In This Issue...

1. President’s October Message

2. September 2018 Conference Recap
   “Internal Audit Professional Practices Health Check”

3. Summary of Other September Activities

4. Long Island Chapter’s Upcoming October Conference:
   “Welcome to the Machine! The Next Wave in Analytics and Process Auditing”

5. St. Johns CIA Exam Prep

6. “So You Want to Jumpstart Your Internal Auditing Career” Training Opportunity

7. IIA Training Opportunities

8. Fraud Alert:
   “Other Types of Consumer Fraud – Part I”

9. LI Chapter 2018 – 2019 Officers and Board of Governors

Upcoming Events

<table>
<thead>
<tr>
<th>Welcome to the Machine! The Next Wave in Analytics and Process Auditing</th>
<th>Ethics and Risk Management</th>
<th>Fraud Conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 19, 2018 Melville Marriott</td>
<td>November 9, 2018 Melville Marriott</td>
<td>February, 2019 Melville Marriott</td>
</tr>
</tbody>
</table>
Welcome to October where is it finally starting to feel like fall. October is one of my favorite months, not only because it’s my birthday month, but because fall is my favorite season. How can you not love the beautiful autumn colors, the cooler weather, the crinkling of the leaves under your feet and of course, football!

We had a great kick-off conference in September on Internal Audit Professional Practices Health Check. The conference included a wide variety of informative topics including a regulatory practice update, quality assurance programs and GRC tools. Many thanks to Vincent Colletti and Alice Seoylemezian, our conference chairs, who put together this program with a great slate of speakers from Ernst & Young.

I recently read an article in the October issue of the IIA’s Internal Auditor where the author spoke about “Five Trends Shaping Digital Transformation.” One of those trends included audit analytics where providing insights from data is internal audit’s new proposition. Another trend included robotics which is another way of describing artificial intelligence. These topics are some of the most current topics in internal audit and tie right into our October Conference, “Welcome to the Machine! The Next Wave in Analytics and Process Auditing.” I strongly urge all of our members to attend this conference as we have a fantastic agenda lined up. Included within the newsletter is our complete conference brochure. Immediately following the October conference, we will be holding a networking and social hour in the library of the Great Room. I hope to see you all there!

Our November conference will be a great opportunity for attendees to obtain both their ethics and CRMA CPE credits. This conference will cover ethics for auditors as well as third party risk management programs to develop an efficient and streamlined process that is designed to identify, rank, assess and report on an organization’s current risk posture as it relates to their third-party providers.

As a reminder, we will not be having any conferences during the months of December and January.

Following the holidays, we will resume our conferences in February with our annual Fraud Conference and in March with our annual IT Conference. Both of these conferences are always filled with great speakers and relevant topics which have always been well attended. More information will come in our upcoming newsletters about these programs.
As a reminder, all of our programs are held on Fridays at the Marriott located in Melville, New York. We look forward to seeing you all at these upcoming conferences. Should you have any questions, please do not hesitate to reach me at (631) 756-9500 or email me at lagunzo@nsslcpca.com.

Lauren M. Agunzo, CPA
Event Summary

Our September Conference, “Internal Audit Professional Practices Health Check” covered various topics including the Future of Internal Audit, Regulatory and Industry Practices Update, Quality Assurance and Improvement Programs, and the Value of GRC Tools. In addition to these topics, we had a CAE Roundtable that included the CAE’s from NYCB, Computer Associates and Canon. During this round table, questions were posed to the CAE’s about maintaining quality within audit work, key initiatives, collaborating with other lines of defense and many other relevant topics. Our first session kicked off with the Future of Internal Audit where David Kahan and Andrew Oltmanns from EY discussed integrating risk and control practices across the three lines of defense along with innovative IA methods to focus on the most critical risks. Our late morning session on Regulatory & Industry Practices was presented by Jessica Rodgers & Roseann Farley from EY and they provided our attendees with an update on regulatory guidance, audit methodology and audit’s role in SOX testing. Our early afternoon session was on Quality Assurance and Improvement Programs presented by Chris Imperatrice from EY & Vincent Colletti from American Express. This session focused on regulatory expectations and key areas of focus that internal audit departments should be addressing with their QAIPs. Our closing session was presented by Alok Vora of EY on the Value of GRC Tools. Alok’s presentation included the value of GRC tools, common challenges of GRC and key implementation success factors.

