



LANSING CHAPTER OF THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS



Happy New Year Fraud Fighters!

Just a reminder, annual Lansing Chapter of the ACFE memberships expired at the end of December. If you haven't yet, please don't forget to renew!

The membership application and online payment option can be found at https://www.lansingacfe.com/?page_id=72

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Fraud Talk Podcast

Why Psychological Safety is Pivotal for Ethical Company Cultures

During the 2021 ACFE Fraud Conference Canada, the founder of Sheriff Consulting, Garth Sheriff, CPA, discussed the importance of psychological safety for ethical decision-making — and how the lack of it in an organization can lead to disaster.

<https://acfe.podbean.com/e/why-psychological-safety-is-pivotal-for-ethical-company-cultures-garth-sheriff-sarah-thompson-fraud-talk-episode-114/>

UPCOMING EVENTS

LOCAL:

Michigan Association of Certified Public Accountants

Online – Profession FOCUS

Wednesday, January 12, 2022

9:00 am – 5:20 pm

Learn more: <https://www.micpa.org/cpe/store/course-detail?ProductId=126399>



ACFE South Florida Chapter

Online/In-person – 1st Annual Golf & Fraud Training

May 5, 2022

8:30 am - 5:00 pm

Registration for the 'webinar only' option provides up to 2 hours of CPE credits.

There is special early bird pricing through February of only \$50 for members. Due to our partnership with the South Florida Chapter, our members can register at their member rate.

Please renew your LACFE membership prior to registering for this event!

Learn more: <https://southfloridaacfe.org/event-4530665>

NATIONAL:

ACFE

Online Seminar – Government Fraud

February 8-10, 2022 (early registration ends January 10th)

Learn more: <https://www.acfe.com/events.aspx?evtid=a3Y1Q000003dEmYUAU>

ACFE

Online Seminar – Conducting Internal Investigations

February 22-24, 2022 (early registration ends January 24th)

Learn more: <https://www.acfe.com/events.aspx?evtid=a3Y1Q000003dI0yUAE>

ACFE

Online Seminar – Tracing and Recovering Fraud Losses

March 1-3, 2022 (early registration ends February 1st)

Learn more: <https://www.acfe.com/events.aspx?evtid=a3Y1Q000003dS1TUAU>

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

Investing in the Investigator

December 16, 2021

By Seth Harlan

Senior Associate, Market & Regulatory Affairs Vcheck Global's Intelligence Group.

<https://acfeinsights.squarespace.com/acfe-insights/2021/12/13/investing-in-the-investigator>

Securities and Exchange Commissioner Chair Gary Gensler tweeted in August, "Investors want to better understand one of the most critical assets of a company: its people." As practitioners of investigative due diligence, we observe our client's prioritization of human capital in their decision making. In the same manner as private-sector firms whose human capital initiatives have been credited with enhancing both profits and public images, due diligence providers stand to benefit considerably by integrating personnel considerations into their current initiatives and future goals.

In our deadline-centric industry, professional development is frequently relegated to a mere afterthought by even the best-intentioned firms. Such an oversight is detrimental since nurturing investigator growth is advantageous both for due diligence firms and their staff. For investigators, knowing an employer is willing to invest in professional growth factors heavily into long-term career planning while providing a confidence boost, which infuses both their immediate work product and professional outlook. For employers, making impactful contributions toward employee professional development improves industry footing. This in turn attracts new business and enhances recruiting efforts.

Nontraditional professional development

The decision to invest in human capital is a relatively easy first step. The second step, determining how to make an impactful investment, is more challenging. A common pitfall of employee development programs is a complete reliance on industry-specific training and a single delivery method. After long hours at work, the last thing many investigators want to do is endure additional screen time or read through case studies. This is where nontraditional professional development activities shine and conferring knowledge beneficial to both the employee and employer. For example, supporting foreign language courses permits an investigator to refine existing language skills or to pick-up a new language while enhancing a firm's in-house language offerings. This reduces turn-around-time for reports covering non-English speaking jurisdictions while providing potential clients with a strong incentive for working with your firm over a competitor reliant on third-party translators. Similarly, offering coaching in public speaking prepares talented investigators to confidently take on client-facing responsibilities. At the same time, this training bolsters client retention and new business initiatives.

Targeted professional education

When factored into a firm's mid- and long-range planning, targeted professional education allows for increased internal flexibility. Consider the case of a talented analyst with several years of experience who is seeking a change of pace. Investments in sales or management

training can allow this promising employee to internally pivot while encouraging their career growth within the firm. The ability for an employee to scratch a professional itch benefits both the company and the employee. For example, an experienced investigator with strong interpersonal skills can use their operational knowledge to enhance other aspects of the firm, including infusing sales and marketing efforts with first-hand investigative insights.

