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Fraud and Abuse in Government and Non-profits



THE WALL STREET JOURNAL

May 25, 1999

Ex-Cons Find Peace and Paycheck On the Burgeoning Lecture Circuit

By JOSHUA HARRIS PRAGER

Staff Reporter of THE WALL STREET JOURNAL

Webster Hubbell hasn't even taken his seat on the speakers' dais, and the 325 accountants in the audience are already snickering.

The former presidential confidant and Whitewater figure has come to the Cobb Galleria outside Atlanta to "educate" a convention of certified public accountants in how to detect financial impropriety. Mr. Hubbell is currently under indictment for evading the collection of tax and for lying to federal investigators (he has pleaded not guilty).

In 1994, Mr. Hubbell pleaded guilty to mail fraud and tax evasion while a partner at the Rose Law Firm in Little Rock, Ark. He served 18 months of a 21-month sentence and is free on parole. "You might as well learn from the best," Audrey McCrary, a well-dressed CPA, says to the colleague seated beside her.

The master of ceremonies, Gary Zeune, plays to the crowd as he introduces Mr. Hubbell. "Webb," he crows, "why the hell did you do this?"



Hubbell

So starts another gig for the Pros & the Cons, a speaking troupe of white-collar criminals now in its second year. The group is the brainchild of Mr. Zeune (rhymes with "tiny"), a 50-year-old CPA from Columbus, Ohio. Mr. Hubbell is his prized recruit.

Mr. Zeune's speakers are right at home on the modern corporate-lecture circuit, which is starting to resemble daytime talk-show circles. Everest climbers, sports coaches, even a former hostage, whose inspirational routine is based on being shot in the head -- all make regular appearances at lunch-hour talks and corporate retreats.

Over the past decade, the number of speakers on the lecture circuit has at least quadrupled, according to the National Speakers Association, a Tempe, Ariz., group that promotes and trains its members, whose median income from speaking in 1997 was \$73,000, more than double the 1990 figure of \$30,000.

Mr. Zeune's speakers require some special handling. Forget about panel discussions: the federal court system's probation division requires **ex-cons** to obtain special dispensation to knowingly have contact with one another. Before booking one of Mr. Zeune's speakers, CPA societies commonly check first with the FBI to

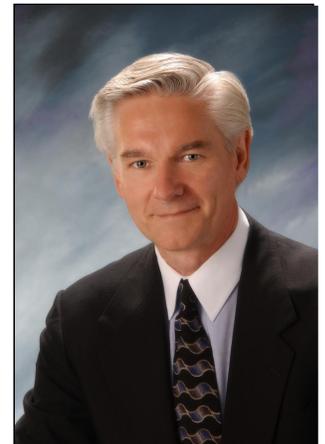
make sure that they are allowed to lecture under the terms of their parole and that their claims to

being **ex-cons** are, in fact, legitimate. "Face it. Accountants are damn conservative," says Mr. Zeune. "I'm sort of surprised they do this at all."

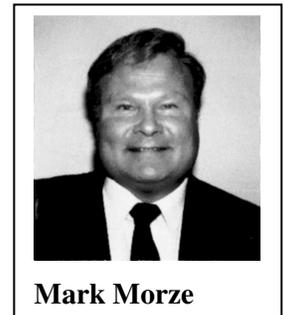
Some doubt the effectiveness of the Pros & the Cons as a fraud deterrent. "I think the group is fairly entertaining, but I'm not sure it helps us," says David Nesbitt, an FBI agent in Ventura, Calif., who oversaw fraud investigations in Los Angeles from 1990 to 1998.

Public speaking does seem to benefit the speakers.

"Guys in Gary's group are dealing better than other white-collar criminals," says Mark Morze, one of Mr. Zeune's speakers, who served more than four years in jail for his role in ZZZZ Best



Gary Zeune, Founder
The Pros & The Cons



Mark Morze

Co., the carpet-cleaning enterprise that bilked banks and investors for some \$100 million back in the 1980s. "Guys who are in denial pay the price forever," Mr. Morze says.

"It's kind of like an alcoholic talking about what happened to them when they started drinking," Mr. Hubbell says. "There's something about confession."

And then there's the paycheck. "There's not too many people who want to hire 50-something-year-old ex-convicts," says Nicholas Wallace, another one of Mr. Zeune's speakers, who spent almost seven years in jail for his role in a \$350 million fraud at ESM Government Securities Inc., a Fort Lauderdale, Fla., brokerage house that defrauded Ohio's state banking commission in the 1980s. When Mr. Wallace went to prison in 1987, he had \$1.8 million. When he got out, after legal fees and a divorce, he had \$800. Mr. Hubbell says that he owes \$3 million in legal fees.

Mr. Zeune grew up the eldest of four children on a dairy farm and became a CPA in 1973. He worked a number of jobs until 1988, when he found his niche behind the podium, lecturing accountants on financial statements and other bean-counting basics.

In 1994, Mr. Zeune added a new topic to his repertoire: preventing fraud. To spice it up, he looked for an **ex-con** to appear with him. He found 30-year-old Barry Minkow, who had founded ZZZZ Best at age 16 and was then serving a 7 1/2-year prison sentence for stealing \$26 million. Mr. Minkow got permission from his parole officer and took the job.

Suddenly, sleep-inducing lectures on the mechanics of fraud came alive. "I was the steak, Barry was the sizzle," says Mr. Zeune. Indeed, the very attributes that enabled Mr. Minkow to hoodwink sophisticated bankers and private investors -- charm, aplomb, ingenuity -- served him well as a speaker. Mr. Zeune, meanwhile, wrote a book, "The CEO's Complete Guide to Committing Fraud."

When Mr. Minkow decided to give up lecturing and become an evangelical Protestant minister, Mr. Zeune asked ZZZZ Best's Mr. Morze to come aboard -- without ever having heard him speak: "I said, 'Gee whiz. He stole \$100 million. How bad [a speaker] can he be?'"

Mr. Zeune, who had come to know about 40 FBI agents through his fraud lectures, began to ask them to recommend other newly released white-collar criminals. Soon, he was paring back his own speaking schedule in order to promote his **ex-cons**.

Snagging Mr. Hubbell was a coup. Last summer, during one of Mr. Zeune's routine canvasses of the **ex-con** landscape for new talent, he came across the National Center on Institutions and Alternatives, an Alexandria, Va., research center on criminal justice. Mr. Hubbell was working there part-time as a senior research fellow soon after his release in 1996 from federal prison in Cumberland, Md. The two linked up.

Mr. Hubbell's Atlanta appearance is only his third for Mr. Zeune. Earlier, he had appeared nervous while waiting for it to begin, his fingers fidgeting with a pink Sweet 'n Low wrapper he'd just emptied into his second cup of coffee. Now, with Mr. Zeune's blunt introduction hanging in the air, the audience waits for an answer.

Mr. Hubbell offers a brief description of how the effects of fraud can snowball. Soon, his self-effacing manner begins to win over the crowd. "The last time I was in Atlanta," he says in his soft Southern drawl, "I was under suicide watch." (He'd been in Atlanta as a prisoner in transit, and his guards were worried about his safety.)

He describes the despair of confessing his crimes to his children and tells of a corporate CEO he met in prison who is now busing tables at a Mexican restaurant. Finally, he explains how he executed fraud: "I was hiding my payments for personal expenses in the bill."

His advice on how to identify red flags seems to find its mark. "How often do I really pay attention to someone's lifestyle?" wonders Barbara Jesup, director of internal audit at AFC Enterprises, an Atlanta restaurant company.

The speech concluded, Mr. Zeune is all smiles. Mr. Hubbell was less amused. "There's that shame factor that's hard to overcome," he says.

NOTE Photos of Hubbell and Morze inserted by Mr. Zeune.



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1. Business Credit
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5. Ohio Society of CPAs
6. FMN Online
7. Strategic Finance
8. AuditNet
9. NC Board of Accountancy
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11. Business First
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17. AccountingWeb.com
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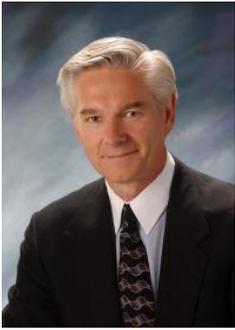
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Using 35 years of experience in auditing, corporate finance, and investment banking, Gary D. Zeune, CPA, provides CPAs, attorneys and executives with hands-on experience in fraud and corporate strategy performance improvement. Mr. Zeune instructs courses for:

- ❑ FBI National Training Academy
- ❑ Office of the U.S. Attorney
- ❑ The SEC Institute
- ❑ National Association of Securities Dealers
- ❑ North American Securities Administrators Association
- ❑ American Society for Industrial Security
- ❑ Over 35 state CPA societies and bar associations
- ❑ American Institute of CPAs
- ❑ American Management Association
- ❑ Institute of Management Accountants
- ❑ Entrepreneurship Institute
- ❑ Treasury Management Association
- ❑ Private classes for numerous companies and accounting firms.

Mr. Zeune has instructed Strategy Formulation and Implementation in the Executive MBA Program and Accounting and Honors Finance at The Ohio State University. He is also a member of the Education Executive Council and is past chairman of the Education Marketing and Public Relations Committees of The Ohio Society of CPAs. His other memberships include: the American Institute of CPAs, and the Regulation of Public Offerings Committee of the Ohio Division of Securities.

Prior to forming his consulting practice in 1986, Mr. Zeune was an Assistant Vice President of Corporate Finance at The Ohio Company, a Columbus, Ohio investment banking firm. He also spent more than five years in Treasury and Finance at Wendy's International, where he was responsible for mergers and acquisitions, financial and SEC reporting, and corporate finance. He was on the audit staff of Ernst & Ernst from 1973 to 1977; and taught accounting at Ohio University from 1970 to 1973, where he received his bachelors in mathematics and masters in accounting, with honors.