Photos from our September Conference, Internal Audit Professional Practices Health Check. The photo on the left include Lauren Agunzo, our Chapter President, Chris Imperatrice, Senior Manager at Ernst & Young and Vincent Colletti, Internal Audit Director at American Express who presented on Quality Assurance and Improvement Programs. The photo on the right include Chris Imperatrice and Alok Vora, Senior Manager in the IT Risk & Assurance practice of Ernst & Young LLP. Alok presented on the Value of GRC Tools.
New York Chapter – Chief Audit Executive Roundtable

On September 26, 2018, Rita Thakkar, Long Island IIA Chapter Board Member, attended a Chief Audit Executive Roundtable hosted by the New York City chapter. Richard Chambers, CEO and President, Global IIA was the featured guest and shared perspectives on a number of upcoming IIA initiatives. Specifically, Richard shared insights from his book, **Trusted Advisors**, outlining the skills needed within audit functions seeking to add value while meeting their charters. Additionally, Richard outlined efforts being undertaken by the IIA to review the current three lines of defense model to ensure it remains relevant in the face of numerous disruptive forces facing the profession. He also shared his continuous efforts to advocate the profession and opportunities for chief auditors to strengthen relationships with board members and business partners. Participants at the roundtable appreciated Richard’s insights and offered suggestions as he leads organizational transformation efforts and Internal Audit Advocacy for the Global IIA.
Welcome to the Machine!
The Next Wave in Analytics and Process Auditing

Friday, October 19, 2018 – Melville Marriott
8:30 a.m. – 5:00 p.m. (with lunch)

(8 CPE/CPD Credits)

Data breaches. Machine-based decisions. The rise of the robots. In an increasingly digital world, data and analytics underpin the most critical business decisions. As auditors need to understand the digital revolution and how it affects our operations. We need to be ready for the coming wave of analytics and automation. Today’s event will help auditors to better understand what their peers are doing and will be focused on best practices and real case studies.

8:30 – 10:00 AM – Audit NextGen: Data Driven Auditing
Data driven auditing is a key component of the Audit NextGen initiative, designed to make internal audit agile and as effective as possible through the use of data analytics and automated auditing tools. American Express has implemented the Audit NextGen initiative that combines Data Driven Auditing with Audit System & Report Automation.

Reshmi Muthraja, is the Director of Data Analytics, Internal Audit Group at American Express. In 2013 she helped create the data analytics team with the goal of maximizing the efficiency and effectiveness of internal audit through smart sampling and exception-based testing for all high risk audits. The team’s overall objective is to increase risk coverage by providing financial and operational insights which result in the optimization of audit completeness and integrity. Reshmi holds a B.S. in Computer Science from St. John’s University and an MBA in Financial Management from Pace University.

10:00 – 10:15 AM Break
10:15 – 11:45 AM – Audit-mation
Transitioning traditional audit work to pure automation in the new world can be daunting. This session will show how artificial intelligence and machine learning are enabling one of the top audit firms to do just that. Our speakers will walk through the genesis of the project through the various stages of capturing the auditor’s knowledge and expertise into a computable form and finally demonstrate the final vision.

J. Christopher Hull is a Partner in the Royalty Audit & Contract Compliance Department of Prager Metis CPAs. He has been in the accounting profession since 1985. Christopher leads Prager Metis’ New York-based royalty and licensing examinations, profit participation examinations, and contract compliance teams. He has conducted hundreds of audits on behalf of his clients, which include owners of copyrights and patents, as well as other intellectual property rights holders in the music, media, theater, video game, consumer products, and merchandise industries. Mr. Hull is a noted industry expert and has been a prolific speaker and author on royalty-related issues. He serves as Co-Chair of the annual CMJ Music Marathon’s Entertainment Business Law Seminar.

