conspiracy to commit money laundering and four substantive money laundering offenses. According to court documents, Blanchard allegedly opened bank accounts in the names of shell companies to receive and launder more than $55,000 in Medicaid payments intended for a hospital but fraudulently diverted to Blanchard's account. Trial in this matter is currently scheduled for Jan. 9, 2023. If convicted of any of the counts, he faces a maximum penalty of 20 years in prison.

In each case, a federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The HHS-OIG; FBI Omaha Field Office and Seattle Field Office; IRS Criminal Investigation; U.S. Department of Homeland Security Homeland Security Investigations; U.S. Department of State Diplomatic Security Service; U.S. Secret Service; Department of the Army Criminal Investigation Division; U.S. Department of the Treasury Office of Inspector General; Federal Deposit Insurance Corporation Office of Inspector General; Arkansas Medicaid Fraud Control Unit; Wisconsin Department of Justice Division of Criminal Investigation; Minnesota Commerce Fraud Bureau; and Polk County Sheriff's Office in Iowa are investigating the cases.

Trial Attorneys Gary Winters, Chris Wenger, and Babu Kaza of the Criminal Division's Fraud Section's National Rapid Response Strike Force are prosecuting the cases, along with Assistant U.S. Attorney Kelly Connors for the Northern District of Georgia, Assistant U.S. Attorney Kaitlin Cooke for the Eastern District of Virginia, and Assistant U.S. Attorney Amy Bower for the District of South Carolina. Assistant U.S. Attorney Rachel Scherle for the Southern District of Iowa provided significant assistance in the investigation of these cases. The case against Adewale Adesanya in the Northern District of Texas was prosecuted by the

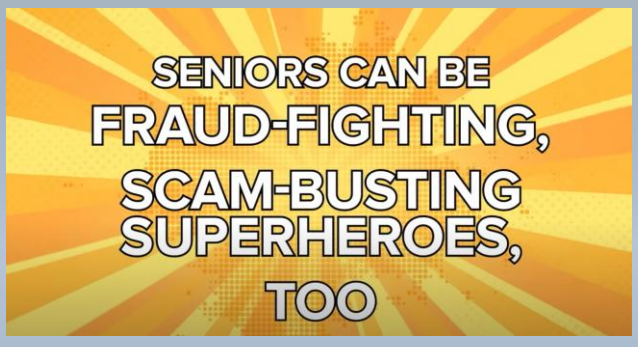
Criminal Division's Fraud Section and Assistant U.S. Attorney Marty Basu and former Assistant U.S. Attorney Erica Hilliard for the Northern District of Texas.

The Fraud Section leads the Criminal Division's efforts to combat health care fraud through the Health Care Fraud Strike Force Program. Since March 2007, this program, comprised of 15 strike forces operating in 24 federal districts, has charged more than 4,200 defendants who collectively have billed the Medicare program for more than $19 billion. In addition, the Centers for Medicare & Medicaid Services, working in conjunction with the Office of the Inspector General for the Department of Health and Human Services, are taking steps to hold providers accountable for their involvement in health care fraud schemes. More information can be found at https://www.justice.gov/criminal-fraud/health-care-fraud-unit.

Video of the Month

Seniors Can Be Fraud-Fighting, Scam-Busting Superheroes, Too - YouTube

Fraudsters often target the elderly population, hoping to get their hands on seniors' hard-earned money. This video shows senior citizens what to look out for so they won't become victims of frauds and scams. It also provides tips for loved ones to help keep their elderly family and friends safe from becoming victims.



Quote of the Month

“There are many things evil people can take from you. However, they can never steal your ability to laugh and laugh loud.”

— Shannon Alder, author and therapist