ARTICLES AND BOOKS

Mr. Zeune is also widely published. He has published more than 40 professional articles and is the author of *The CEO's Complete Guide to Committing Fraud* and *Outside the Box Performance*. He has been a member of the Editorial Advisory Boards of the *Journal of Working Capital Management* and *The Ohio CPA Journal*.

For Deloitte & Touche, he authored *Financing Business Growth* and has completed the first draft of *The Complete Guide to Buying or Selling a Closely Held Business*, two books in the firm's Entrepreneurial Series. He has authored chapters for two books published by Warren Gorham Lamont, the world's largest financial publisher: *Accessing the Capital Markets* and *Options for Raising Capital*.

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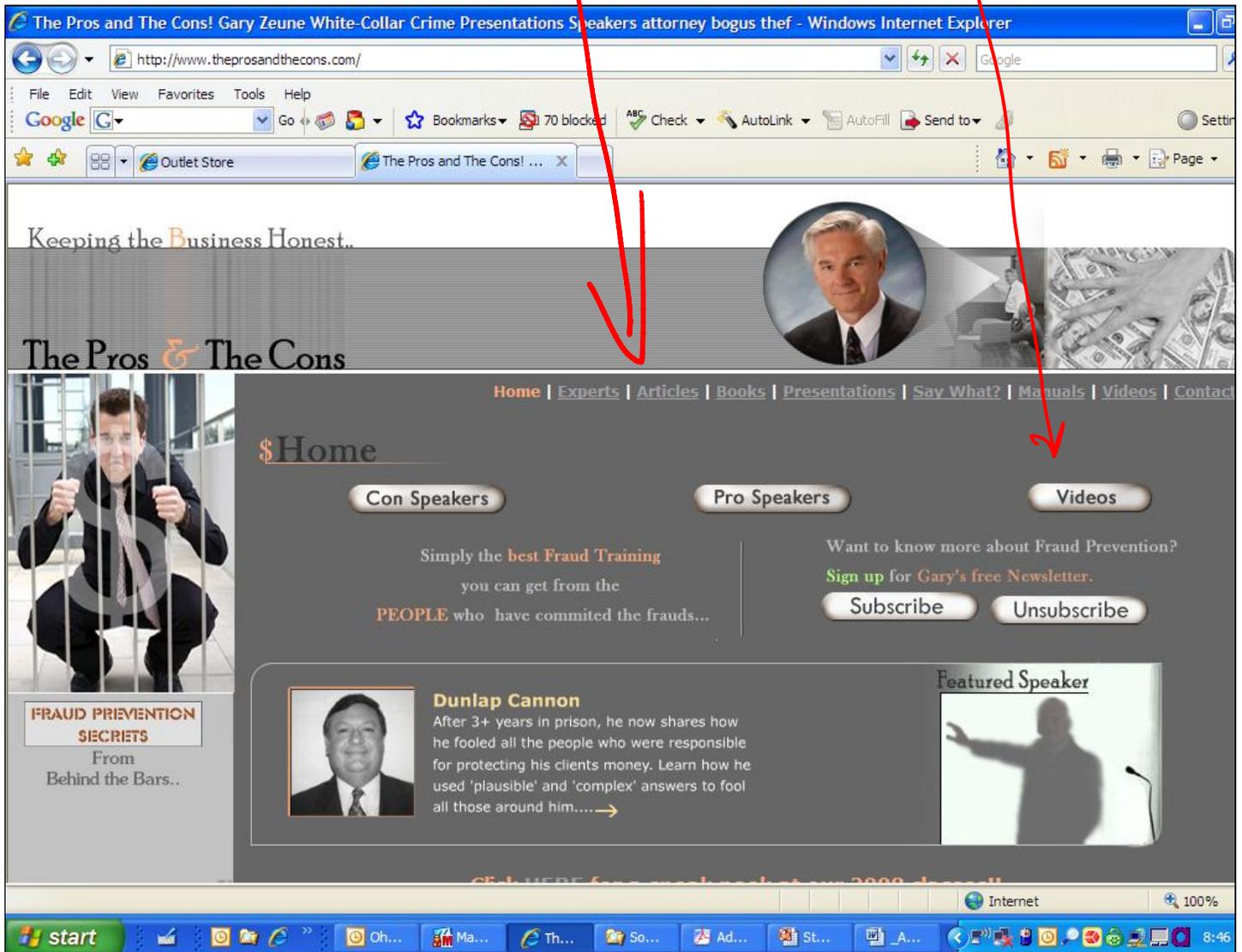
- ❑ Mark Morze created 10,000 phony documents to steal \$100 million in the infamous ZZZZ Best Carpet Cleaning fraud (86% of the revenue was fake and no one found it)
- ❑ Fred Shapiro defrauded nearly every major financial institution in the City of Philadelphia to the tune of \$8.6M. He is a former attorney, accountant, educator and inmate. Fred worked undercover with the U.S. attorney's office and the FBI in a drug and money laundering operation in an effort to minimize his sentence.
- ❑ Nick Wallace committed a \$350 million fraud as the President of ESM Government Securities resulting in the collapse of the Ohio Saving & Loan Guarantee Fund, and the bankruptcy of 69 Ohio S&Ls
- ❑ Dunlap Cannon was the largest real estate closing attorney in Memphis. He went to prison for 32 months for stealing \$5 million from his clients.
- ❑ Suffering from medical expenses and family deaths, bookkeeper Teri Lynn Norwood stole \$18,000, promising to pay it back. She ran out of time.

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"The Pros of Cons" - By Michael Goldstein

Legal Audits: Does Your Borrower Need A Checkup? - Schottenstein, Zox & Dunn.

An Ex-Con Tells How to Avoid Being Conned. - By Fred Shapiro, in White-Collar Crime Fighter. December, 2004.

Does your compensation system encourage illegal activity? - By Gary D. Zeune, CPA, Published in White Color Crime Fighter in November 2004

Speaker explains how corporate con men get away with it - By Jim Phillips [Athens NEWS Senior Writer] in The Athens News in October 2004

How to Foster Fraud : Forget Ethics - By Gary D. Zeune in White Color Crime Fighter in August 2004

Your Auditors Can Stop Fraud , If they know what to look for - By Stephen Pedneault published in White Color Crime Fighter in August 2004

After Serving Time, Executives Now Serve Up Advice - by CHRISTOPHER S. STEWART in The New York Times

Local CPA, ex-cons attempt to spread word that crime doesn't pay - by SEAN CASEY [Daily Reporter Staff Writer] in Central Ohio Source " The Daily Reporter"

The costs of not securing personally identifiable Data - By Benjamin Wright "The Information Systems Audit and Control Assn." Site : www.isaca.org

Ex-Cons find peace and paycheck on the Burgeoning lecture circuit - By Joshua Harris Prager published in Wall Street Journal May 25th, 2004

Felons become educators for Business - By Mitch Moxley [Financial Post] Published in National Post July 17, 2004

A new regard for ethics on the job - By MEREDITH COHN [SUN STAFF] Originally Published JULY 9, 2004

The pros of preventing cons - White-collar criminals help companies avoid fraud in their midst By Chiree McCain, For Business First - June 25, 2004

Are You Teaching Your Employees to Steal? - By Founder Gary D. Zeune, CPA in Strategic Finance

When it's one of your own a first-person account of Fraud Inside A Bank - by ex-con Dave London in RMA Journal

FRAUD HAPPENS : How an honest employee crossed the line - by Teri Lyn Norwood Published in White - Collar Crime Fighter Magazine , November 2003

Internal theft can destroy years of small business owner's work - by Jane Applegate

Fraud and Theft Start Small - by Founder Gary Zeune in NJ CPA Society Journal

How to Predict When People Will Embezzle - by Founder Gary Zeune in White Collar Crime Fighter

Hubbell details life of fraud - September, 2000 in San Antonio Express

Speaking with Conviction - from Report on Fraud

Corporate crooks hit lecture circuit - from Denver Post

Ex-Con Tells How Auditors Failed to Help Clients Guard Against Fraud - by Mark Morze in White Collar Crime Fighter

Preventing Your Firm's "Enron" - by Founder Gary Zeune in Ohio CPA Journal

SAS 99 17 Ways to Protect Yourself From Malpractice - by Founder Gary Zeune in 7 CPA journals

Regulation SAS 99 Aimed at Curbing Company Fraud - from Bizjournals , March 2004

Business First Auditors' Alert: How NOT to Get Sued Under Fraud Auditing Standards - by Founder Gary Zeune in White Collar Crime Fighter

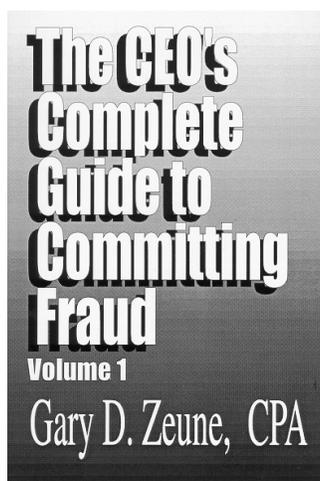
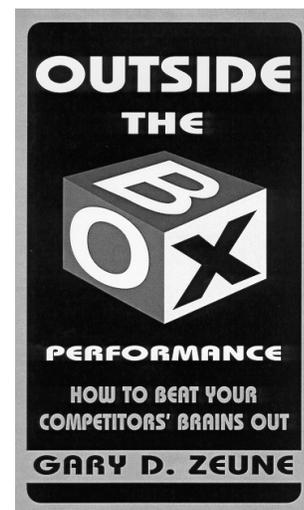
SAS 99 Friend or Foe - by Founder Gary Zeune in two publications