Lawrence Baisch, Chief Technology Officer for Prager Metis Technology and RYLTI, has over twenty-five years of expertise in corporate strategy, and information technology resource management. Prior to joining both firms, Lawrence led performance management solutions for customers in the healthcare, financial services, government and education sectors and led a Big 4’s Risk Sensing and Machine Learning technology development project.

11:45 AM – 1:00 PM - Lunch

1:00 – 1:45 PM – Robotics Process Automation
Companies are racing to unlock value from the next generation of digital technologies, including digital labor, which has moved far beyond using macros on a spreadsheet. Robotic Process Automation (RPA) – one form of digital labor–involves the use of software robots to automate processes. This session will show how Synchrony Financial is using RPA in their audits today to improve accuracy and reduce the auditor’s time on mundane tasks.

John Cardona started his career with GE Capital where he developed the data analytics reporting infrastructure for the Credit Risk Review organization. His expertise in automating processes, credit review analysis, and continuous monitoring has allowed him to excel in his current role in the Internal Audit Data Analytics team within Synchrony Financial. 2007-2008 chapter year, and has been serving as a Board of Governor since 2002. He is a graduate of Brooklyn College with a Bachelor’s degree in Accounting.

1:45 – 2:30 PM – Data Analytics Ecosystem
Organizations are increasingly investing in analytics initiatives to steer day-to-day operations and improve business decision-making. It can be difficult for a single organization to possess all of the necessary capabilities to derive strategic business value from their findings. Edgar Abreu will talk about using repeatable audit scripts in the audit process and what a data analytics ecosystem would look like for full automation of the repeatable audit scripts.
Edgar Abreu, VP, Data Analytics for Synchrony Financial, is a CPA. Since starting his career with EY, he has been working as an auditor and providing his expertise in financial, operational and compliance audits and data analytics to companies such as Warnaco, Texaco, Pitney Bowes, Anthem Blue Cross Blue Shield and US Tobacco. Most recently, he has developed a data analytics process and methodology for the Credit Review function at GE Capital and is currently developing the data analytics team as VP of Data Analytics for Internal Audit with Synchrony Financial.

2:30 – 2:45 PM Break

2:45 – 4:00 PM – Data Visualization: State of the Industry and What’s Next
As data visualization continues to evolve with deployments becoming more complex and businesses more data-driven, there’s a big challenge that auditors are facing: how to combine audit and technology to garner greater insight. Aron Elston, from Accenture, will walk us through the internal audit data analytics transformation, new trends in data visualization and provide us with demonstrations and use cases in internal audit.

Aron Elston MBA, PMP is the National Leader for Regulatory & Compliance Analytics where he leads Innovation and Thought leadership focusing on building out top level analytics platforms for financial institutions. Aron has 25 years industry experience with various roles in analytics, IT infrastructure, software development, financial compliance, project management, and business analysis. Prior to joining Accenture, Aron held leadership positions at big four consulting firms where he assisted financial institutions to leverage data analytics to solve Audit and Compliance related issues. Aron is recognized as a technology and data analytics expert within the field and has been a primary delivery leader for major multi-million dollar engagements consisting of multi-national teams with top Fortune 100 global and national financial institutions.

4:00 – 5:00 PM – The Language of Risk: Using Natural Language Understanding to Identify Key Risks
How can the latest advances in artificial intelligence be applied to reviewing internal audit reports? Can a system assist an auditor in evaluating audit coverage completeness? The present trends in machine learning are moving from numerical data to language and documents. Learn about the mathematical relationship of words, how computers read documents, and how AI can help internal auditors ask the right questions and generate the right insights for their clients.

Mathieu Lemay, CEO & Co-Founder of Lemay.ai and AuditMap.ai, has been a key innovator in the AI and Deep Learning space. With a strong background in management and engineering, Matt is a senior developer and project manager that has worked for multiple startups. He is an electronics engineer and computer scientist, and is the co-founder of Lemay.ai (a rapid deployment AI consultancy), Stallion.ai (a FinTech consultancy in the MENA region), and Auditmap.ai (a document parsing engine). He has extensive experience in the medical device and green energy industries, and is certified in ISO 13485, ISO 14971, IEC 62304, and ISO 9001.