Mentor programs

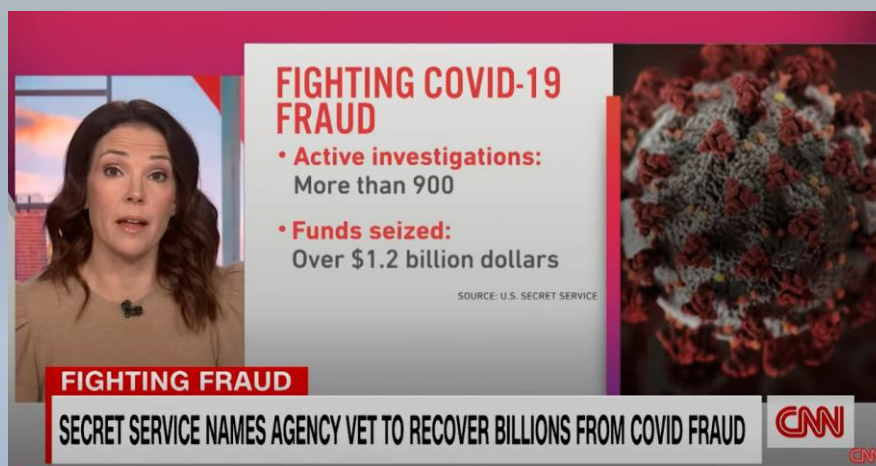
One powerful investment in employee growth that can be organized either internally or externally, with minimal expense, is mentoring. Added benefits of mentoring are the cross-organizational benefits it confers, both with regard to departments and seniority. In addition to the traditional pairing of an early or mid-career professional with a more seasoned colleague, a researcher can be connected with a marketing or business development professional. Similarly, while junior employees benefit immensely from the experience-based insights of senior staff, the exchange can be made less one-sided by encouraging early-career employees to share their areas of expertise. Impactful topics for upward knowledge sharing include best practices for social media engagement as well as regional and cultural insights gained from academic studies, experience abroad or prior professional endeavors.

Set aside a few minutes today to consider avenues of investment in one of your firm's most critical assets, its investigators. In doing so, you are cultivating impactful individual and organizational change which ultimately enriches your company both culturally and financially.

Video of the Month

['Enormous': Secret Service reveals scope of Covid-19 fraud - YouTube](#)

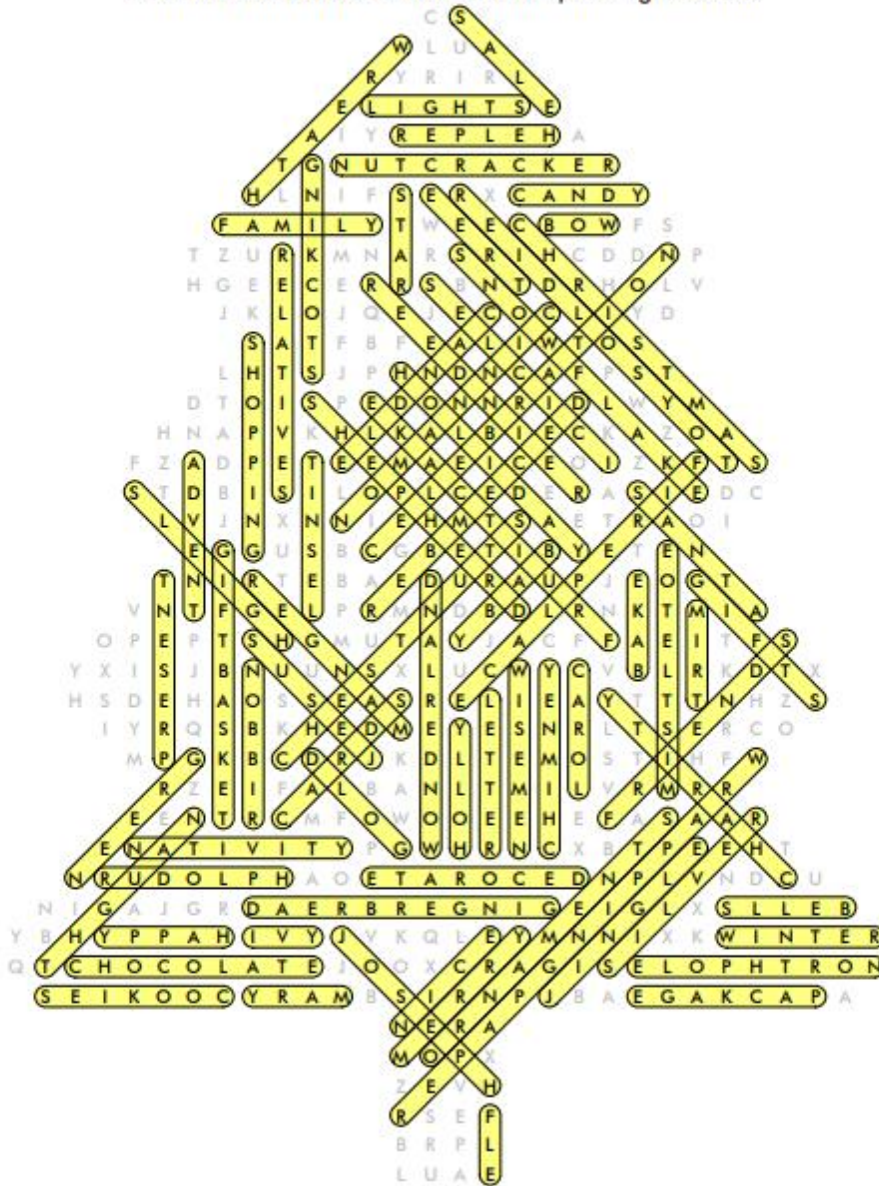
CNN's Erica Hill speaks to special agent Roy Dotson of the US Secret Service, who has been tapped to lead an investigation into the billions of dollars of Covid-19-related fraud



Reindeer Games

Christmas Challenge

Find the words in the list hidden in the puzzle grid below.