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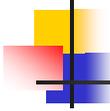


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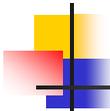
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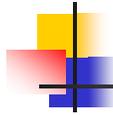
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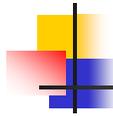
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Today's Agenda

1. How much fraud and abuse, and where
2. The BIG picture
3. Are you protected
4. Nonprofit fraud and abuse
5. Government fraud and abuse
6. Yellow Book update
7. SAS 102 + 103



Fraud and Abuse The BIG Picture





How Much Fraud is There

1. Association of Certified Fraud Examiners
 1. \$660 Billion
 2. 6% of revenue
 3. \$9 per day per employee
 4. \$4,500 per employee
2. E&Y
 1. 20% of employees know of fraud and abuse
 2. 48% of employees think employers can do more

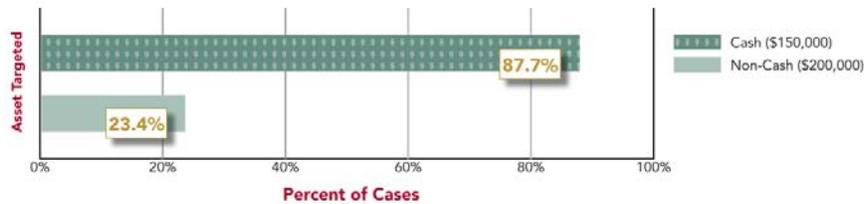
2006 ACFE
REPORT TO THE NATION
ON OCCUPATIONAL FRAUD & ABUSE

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2006 REPORT TO THE NATION ON OCCUPATIONAL FRAUD & ABUSE

Breakdown of Asset Misappropriations – Cash vs. Non-Cash⁴



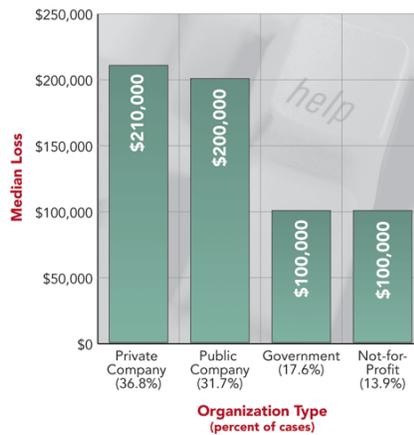
⁴The sum of percentages in this chart exceeds 100% because a number of cases involved the misappropriation of both cash and non-cash assets. In those cases, we were unable to subdivide the losses to determine exactly how much was attributable to cash vs. non-cash schemes.



2006 REPORT TO THE NATION ON OCCUPATIONAL FRAUD & ABUSE

Frequency and Median Loss Based on Organization Type of Victims

- The following chart shows the distribution of cases among the four organization types, and also illustrates the median loss for cases in each group. As we can see, privately held and publicly traded companies were not only the most heavily represented organization types, they also suffered the largest losses, at \$210,000 and \$200,000 respectively.





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Size of Victim Organization Based on Number of Employees



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Size of Victim Organization Based on Annual Revenues/Budget Median Loss and Frequency



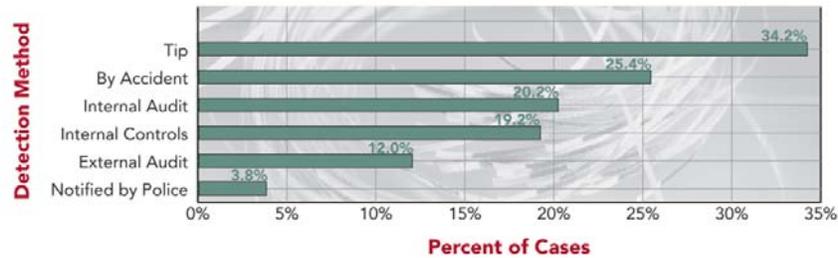
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Initial Detection of Occupational Frauds¹⁰



¹⁰The sum of percentages in this chart exceeds 100% because in some cases respondents identified more than one detection method. The same is true for all charts in this Report showing how occupational frauds were detected.



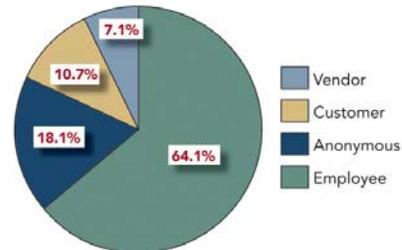
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Detecting Occupational Fraud

Sources of Tips

- Tips were the most common means by which occupational fraud was detected in the cases we reviewed and the majority of tips — nearly two out of three — were received from employees.
- It is important to remember, though, that a significant number of tips came from outside sources such as customers and vendors. As we stated in our 2004 Report, an effective reporting system should be designed to reach out not only to employees, but also to these third-party sources.

Percent of Tips by Source





2006 REPORT TO THE NATION ON OCCUPATIONAL FRAUD & ABUSE

- This data is important because losses associated with owner/exec schemes tend to be larger than for any other group, yet these schemes are much less likely to be detected through normal audits or control functions. This highlights the importance of establishing anonymous reporting mechanisms, conducting anti-fraud training and fostering open channels of communication as discussed earlier.

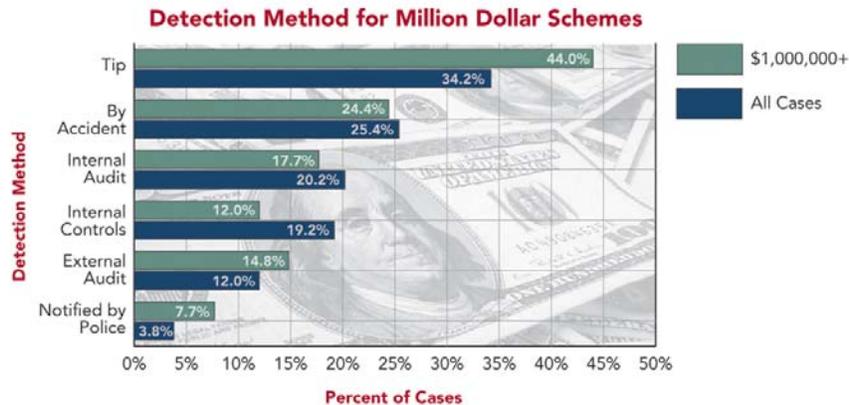


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Detecting Fraud in Not-for-Profit Organizations

- The data for detection of fraud in not-for-profit organizations was largely consistent with the data resulting from all cases. Tips were again the most common detection method, followed by accidents.



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Detecting Fraud in Government Agencies

- Generally speaking, government agencies were much less likely to rely on accidental detection of fraud, whereas their rates of detection through tips, external audits and notification by law enforcement each exceeded the rates for all cases.



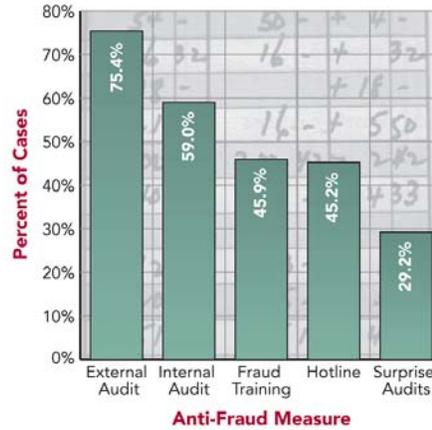
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Frequency of Anti-Fraud Measures



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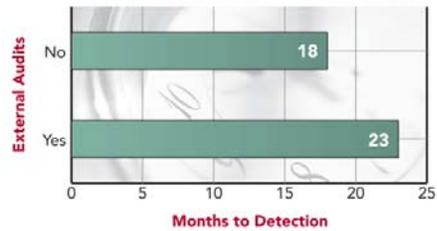


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Median Loss Based on Whether Organization had External Audits



Median Number of Months to Detection Based on Whether Organization had External Audits

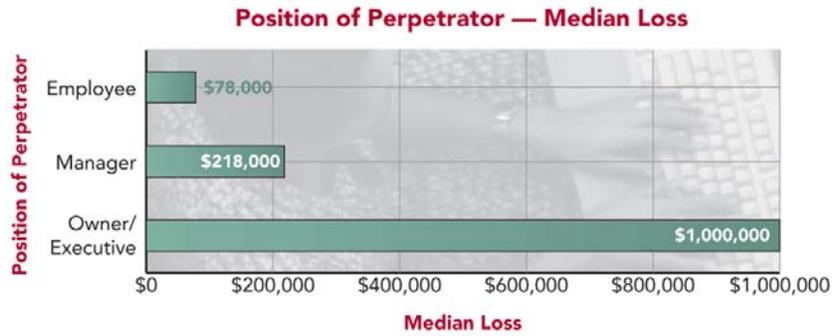


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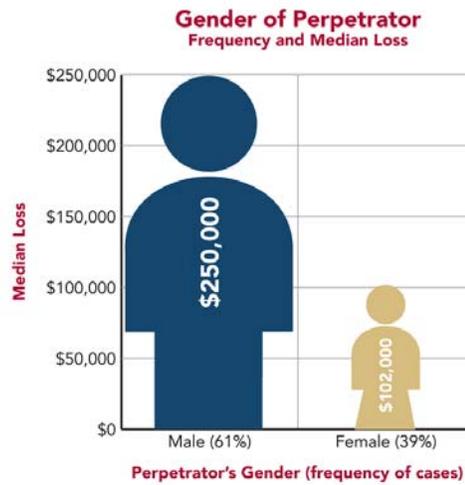