Please note that we will be holding a social cocktail hour immediately following the conference downstairs in the Library of the Great Room. We hope to see you there!
**IIA Upcoming Chapter Conference**

*Friday, October 19, 2018*

**Full-Day Program**

Check-in and breakfast begin at 8:00 a.m. Program begins at 8:30 a.m.

Lunch will be served at approximately 12:00 p.m. and the session should end around 5:00 p.m.

Participants will earn 8 CPD/CPE credits. Dress is business casual.

**How to Register:**

Please use the following online registration link: [http://www.cvent.com/d/ybqqqf/4W](http://www.cvent.com/d/ybqqqf/4W)

If you are having trouble with the link, notify Carolyn Leahy at Carolyn.Leahy@nationalgrid.com. Cancellations must be made at least 24 hours prior to the event by contacting Lauren Agunzo at lagunzo@nsllpcpa.com.

**For Making Payments Offline:**

You should register online (see above) and in the payment section, select “check” or other. If not registering online, please contact us at LIIIA@nsllpcpa.com or call Lauren Agunzo at 631.756.9500 x 229 at least 24 hours before to reserve your seat. Then complete and enclose this registration form, along with your check payable to the IIA Long Island Chapter, and mail to: Institute of Internal Auditors LI, P.O. Box 442, Smithtown, New York 11787 or bring it the day of the seminar.

<table>
<thead>
<tr>
<th>Name(s)</th>
<th>IIA Member $175 Each</th>
<th>Non Member $225 Each</th>
<th>Student $30 Each</th>
<th>No. of Prepaid Subscriptions Applied</th>
<th>CPE Y/N</th>
<th>CPD Y/N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Company Name: ____________________________________________

Address: _____________________________________________

Phone Number: ________________________________________

E-Mail Address: ________________________________________
Directions to the Melville Marriott:

From New York City: Take the Long Island Expressway (Route 495) to Exit 49 South. Take the ramp (right) onto the South Service Road. Turn left (North) onto Old Walt Whitman Road (Walt Whitman Road).

From Eastern LI: Take the Long Island Expressway (Route 495) to Exit 49 North. Take the ramp (right) onto the North Service Road. Turn right (North) onto Old Walt Whitman Road (Walt Whitman Road).

In case of weather emergency, the Melville Marriott phone number is (631) 423-1600.
Announcing the St. John’s/IIA CIA Exam Test Prep Course

The Center for Executive Education of The Tobin College of Business of St. John’s University is pleased to announce that it will be offering a comprehensive CIA Examination Review Course, in partnership with the IIA, using the new format effective January 2019 for the CIA Exam, covering parts 1 to 3 or any combination of.

Prepare to pass the CIA Exam and arm yourself with the critical tools and knowledge needed to excel in your internal audit career.

Starting in October 2018, the prep course will be held at our Manhattan campus, conveniently located at 101 Astor Place.

About the class
This premier CIA Exam preparation program is based on the IIA’s CIA Learning System, and delivers the global CIA exam syllabus. Our experienced instructor will lead you through the entire CIA exam syllabus in a structured and interactive live classroom environment to ensure that you understand and can apply the critical CIA topics, using the IIA’s CIA Learning System. This is the only classroom IIA- approved CIA exam prep course being given in the New York Metro area.

