

The Association of Certified Fraud Examiners ( [ACFE](#) ) organized the 19th Annual [Fraud Conference](#)

and Exhibition in Boston, MA between July 13 and 18, 2008. Established in 1988, ACFE has more than 45,000 members in 125 countries. Around 2,000 Certified Fraud Examiners (CFE) and association members attended this year's conference representing 52 countries. And more than 50 companies and institutions exhibited their products and provided information about their services. Besides the ten tracked main conference, there was a pre-conference for one day and a post-conference for two days.

### **Pre-Conference**

One of the two parallel seminars during the pre-conference was Report Writing for Fraud Examiners. A majority of the fraud examiners agree that it is easier to find fraud than to write a report about it. In this seminar, the following topics were covered: writing more clearly and concisely; presenting thoughts and ideas more positively; avoiding overused words and phrases; assessing the audience; understanding the types of fraud examination reports; using a standard reporting format; and improving communications with management and outside parties.

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The other pre-conference seminar was The Evolving Legal Landscape of Fraud Examinations. Since there are different and new types of frauds everyday, rules, laws and regulations to prevent fraud from happening need to always be updated. The following topics were covered in this seminar: evidentiary issues for fraud examiners, recent e-discovery changes, workplace constitutional issues, recent legislation and jurisprudence in fraud, new decisions and legislation in corporate and account liability, electronically stored information, responsibilities of auditors and accountants, and the rights of the employees and controlling of emails.

### **Main Conference**

The main conference started with the flag ceremony where flags from 52 countries were placed on stage to remain during the entire conference. A diplomat and former U.S. senator Mr. George Mitchell delivered the opening speech of the conference. Senator Mitchell is known for his efforts as chair of the peace negotiations between the UK and Ireland, which ended decades of conflict. He also led two high-profile independent investigations: a Special Commission investigating allegations of impropriety in the bidding process for the Salt Lake City Olympic Games and a large-scale investigation of Major League Baseball looking into the potential usage of anabolic steroids and HGH by its players. In his speech, adorned with many anecdotes, Senator Mitchell talked about the difficulties of negotiations and mediations. He also

underlined the importance of fighting fraud, which is the job of almost all of the conference participants.

The following were the ten tracks of the main conference, each of which had seven sessions:

- Awareness, prevention and deterrence
- Detection, investigation and resolution
- Cutting edge: Emerging trends and issues
- Auditing for fraud in the future
- Friend or foe: Fraud and technology
- Betting the firm: Risk management
- Drawing the line: Legal, ethics and compliance
- Insiders fight against fraud
- Doing it right: Best practices and case studies
- International issues and topics of special interest

Besides Senator Mitchell's opening remarks and above mentioned sessions, there were three more key-note speeches in which all the participants attended. Assistant Attorney General and head of the Criminal Division of U.S. Department of Justice, Alice Fisher delivered one of these three speeches. She talked about her experiences at the Department of Justice and especially focused on how some legal sanctions can be forced on white-collar crime.

Speakers on the second day of the conference were John P. Coffey, Co-Managing Partner of Bernstein Litowitz Berger & Grossmann LLP, New York, and Dr. Robert Hare, author and professor of psychology at the University of British Columbia. Mr. Coffey served as lead trial attorney in two very important civil fraud cases: the WorldCom securities class action, which settled for \$6.15 billion and the Arthur Andersen audit malpractice case, the largest non-profit bankruptcy in U.S. history. Mr. Coffey mainly talked about the experience he gathered during these two cases. Dr. Robert Hare, having devoted most of his academic career to the investigation of clinical psychopaths and the widespread implications for mental health and criminal justice, talked about the psychology of fraudsters.

Closing remarks of the conference were delivered by Patrick Kuhse, a convicted fraudster. While having a successful career as a stockbroker, Mr. Kuhse was involved in a bribery scheme with the Oklahoma State Treasury's Office. Afterwards, realizing he would be arrested, Kuhse escaped to a Latin American country with his family; he was surrendered after being searched for as an international fugitive for four years and served time in both a foreign jail and U.S. Federal Prison. Currently, while trying to pay the money he acquired unlawfully, Kuhse attends meetings organized by local CFE chapters and universities and talks about why he did what he did. In this conference, Kuhse focused on common ethical dilemmas in the financial service industry, why people make the ethical decisions they do and provided insight on how to define,

develop and control our own ethical behaviors.

One important topic Kuhse mentioned in his speech was his family's suffering because of what he did and that he would never forget this. By fleeing from the country, he caused his wife and two grade-school-student children to live in a country where they didn't even speak the local language. After three years, the family left Kuhse, returned to the U.S. and tried to survive without his support.

### **Post-Conference**

Supporting the main conference, there were three parallel seminars after the main conference: Auditing/Investigating Fraud Seminar, Mortgage Fraud, and Interviewing in High-Tech Fraud Examinations.

Targeting especially auditors and investigators, the following topics were covered during Auditing/Investigating Fraud Seminar: auditors'/accountants' fraud responsibilities, asset misappropriation, occupational fraud schemes, interviewing techniques, corruption schemes, fraud analysis techniques, legal issues, and report writing.

Mortgage fraud is mentioned as one of the top financial crimes in FBI's recent Financial Crimes Report. According to the report, although the true level of mortgage fraud is largely unknown, because of mortgage lending's and the housing market's overall effect on the nation's economy, combating fraud is a priority. The following topics were covered in this seminar: how to identify mortgage fraud indicators; the most common types of mortgage fraud; mortgage fraud prevention measures, including best practices; legal aspects of mortgage fraud, including how it is prosecuted at the federal and state level and current federal and state legislative efforts; and elements of mortgage fraud prevention, detection and deterrence.

As technology advances, its usage in fraud increases too. Fraudsters use specialized knowledge to obscure and conceal their schemes, so CFEs need to interview suspects who have high levels of industry-specific, technical or computer-based knowledge. The main goal of Interviewing in High-Tech Fraud Examinations seminar was to provide the keys to success in interviews where fraud and technology intersects. In this seminar, the following topics were covered: understand how technology is used to perpetrate, conceal, and get away with fraud; examine interview techniques specific to high-tech schemes; explain how to prepare and make the interview successful.

### Conclusion

A common subject of fraud meetings or discussions is that the people can be categorized into three groups. First group of 20% under no circumstances involves itself in fraud. Another 20% always searches for fraud possibilities. Remaining 60% are the people who obey the law and follow the rules under normal circumstances. One important reality about this group is that by the force of extreme conditions, these people knowingly or unknowingly may become involved in fraud. A father, who lived honestly his whole life, may take advantage of a fraud opportunity if he needs money for the cancer treatment of his child.

Patrick Kuhse, who delivered the closing remarks of the conference, can be considered a sample of the 60% group. While working as a law obeying and successful stock broker, he made a chain of wrong decisions and at the end was imprisoned. In his speech, Kuhse pointed out that serving jail time and paying back unlawfully obtained money would in a way compensate the crime; however, it is not possible to heal the wounds in one's conscience caused by hurting people and especially family or relatives.

In one of the presentations during the conference, Christopher Rosetti focused on the importance of having a fraud and misconduct strategy. He suggested that a plan should be based on the following: ethical culture, effective personnel policies, awareness, reporting/feedback, and monitoring.

ACFE is organizing the 20th Annual Fraud Conference and Exhibition in July 12-17, 2008 in Las Vegas, NV. More information can be found at <http://www.fraudconference.com/> about the conference and <http://www.acfe.com/> about ACFE.