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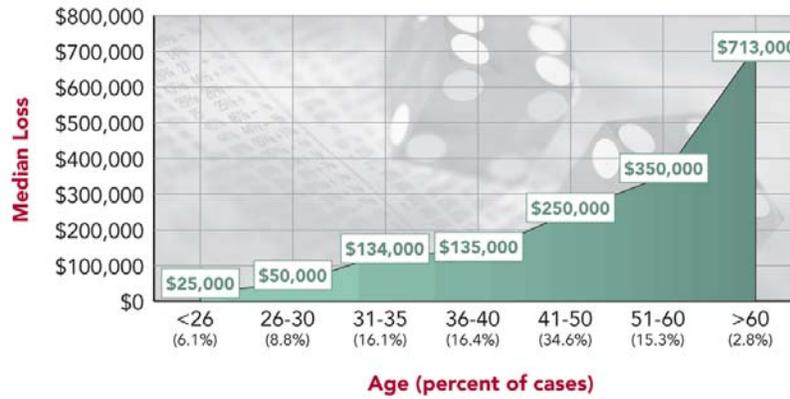
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Age of the Perpetrator



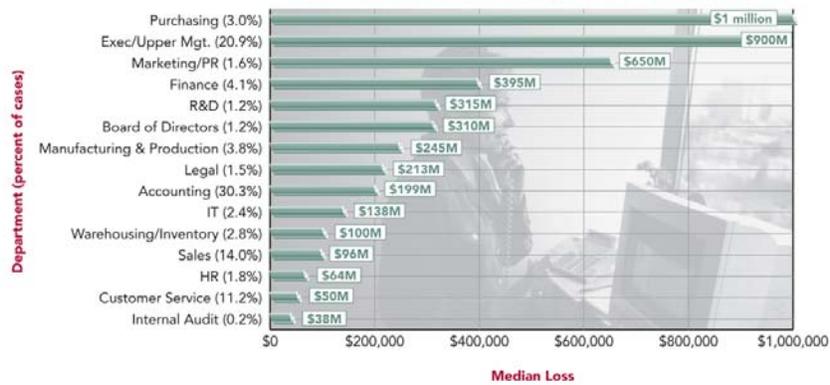
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Median Loss Based on Perpetrator's Department



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Number of Perpetrators



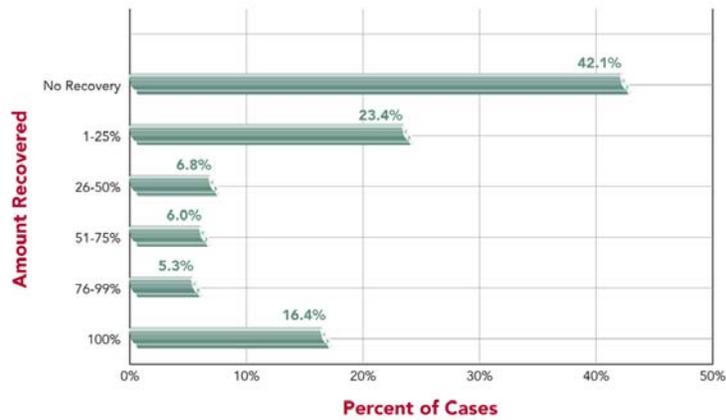
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Recovery of Losses in Occupational Fraud Cases



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Are You Protected?



1. Question: If you miss a material fraud, get sued, and can show with a parade of experts that you performed a GAAS audit, that you put all the check marks in all the right boxes, is the jury bound to find you not liable?

Yes No

1. Why?

GAAP and GAAS are NOT the law.

Alexander Grant

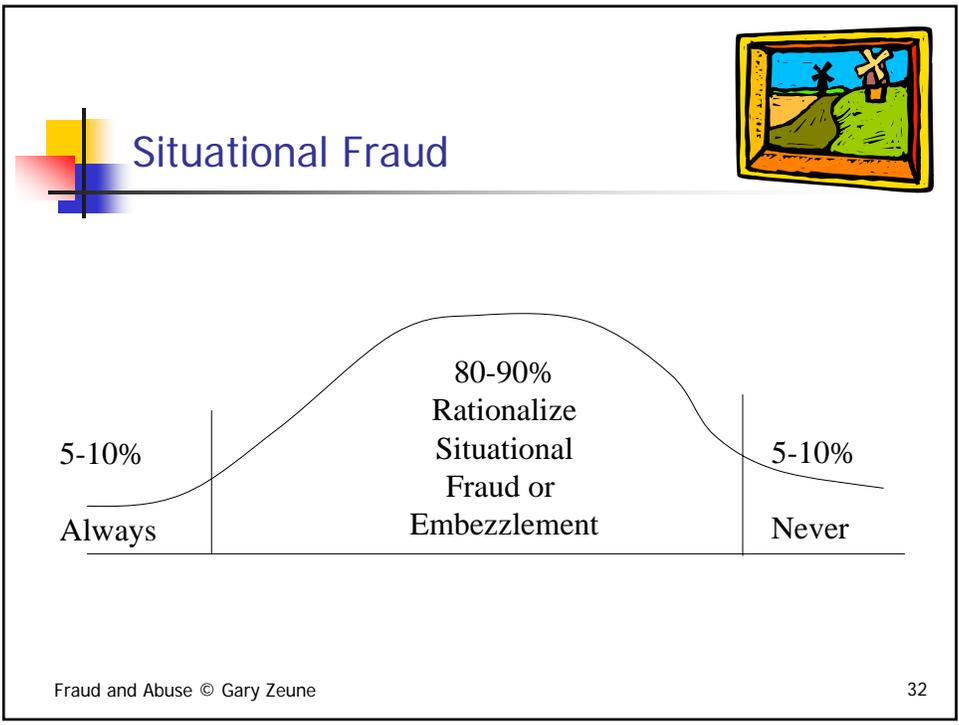
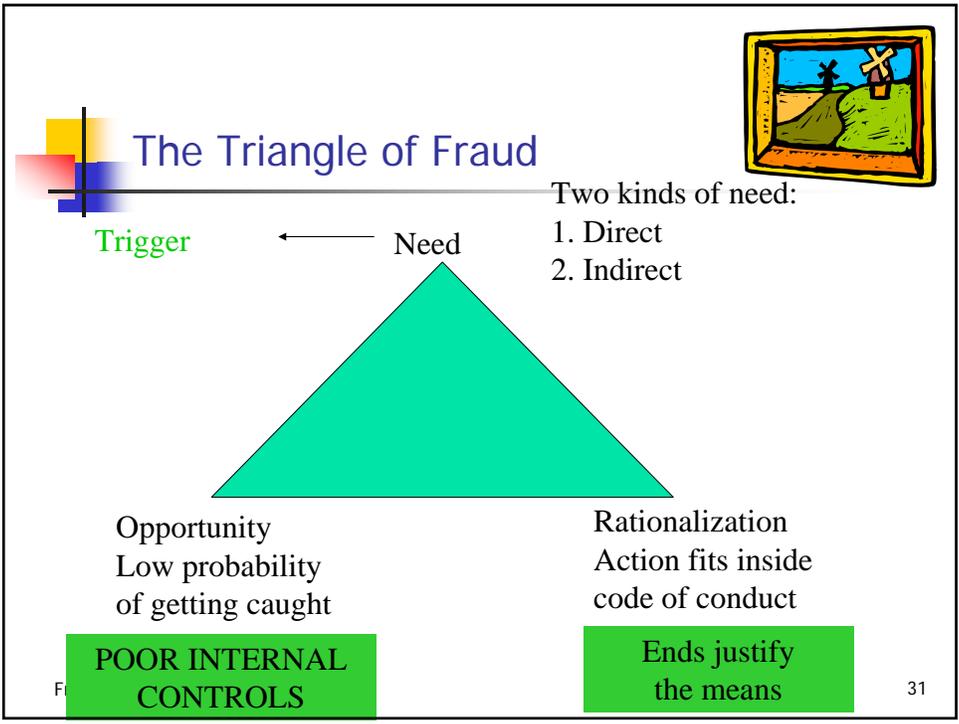


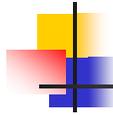
1. President ESM Government Securities
2. \$350 million fraud
3. Bankrupted 69 S&Ls
4. 2 suicides
5. Wallace serves 6½ years
6. Gomez goes to prison
7. Video.Yahoo.com search gzfraud
8. Fraud lesson

Just one partner can take down the entire firm.



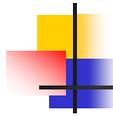
Jose Gomez, Partner
Alexander Grant
A&A South Florida₃₀





Overview

1. Are you an ethical CPA YES NO
2. Is it unethical to break the law YES NO
3. Then why did you _____



Materiality vs. Legality

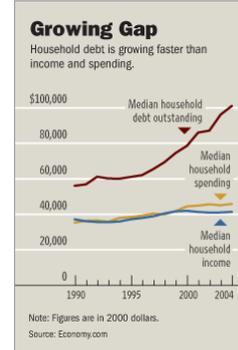
Just because an amount is immaterial for financial reporting does NOT mean it's legally OK.



Rationalizing Fraud and Abuse



1. Personal financial or job problems
2. Tolerant culture
3. Peer pressure
4. Disgruntlement / malice / promotions on politics
5. Ego / ideological
6. Harassment or abuse by superior



What is Fraud



- When a person **INTENTIONALLY** causes economic harm to another party
- Intent is a state of mind
- How do you determine intent? **ACTIONS**

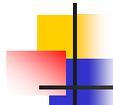


Intent



- "The Day America Told the Truth"
 - 91 % lied routinely about trivial stuff
 - 35 % lied about important stuff

- What would you do for \$10 million (Patterson+Kim)
 - 7% would kill a stranger
 - 25% would abandon their families
 - 3% would put their children up for adoption



Fraud is any or all of.....