A Riddle:

I was known to Greek philosophers a thousand years ago, I have numbers all in a line, and I can tell you if rain will turn to snow. What am I?

Answer: a thermometer

WINTER WEATHER

Answer Key



Elizabeth Holmes Theranos Defense Hinges On Fine Line Between Perfectly Legal Puffery And Intentional Fraud

By Edward Siedle
January 1, 2022

<https://www.forbes.com/sites/edwardsiedle/2022/01/01/elizabeth-holmes-theranos-defense-hinges-on-fine-line-between-legal-puffery-and-intentional-fraud/?sh=949e8dd12c8f>

As the jury debates the case against disgraced Theranos blood testing company founder Elizabeth Holmes who has been charged with wire fraud and conspiracy to commit wire fraud many are wondering why the jury still can't decide whether she is a fraudster who intentionally misled investors or an ambitious startup executive who merely stretched the truth believing her dubious statements about the company would eventually become true.

Fraud is complicated and far more commonplace in business dealings than you might imagine. Further, the more complicated the fraud, the less likely the perpetrator will be successfully prosecuted. As I explain in my recent book, *How To Steal A Lot of Money—Legally*, a plausible argument can be made for any far-fetched investment by the right velvet-throated huckster.

Would-be scammers often follow what I call the Non-KISS principle. You probably have heard of the KISS principle which is an acronym for “keep it simple stupid,” a design imperative supposedly originated by the US Navy in 1960. The KISS principle states that simplicity should be a key goal in design, and unnecessary complexity should be avoided. In scamming, the non-KISS approach involves devising intentionally overly-complex schemes—schemes which can even be painstakingly disclosed in marketing materials—but which neither investors nor regulators/law enforcement (or juries) will be able to understand. More on disclosure later.

So, how commonplace is fraud?

While forensic and fraud accounting experts estimate that the cost of fraud globally amounts to trillions annually, the true figure is exponentially greater. The overwhelming majority of investment scamming is not included in global estimates because fraud experts with accounting backgrounds are not trained to identify the myriad forms of scamming and aren't looking for it.

For example, the forms of harm to investors I focus upon in my forensic investigations are not generally factored in the overall damage calculations by accountants focused upon numbers alone.

My estimate—based upon decades of experience—is that well over half of all investing involves scamming of one sort or another.

Lying, cheating and stealing are so commonplace in life generally, and in the world of investing especially, that they are not the exceptions. Scamming mercilessly overwhelms any so-called rules and devours those who play by them. So, learning “rules” without learning the even greater larcenous “exceptions” makes no sense—it’s reckless. Schools and professors who teach the “rules” alone are negligent, in my opinion and put students, at a minimum, at a competitive disadvantage, or, worse still, in harm’s way.

In *How To Steal A Lot of Money—Legally*, I observe that would-be scammers can easily disclose all important or what regulators call “material” information to investors. Disclosures can be negative or positive in nature but generally the more the scammer discloses the negatives, the less likely he’ll be sued when the investment fails to perform well.

Fortunately for scammers, disclosure statements are always written by lawyers to protect the sellers of the bogus products and are intentionally worded to be incomprehensible to the average reader. Lawyers use “boilerplate” clauses that are verbose and written in awkward legalese. Disclosures are often printed in small type (aka “micro-print”) because they are so lengthy, which makes it all-the-more likely they will never be read by the investor. In short, industry-wide practices and disclosures are so reprehensible that candid awful disclosures by scammers—hucksters focused exclusively upon abusing clients—can be indistinguishable from industry norms.

Just say and do what the big Wall Street firms say and do. Do not hesitate to disclose what a dirty rotten scoundrel you are. No alarms will go off in investors’ minds.

In short, there never is any excuse for a scammer to conceal any potential bad behavior from victims. Why would he? There is no such thing as disclosure so bad that it will kill a sale.

So, if you’re a scammer, disclose your very worst behavior and be confident that no one will read, comprehend, or be deterred from giving you their money—as long as you choose your words carefully.

Finally, as I have observed witnessing thousands of corporate pension failures, there has never been a pension that failed that didn’t have a roomful of hired experts opining that it wouldn’t. So, would-be scammers who surround themselves with handsomely paid experts—consultants, accountants, and lawyers—who dutifully opine all is kosher, will likely end up in Vail, not jail.

Quote of the Month

“One thing I learned far too late was that any information you bring to the SEC or to the government is protected. Theranos couldn’t even threaten to sue me for something I told to the United States government. The government protects people. I had no idea about that. I was just reacting to situations.”

- Tyler Schultz, Theranos whistleblower, as quoted in *Fraud Magazine* September/October 2019