- Misrepresentation of facts
- Breach of fiduciary responsibility
- Suppression of the truth
- Omission of critical facts
- Two types of lies
 - Commission
 - Omission



2 Types of Government and NPO Frauds



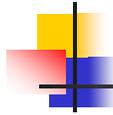
1. Internal
 - Asset misappropriations
 - Corruption
 - Abuse
2. External
 - Fraudulent financial reporting
 - Fraud ON the entity



Internal Frauds



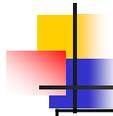
1. Asset misappropriations
 - Revenue and cash receipts
 - Purchasing and cash disbursements
 - Payroll and expense reporting
 - Noncash thefts
2. Corruption
 - Use influence to benefit themselves
 - Undisclosed conflicts of interest
3. Abuse
 - May not be illegal but inappropriate or unacceptable



External Frauds



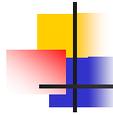
1. Less common than internal frauds
2. Committed by (examples)
 - Vendors
 - Service organizations
 - Subrecipients
 - Program participants



Legal Aspects of Fraud

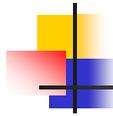


Type of fraud	Description	Yrs
Mail fraud	Using the mail	20
Interstate transportation	Interstate or foreign transportation of money, goods, etc.	10
Wire fraud	Using wire, radio, or TV to defraud	20
False statements	To government agencies in general but also specifically (e.g., loan applications)	30



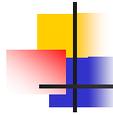
Recognize.....

1. Internal controls and an outside audit aren't enough to detect and prevent fraud
2. A multifaceted approach is required



6 Facts About Fraud and Abuse

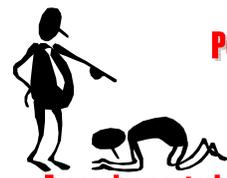
1. It's already or will be in your organization
2. Real cost not just lost dollars
3. People and circumstances change
4. Internal controls are just one aspect
5. External audits are NOT enough
6. Everyone is responsible



NPO Environment



TRUST



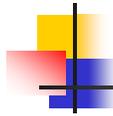
Excessive control



Poor oversight



**Compensation and job security
tied to grants or donations**

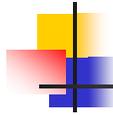


Types of NPOs at Risk

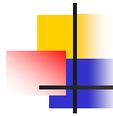
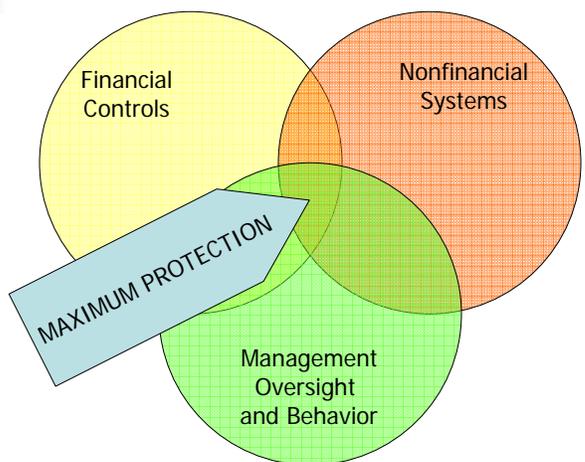
1. Churches
2. Homeless shelters
3. Social service agencies
4. Health care organizations
5. Amateur sports groups
6. Disaster relief organizations
7. Museums and zoos
8. Performing arts groups
9. Labor unions
10. Trade and professional organizations

Who's at risk???

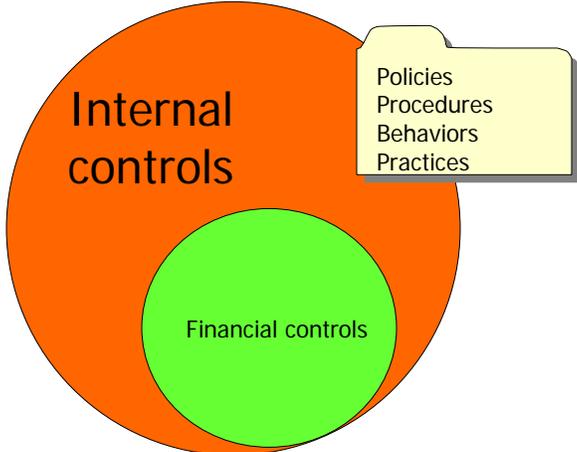
EVERYONE



Comprehensive Model



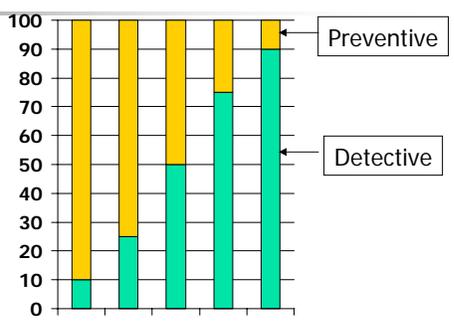
Internal vs. Financial Controls





Financial Controls

1. Preventive controls
 - Filing cabinets
 - Passwords
 - Approvals
2. Detective controls
 - Bank recs
 - Variance analysis
 - Vacations
 - Surveillance



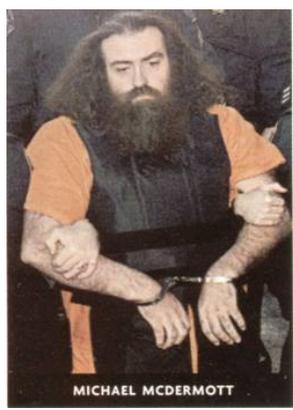
WHICH IS NECESSARY?????

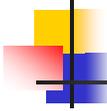
BOTH



Nonfinancial Controls

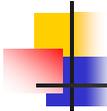
1. HR and IT systems
2. Physical security
3. Communications systems
4. Insurance





Management Oversight + Behavior

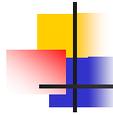
1. Tone at the top
2. Financial analysis and budgeting
3. Communications
4. Board oversight
5. Integrity and ethics
6. Comply with organization policies



Segregate These Duties

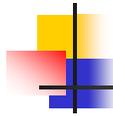
1. Billing
2. Recording revenue
3. Receipt and recording payments
4. Deposits
5. Posting receipts
6. Reconciling bank statement
7. Reconciling A/R subledger





Revenue and Cash Receipts

1. Skimming
2. Lapping
3. Write-offs
4. Unauthorized credits
5. Unrecorded sales
6. Theft of donated merchandise



Skimming Committed By.....

1. Anyone collecting or opening mail
2. Anyone logging receipts, preparing or making deposits
3. Anyone involved in sales
4. Door-to-door solicitations



Checks can be easily converted/stolen

Mississippi College President Skims



1. 15 years
2. Personally collected checks
3. Checking account in name of college
4. Receipts
5. Large gifts....54 averaging \$55,600....\$3 million
6. Detected when a fundraiser approached a donor who had already _____
7. Lewis Nobles Pres for 25 years
8. Mail fraud, tax evasion and money laundering *NEW*
9. Stock and brokerage fees, real estate, large credit card accounts and lavish purchases for himself and women friends

Minimizing Skimming



1. Can't prevent
2. Dual control at first receipt
 - Don't have to hire a second employee
 - Each person count half in presence of other
3. Segregate recording pledges and post payments
4. Lockbox, but NOT foolproof
 - Donors won't use it
 - Print solicitations or insert BRE's with **their address**

Detecting Skimming



1. Rotate duties and require vacations
2. Reconcile BRE's received and Post Office charges
3. Mail donor statements
4. Publish lists of donor names



National Lumber and Building Material Dealers Association



1. Office manager and bookkeeper
2. New Life Business Management and Development Association checking account __ NLBMDA __
3. Fundraising for new headquarters
4. Couldn't produce financial statements so _____
5. Donor noticed he wasn't listed NLBMDA
6. Took \$110,000 and sentenced to 25 months





Other Skimming Opportunities



1. Late fees and similar charges
2. Membership dues
3. Conference and meeting revenue
4. Retail sales
5. Write-off of receivables
6. Unauthorized credits
7. Unrecorded sales
8. Theft of donated merchandise



Purchasing and Disbursement Schemes



1. Billing schemes
2. Personal expenses
3. Refund schemes
4. Financial assistance schemes
5. Check tampering and EFT schemes

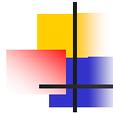
Controls Over Purchasing and Disbursements



1. Purchase request and authorization
2. Receiving and recording payable
3. Approval of vendor invoices and check writing
4. Mailing of checks
5. Reconcile A/P subledger and bank account



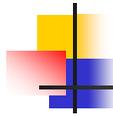
1. CFO embezzled \$214,000
2. GSR Services
3. Phony grants
4. Meeting refunds
5. Vendor invoices
 - Had a separate sets of checks printed
 - Destroyed checks to vendors
 - Paid personal bills with duplicate checks
 - Paid vendor rebilling including interest
6. Detected when another employee noticed a check to AmEx on his desk and knew – **no AmEx account**



Personal Purchases



1. Use legit vendors
2. Usually not material
3. Purchasing or receiving employees
4. Supplies, food, books, clothing, computers, office furniture, and equipment
5. Typical control weaknesses
 - Failure to reconcile purchases with receivers
 - Failure to segregate duties



Billing Schemes Credit Card WTU



1. Washington Teachers Union
2. \$5+ million
3. President Barbara Bullock \$2,181,000 9 years
4. Assistant Gwen Hemphill \$492,000 11 years
5. Treasurer James Baxter \$537,000 10 years
6. Furs, art, jewelry, sports and entertainment, custom-made clothing

Credit Card Abuses



1. Anyone can have one
2. No credit checks on employees
3. Credit limits based on reasonable need
4. Locked up until needed
5. Card holders acknowledge rules and responsibility
6. Prompt review of statements
7. Submit supporting charge slips or pay personally
8. Quickly suspend or revoke if abused
9. Use purchasing cards instead of credit cards

Donna Renee Gamble



1. Georgia Tech P-Card
2. Pleads guilty 22 counts \$316,000
3. Number of personal items 3800
4. NSF grant funds
5. Fake invoices
6. Supervisor approved

Tip: How was she caught _____





Some of the Things Gamble Bought.....

1. Barrington Model 801 oboe
2. Philips 32-inch, widescreen LCD HD TV
3. Sylvania 20-inch, flat panel LCD TV with built-in DVD player
4. Axion 20-inch, flat panel TV
5. Bunn ULTRA-2 frozen drink system
6. Crosley mini bubble jukebox
7. Voit competition soccer foosball table game
8. Makita 2800-watt generator
9. Honda pressure washer
10. Coleman Gas Log patio hearth
11. Centurion Euro-style boat cover
12. 4 Lafuma RSX La Napoule recliner lounge chairs A Huffy women's comfort bicycle
13. 2 Kulana Luhi women's cruiser bicycles
14. 4 digital cameras
15. Yamaha WaveRunner III



P-Card Better Internal Controls



1. Strengthen spending controls
2. Solves timing problems
3. Manage by exception
4. Don't need manual logs
5. MROs usually occur over 2 accounting periods
6. Don't reconcile POs issued and liabilities
7. Avoid side agreements



Credit or P-Card Code of Conduct



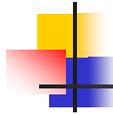
1. Criteria for issuance
2. Initial and annual credit checks
3. Position of trust
4. Used for business (with examples)
5. Never used for personal expenses or cash
6. Maintain physical control
7. Procedures for lost cards



Credit or P-Card Code of Conduct

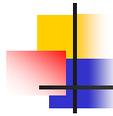


8. Spending limit by card
9. Types / amounts needing prior approval
10. Submit charge slips within ____ days
11. Report disputed charges within ____ days
12. Procedures to request increase in limit
13. Acknowledge violations of card policy violates code of conduct and is grounds for revocation, firing or prosecution
14. In writing and signed annually



Purchasing Card Features

1. Single transaction limit
2. Monthly dollar limit
3. Finance office/Budget \$ limit
4. Merchant blocking
5. Daily transaction limit
6. Monthly transaction limit
7. Total company limit
8. Can be different to each cardholder



Duplicate Payment Schemes

1. What: Multiple payments to legit vendors
2. Who: Purchasing employees, AP or accounting clerks
3. Poor controls make it easy
4. Services are easier since **nothing physical**
5. Simple: Copied/faxed/original invoice not cancelled



Embezzlement TeriLyn Norwood



1. Accounts payable supervisor
2. \$18,000 embezzlement
3. Financial stress
4. Profiled in WSJ
5. Montel Williams Show
6. Fraud lesson —

Personal financial stress
solved with your money.



Minimizing Duplicate Payments



1. Preventive controls
 - Pay from ONLY original invoices
 - Match invoices with receivers or Pos
 - Match quantities or services against authorized
 - Capture vendor invoice numbers
 - Immediately cancel vendor invoices
 - Don't allow requestor to mail check
2. Detective controls
 - Review vendor histories, endorsements
 - Confirmations

Fictitious Vendor Invoices



1. Most for services
2. Don't divert check
3. DON'T mail to **PO Box**, **family**, **home address**
4. Use former legit vendor
 - Must intercept the check or change the address

Minimizing Fraudulent Vendors



1. Preventive controls
 - Verify existence
 - Segregate duties
 - Delete old vendors
2. Detective controls
 - Review vendor master file
 - Compare budget vs. actual and prior year
 - Review vendor payment details
 - Consecutive invoice numbers
 - Different sequence



1. Nick Bush
2. 54 years old, reserved, introspective
3. Annual pay \$300,000
4. Stole \$3+ million over 13 years
5. \$2+ million unaccounted for
6. Used bogus consulting contracts



1. Bush set up fictitious consulting agreements with:
 1. James W.O. Rogers
 2. James Rosebush
 3. Duberstein Group
2. "I'll personally deliver the checks."
3. Margaret Elizabeth Martin
4. Restaurant letterhead ~\$200,000



1. Jan. 20, 1999 Rogers gets IRS notice
2. IRS Form 1099s
3. Bush, "indicated [to Rogers] that there was some sort of confusion in his accounting department that had resulted from out-sourcing the accounting function of NGSA. Mr. Bush apologized for the mistake and indicated that it would be taken care of promptly."
4. John Sharp general counsel

Refund Schemes



1. Refunds by check
 - Canceled conferences, seminars, meetings, memberships, subscriptions
 - Returns of items sold
2. Refunds at cash register
3. Weaker controls over refunds than checks to pay vendors

Financial Assistance Schemes



1. Internal schemes usually MUCH larger
2. NYU Official Admits \$4.1 Million Theft
 - 1000 checks to fake students
 - 10 years
 - Every check in different name

Check Tampering



1. Forge authorized signature
2. Alter payee
 - White-out or correction tape
 - **Erasable** ink
 - Add characters IBM **I.B.McDonald**
 - Chemical wash

Positive Pay Prevents Tampering



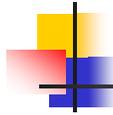
1. Article 3 and 4 of UCC
 - Responsibility and accountability
2. "Ordinary Care" -- Company can be fully liable
3. Positive pay
 - Company sends electronic list of checks
 - Check number, amount, date, payee
 - Bank matches
 - Differences

Wire Transfer Fraud

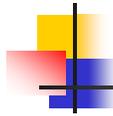
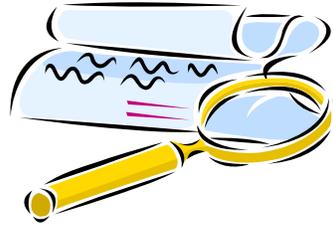


**CFO Daniel S. Wiant
sentenced to 15 years for
stealing \$7.8 million from
the Ohio Chapter of the
American Cancer Society**





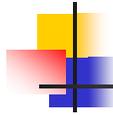
Payroll and Expense Schemes



Ghost Employees



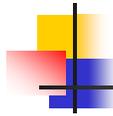
1. Fake employee on payroll
2. Least common but most costly
3. Most common in large organizations because employees don't know other employees
4. What's required:
 1. Add a new employee or keep a former employee
 2. Hourly – prepare and insert timesheet



Minimizing Ghost employees



1. Different employees add/maintain employee records vs. check prep and distribution
2. ID
3. Match payroll with employee list
4. Check employee number sequence
5. Do payroll deductions make sense
6. Does net payroll = funds transferred



Minimizing Ghost employees



7. Do all employees have personnel files
8. Check for former employees on payroll
9. Duplicate addresses/SSNs/deposit account #s
10. Reconcile account by someone not in payroll system
11. Review endorsements for multiple paychecks to same person
12. Reconcile payroll accounts to control accounts

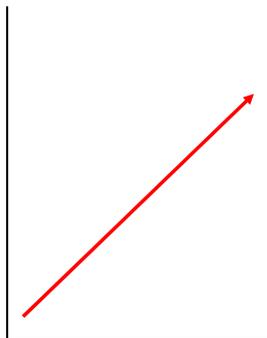


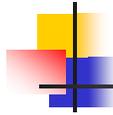
Parks Director Hires Ghost Employee

1. Parks Director Wayne A. Roberts
 1. \$124,072
 2. Helped father, a city custodian
 2. Ghost employee Krystal Griffin
 1. No work 4 years
 2. Police saw no work for a month
 3. Seasonal worker paid year round
 4. \$75,335.50
 3. How were they detected whistleblower
- Tip: Someone ALWAYS knows



Fundraising Fraud and Abuse





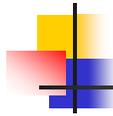
Fundraising Fraud and Abuse



1. Percentage used for program expenses
2. Deductibility
3. How the contribution is spent

How much is contributed to charities every year?

\$260 BILLION



Percentage Used for Program Expenses



1. Most common allegation
2. Phone/direct mail/special fundraising
3. Is "100% of the proceeds will be used in charitable programs," if used to offset fundraising costs? **NO**
4. VERY carefully draft and review fundraising materials and scripts

Donor Restrictions



1. Directed donations doubling every 10 years
2. Some charities retaining funds
3. Increasing accusations of noncompliance
 - Changing atmosphere since 9/11
 - Lack of donor trust
 - Specific component(s) of a program

Red Cross Screws Up



1. 9/11 charities raise \$2 billion
2. Red Cross raises \$500 million
3. Web site: Use *some* for direct assistance to families/victims with rest for variety of programs for future disasters
4. No indication of fraud/abuse/intentional misleading
5. Donor-imposed restrictions are MUCH more than explicit statements in the fundraising materials
 - Event/timing *create unwritten* restrictions



Dr. Bernadine Healy

Donor Lawsuits

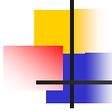


1. USC: \$1.6 million for chair in geriatric biology
 - Part spent on 'ineligible' uses such as scientists who otherwise didn't qualify
2. Chicago Community Trust managed \$300 million fund Searle Fund
 - Family sued alleging CCT wasn't seeking advice on grants and charging unreasonable mgt fee
3. Princeton University receives \$35 million in stock in 1961 (\$ 500 + million) to train grad students in gov't
 - Family sued for using the money for other things

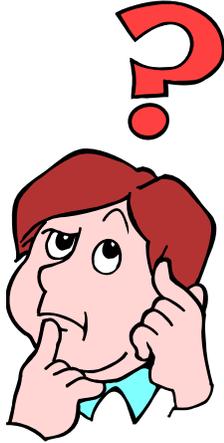
Donor Bill of Rights



1. Created by
 - American Association of Fund Raising Counsel
 - Association for Healthcare Philanthropy
 - Association of Fundraising Professionals

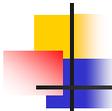


Donor Restrictions



What are you doing to determine if your client or nonprofit is

Complying with restrictions



HR to Minimize Fraud



***# 1 Rule...
Talk to your
ATTORNEY.***

Background Checks Fight Fraud



**BY APPLYING FOR A JOB WITH _____
YOU AGREE TO THE FOLLOWING BACKGROUND
CHECKS:**

1. Criminal
2. Civil
3. Credit
4. Driving

Signature

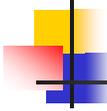
Date

Wire Transfer Fraud



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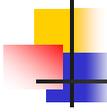
1. 1987 + 1988 got 2 years for credit card fraud
2. 1992 admitted stealing \$20,000 from Maui Foodbank as Executive Director



Indiana Public Employees Retirement System



1. 1993 Ohio State law school grad
2. 1993-6 P&G
3. 1997-2001 Cook Inc.
4. 2001 Indiana PERS Chief Benefits Officer
5. 200,000 personnel records
6. Nov. 1 1996 to Jan 97 prison
7. Used another person's SSN with same name
8. PERS job app now asks if ever **convicted of a felony**



Shelter Inc.



1. Hired George Dewey Davis one year after serving 7 years of 16
2. Davis was a **Registered sex offender**
3. Managed a nonprofit house young adult mental health clients for 2 years
4. Forced young women to **have sex with people he knew**
5. Threatened to kill and rape others and pets



Shelter Inc.



6. Shelter Inc., allegedly told clients that Davis was a licensed psychotherapist with 15 years of counseling and therapeutic experience
7. Shelter accused of negligence, fraud, false imprisonment breach of privacy, and physical and emotional abuse
8. Executive director, program director and administrators also named in suit
9. No allegations Davis molested anyone in the home



New employee orientation



1. Intolerance for fraud and abuse
2. Code of conduct
3. Physical security
4. Recordkeeping and documentation requirements
5. How to report fraud and abuse
6. Executive Director can stress importance of fraud/abuse-free organization



Leave Policies Fight Fraud



1. More content workforce less likely to **commit fraud**
2. Mandatory vacations allow fraud detection when someone else **does his/her job**
3. Current job descriptions with procedures
4. Formally assign backups for key people
5. Cross-training
6. Everyone MUST know to report fraud/abuse or unusual activities/findings and how



Exit Interviews Fight Fraud



1. Reluctance to report fraud/abuse
2. Why **Retaliation or tattle tale**
3. Someone outside the department
4. Ask directly

Management and Board Fight Fraud



1. Day-to-day operations
2. Organizational oversight
3. Fiscal management

Anti-Fraud Culture



1. Tone at the top
2. Supervisors and managers
 - At least as important as mgt since on front line
3. Fail to prevent fraud because it's not my job
 - Think fraud is accounting's job
 - Controls prevent/detect all fraud
 - They DON'T play a critical role

Government Fraud and Abuse



Fraud and Abuse © Gary Zeune

09

Special Nature of Government Fraud and Abuse



1. Public servants owe a duty to taxpayers
2. If fraud in a.....
 - private company the owner suffers
 - public company the shareholders suffer
 - gov't entity the taxpayers have to foot the bill
 - Critical difference is ownership
3. When something goes wrong gov't entities assumed **_guilty_**
4. Therefore gov't entities held to the **_highest standard**
 - Why? Because taxpayers don't have any **_choice**

Fraud and Abuse © Gary Zeune

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Computer Systems



1. Computers hide action more easily than paper
2. Employee no one else **understands** the system
3. Frequent changes in technology
4. Unauthorized funds transfer can be done _____
5. Management hasn't thought how systems could be used to defraud the entity
6. Usually a highly skilled/disgruntled/trusted employee



Computer Systems



1. Segregate duties
2. Strict password control
3. Non-erasable audit trail
4. Follow original input to transactions by **surprise**
5. Does anyone insure the integrity of original input
6. Data should be authenticated after input
7. Updating of records major source of fraud/abuse
8. Physical security
 - Staff log off when leaving
 - Printers in secure area



Government Computers



1. Small town gov't agency
2. Older equipment with 3 networked PC's
3. Most equipment was viewable by public
4. Installer instructed on operation but not security
5. Tax and other records kept on shelves out front
6. Employees often 'disappeared'
7. Monitors left on displaying **confidential information**
8. Everyone used the same **password**
9. No controls or audit trail over input or changes



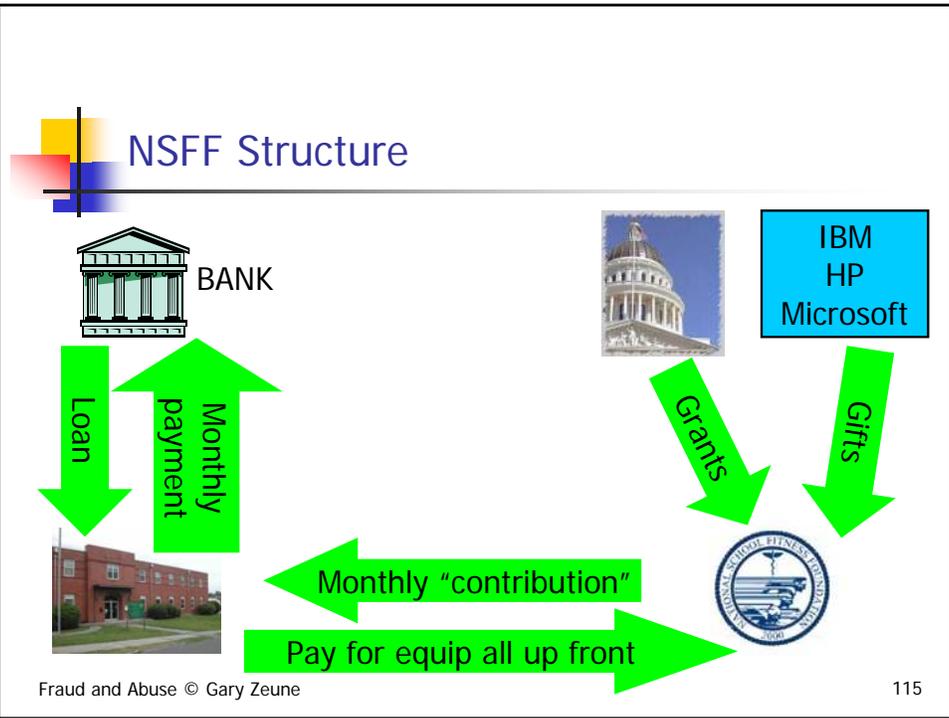
National School Fitness Foundation



1. LIFT America FREE fitness equip
2. Eliminate school obesity
3. LOTS of positive press
4. Wisc Gov Jim Doyle included NSFF in his state of state announcing \$5 million contribution
5. Minn 19 schools \$7+ million
6. Utah 130+ schools



American Fork High football players work out on equipment purchased from the National School Fitness Foundation, which filed for bankruptcy last month.
Jason Olson, Desert Morning News



- ## NSFF Qualifications
1. 1,800sf
 2. Adequate staff
 3. Implement LIFT America curriculum
 4. Track and report fitness data to NSFF, who will pass it along to corporate 'partners'
 5. Strength and aerobic machines, trainers, kiosks
 6. Schools encouraged to open to public and charge
- Fraud and Abuse © Gary Zeune 116



NSFF Paul Gottfredson, Business Administrator

South Sanpete School District, paul.gottfredson@ssanpete.k12.ut.us



- I was initially one of the biggest skeptics and almost had to be forced to agree to this program.
- It has been wonderful. They haven't missed anything they said they would do.
- We very carefully examined the lease agreement. It seemed a reasonable price so that even if the NSFF were to fail to repay us we would still have a reasonable purchase agreement.
- Our attorney examined the agreement and it was approved by our School Board.



National School Fitness Foundation



1. May 2004 NSFF announced can't make payments
2. 'Alleged' \$80 million Ponzi scheme
3. 600+ schools in 20 states
4. Schools knew NSFF maybe couldn't make payments
5. Equip worth \$75,000 but paid NSFF \$200k to \$250k
 1. Schools had to pay for all equip **UP FRONT**
6. Schools didn't get competitive bids
7. "Royalty payments" from schools were 99.8% of NSFF revenue
8. Minn alleges securities, mail and wire fraud



NSFF.....Questions

1. Did anyone check with _____???

SPONSORS

2. Did NSFF management know that what it was doing is _____???

ILLEGAL

Government Revenue Southtowne Center



1. Popular tourist destination
2. Combine museum, theater, information center
3. Official Southtowne 'guide'
4. Asst manager had color copier
5. Lunch-hour cashier
6. Made his own copies
7. Brochures ordered and counted
8. Asst manager in car wreck
9. Brochure sales went **up**—



Roslyn, NY Schools



Andrew Miller

1. Andrew Miller, Managing Partner
2. \$11.2 million theft
3. 98% of grads attend college and few need aid Miller, Lilley & Pearce is now **GONE**
4. Audited 53 districts
5. "We now are aware of two school districts where this firm did not do its job. It is disconcerting that this firm was supposed to be the fiscal watchdog at 53 school districts," NY Comptroller Alan Hevesi.

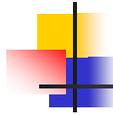


Roslyn, NY Schools



Pamela Gluckin
\$4,634,012

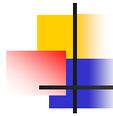
1. Concorde to England
2. Mortgage payments on Fla. homes
3. \$1 million ATM withdrawals
4. NY auditors 57,000 checks over 8 yrs
5. Super Frank Tassone \$2,407,965
6. Clerk Deborah Rigano \$334,452
7. Not traceable \$1,508,274
8. 26 others \$2,288,462



Roslyn, NY Schools

1. As a result of Roslyn scandal the NY comptroller and Attorney General have started a statewide investigation of the school system.

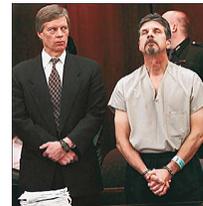
Tip: What are the odds Roslyn is the ONLY district with fraud problems? 100% 50% 0%



Jesse Oddi



1. Clerk of Courts
2. Financial stress
3. \$450,000 embezzlement
4. 5+ years
5. NM Municipal League
6. Fraud lesson _____



Honest people do dishonest things



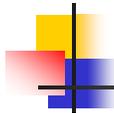
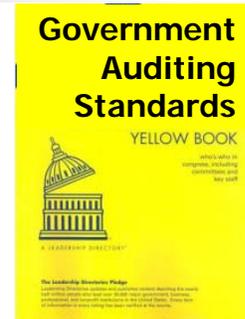


Government Auditing Standards

July 2007 Revisions

Effective for financial audits for periods beginning January 1, 2008 and performance audits beginning January 1, 2008

Full report www.gao.gov/govaud/ybk01.htm
Summary www.gao.gov/govaud/somc0707.pdf



Overall Changes



Para.	Change
1.01 – 1.02	Reinforces key role of auditing in maintaining accountability and providing information to improve gov't operations...[Whose money is it TAXPAYER]
1.05 – 1.10	Standardize language defining auditors responsibility to be consistent with SAS 102 (ie, MUST and SHOULD)
1.14 – 1.16	Recognize other professional standards such as PCAOB, IAASB, IIA can be used with GAGAS but if there's a conflict use GAGAS



Ethics and Independence Changes

Para.	Change
Chapter 2	Ethical principles are the foundation, discipline, and structure, including 5 key principles to guide work
3.06	If independence impairment is discovered after report is issued, assess impact. If did not comply with GAGAS, impact on report, notify management in writing.
3.25 – 3.30	Clarifies and reorganizes impact of nonaudit services on independence into 3 distinct categories (next slide)



Ethics and Independence Changes

Para.	Type of service	Examples
3.26- 3.27	Services that do NOT impair independence so do not require compliance with supplemental safeguards in p. 3.30	Technical advice and knowledge but no management decisions
3.28	Services that would not impair independence as long as the firm complies with supplemental safeguards in p. 3.30	Basic acctg assist Immt'l payroll Limited valuation Routine tax filings
3.29	Services that do impair independence even if comply with safeguards in p. 3.30	Maintain/prepare records Posting Balances or capitalization



Ethics and Independence Changes

Maintain independence if comply with ALL of the following in paragraph 3.30....

a	Document nonaudit services including conclusions as to impact on independence
b	Written understanding with client re: objectives, scope, product or service of nonaudit service and management's responsibility for <ul style="list-style-type: none"> (1) Subject matter of the nonaudit service (2) Substantive outcomes of the work (3) Make decisions and accept full responsibility for decisions
c	Exclude personnel who performed nonaudit work
d	Do not reduce work below level than otherwise would



Judgment and Competence

Para.	Change
3.31 – 3.39	Professional judgment to consider risk is critical in all aspects of GAGAS audits [i.e., professional _____]
3.40 - 3.49	Expanded emphasis of competence to key steps in audit performance and reporting [i.e., SAS 1]
3.46 – 3.47	Incorporate 2005 CPE requirements
3.49	CPE requirements for internal specialists who perform as a member of the team



Quality Control and Assurance

Para.	Change
3.50	Noncompliance with peer review requirements results in a modified GAGAS statement (footnote 35)
3.50a	Firm's QC system should provide reasonable assurance the firm and personnel comply with professional standards and legal/regulatory requirements
3.52 + 3.54	GAGAS QC = AICPA SQCS 7 except review of work and report performed as supervision are NOT monitoring controls when used alone (footnote 36)



Quality Control and Assurance

Para.	Change
3.53	Firm QC must include: leadership, independence, legal, ethics, client acceptance and retention, HR, engagement performance, documentation and reporting, and quality monitoring
3.54	At least annually firm MUST analyze and summarize monitoring and identify any systemic issues with recommendations for improvement
3.61	Firms MUST make peer review reports public Internal auditors MUST give a copy to those charged with governance

All Types GAGAS Audits and Attestation Engagements



Para.	Change
1.11 – 1.13	Guidance on citing GAGAS in audit reports
4.06, 6.06, 7.46, A1.05 –A1.07	Defined ‘those charged with governance’ to be consistent with SAS 114
4.22, 6.24, 7.82	Firm MUST establish IT controls re: accessing and updating electronic audit documentation
5.10-5.22 6.33-6.43 8.19-8.26	Reporting requirements re: internal control deficiencies, fraud, illegal acts, violation of contracts or grants, and abuse

All Types GAGAS Audits and Attestation Engagements



Para.	Change
4.10-4.11 6.13a+b 7.28-7.32 A.09-.11	Clarified auditor responsibility for designing the audit to detect violations of legal and regulatory requirements, contracts or grant, and fraud
4.12-.13 5.15-.17 6.13c-.14 6.36-.38 7.33-.34 8.21-.23	Responsibility in field work and reporting abuse

All Types GAGAS Audits and Attestation Engagements



Para.	Change
4.14-18 6.15-19 7.72-76	Requirements and guidance to develop findings
5.32-38+44 6.44-.50+56 8.32-.37+43	Reporting views of responsible officials and issuing and distributing reports
5.39-.43 6.51-.55 8.38-.42	Reporting confidential or sensitive information

Financial Audits



Para.	Change
4.19	Align audit documentation with SAS 103
5.11-.12	Define control deficiencies same as SAS 112
5.14	Use professional judgment whether and how to communicate deficiencies that are not significant
5.26-.31	Requirements reporting on restatement of previous issued financial statements
5.23-.25	Encourage communicating in the report significant concerns, uncertainties or catastrophic events that could have a significant impact

SAS 102: Defining Professional Requirements In Statements On Auditing Standards

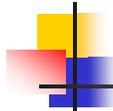
1. **MUST** = *Unconditional requirements* – The auditor or practitioner is required to comply with an unconditional requirement in all cases in which the circumstances exist to which the unconditional requirement applies.
2. **SHOULD** = *Presumptively mandatory requirements* – The auditor or practitioner is also required to comply with a presumptively mandatory requirement in all cases in which the circumstances exist to which the presumptively mandatory requirement applies; however, in rare circumstances the auditor or practitioner may depart from a presumptively mandatory requirement provided he or she documents the justification for departure and how alternative procedures performed in the circumstances were sufficient to achieve the objectives of the presumptively mandatory requirement.
3. Effective upon issuance December 2005

Tip _____

Review EVERY audit program for compliance.

SAS 103 Summary Audit Documentation





SAS 103

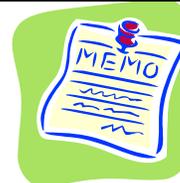


1. Work papers should be in sufficient detail for an *experienced* [internal or external] auditor *without* a connection to the audit to understand:
 1. Work performed
 2. Results of the work
 3. Evidence obtained
 4. Conclusions reached
 5. Accounting records agree or reconcile with the financial statements or other information

Auditing Tip: The work papers are REQUIRED TO
stand on their own.



SAS 103



Oral explanations on their own do not represent sufficient support for the work the auditor performed or conclusions the auditor reached but may be used by the auditor to clarify or explain information contained in the audit documentation.



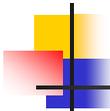
Audit Tip: Oral explanations are NOT **AUDIT EVIDENCE**.



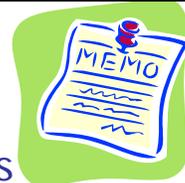
SAS 103



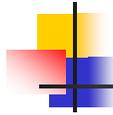
1. Identify preparer and reviewer
 1. Who performed the audit work
 2. The date such work was completed
 3. Who reviewed specific documentation
 4. The date and extent of such review
2. Document specific items tested



SAS 103 FINISH The Work Papers



1. Assemble the final audit engagement file within 60 [calendar...gdz] days following the report release date
 1. After 60 days – no deletion or discarding of existing audit documentation is permitted
 2. After 60 days – appropriately document subsequent additions
 3. TPA 8350.01 applies to current documentation in the permanent file
2. Must retain files for at least five years from the report release date, or longer if otherwise required



Complying with SAS 103



Audit Behavior: Some will 'rationalize' not completing and 'locking down' the file....."Everything is OK. There's nothing wrong. I'll do it later."

Warning: Some states tougher. NY is 45 days.

[http://ebpaqc.aicpa.org/Resources/Archived+EBPAQC+EAlerts+\(members+only\)/News+Alert+No.+111.htm](http://ebpaqc.aicpa.org/Resources/Archived+EBPAQC+EAlerts+(members+only)/News+Alert+No.+111.htm)

Tip: Google "News Alert #111" + AICPA

Audit Tip: To maximize compliance, and minimize risk, adopt a firm policy that your report isn't released until work papers are **FINAL**.