Provided IIA Learning System materials include
- Easy to-understand print modules that corresponds to the three-part CIA exam
- Extensive content organized by section so you can tailor your studies to meet your needs
- A pre-test to assess initial level of knowledge and develop a customized study plan
- Section-specific questions to reinforce concepts
- A post-test to gauge what you have learned and identify the areas requiring further study
- A final review test encompassing all review questions for additional exam practice
- Materials teach the entire 3-Part CIA exam syllabus, updated to align with the 2017 IPPF
Class dates
Part 1: Internal Audit Basics          October 13 and 20, 2018
Part 2: Internal Audit Practice       October 27 and November 3, 2018
Part 3: Internal Audit Knowledge Elements December 1, 8 and 15, 2018

Tuition schedule
Part 1: Internal Audit Basics:        $850
Part 2: Internal Audit Practice:       $850
Part 3: Internal Audit Knowledge Elements:  $1,100

Combination Package: Parts 1, 2 and 3:  $2,500

Registration
For online registration, go to https://sjureg.mycoursecenter.com/products/cia-exam-prep.

Program Details:
Program Level: Update
Delivery Method: Group Live
Prerequisites: Background knowledge from prior education or work experience helpful.
Advanced Preparation: None
Field of Study: Auditing
Recommended CPE Credit Hours: 7.0 hours per class session
Developer: Center for Executive Education of St. John’s University

In order to be awarded the full credit hours, you must be present, registering your attendance and departure on the attendance sheets maintained by the instructor.

Refunds and Cancellations:
All requests to cancel registration in a course must be made in writing prior to the course’s start date. There are no refunds after the course begins. Qualified substitutes will be accepted to any course at no additional charge.

For more information regarding refund, complaint, and/or program cancellation policies please contact our offices at 212.277.5161.

St. John’s University is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

Contact
Herbert M. Chain, Executive Director, Center for Executive Education chainh@stjohns.edu; Tel: 718.990.3974
The Tobin Center for Executive Education of St. John’s University and Quality Plus & Associates Present

“So, You Want to Jump Start Your Internal Auditing Career?”

Course Description:
This 3-day seminar will provide attendees with the opportunity to learn the necessary concepts, tools and techniques to be a successful internal auditor. The course will be taught by Nick DiMola and Paul Flora, two highly experienced retired Chief Audit Executives, and is designed for internal auditors with up to three years of experience. The seminar will focus on the role and responsibilities of internal auditors; the Standards for internal audit; how to identify risk and evaluate internal controls; audit program development; documentation and work paper techniques; effective interview techniques; and how to develop and report audit results.

Upon completion of this course, participants will receive a St. John’s University Certificate of Achievement. This program is also eligible for Continuing Professional Education (CPE) credits through NASBA.

Where: St. John’s University Graduate Center
120 Commerce Drive
Hauppauge, NY

When: November 5-7, 2018
8:30 AM to 4:30 PM

Pricing
Per participant: $895
Early registration (by October 1): $850
Three (3) or more from one organization: $795 each

Registration Link
https://sjureg.mycoursecenter.com/collections/newly-released-course/products/internal-audit-staff-training

Program Details:
Program Level: Beginner (up to three years of experience)
Delivery Method: Group Live
Prerequisites: Background knowledge from prior education or work experience helpful.
Advanced Preparation: None
Field of Study: Auditing
Training Opportunity

**Recommended CPE Credit Hours:** 24 credit hours  
**Developer:** Nick DiMola and Paul Flora

In order to be awarded the full credit hours, you must be present, registering your attendance and departure on the attendance sheets maintained by the instructor.

**Refunds and Cancellations:**  
All requests to cancel registration in a course must be made in writing prior to the course’s start date. There are no refunds after the course begins. Qualified substitutes will be accepted to any course at no additional charge. For more information regarding refund, complaint, and/or program cancellation policies please contact our offices at 212.277.5161.

The Center for Executive Education of St. John’s University is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: [www.nasbaregistry.org](http://www.nasbaregistry.org).
For more than 10 years, the All Star event has brought back top rated presenters from previous IIA events but also provides new keynote speakers with more insights and information on the internal audit industry. The excellence will continue as the 2018 All Star Conference delivers cutting-edge insights on issues impacting the internal audit environment now and in the future.

As the only event of its kind, The IIA’s Gaming and Hospitality Conference brings together casino, tribal, and online gaming, as well as hospitality, hotel, and entertainment industry attendees. Continue hedging your bets by keeping up with the trends and emerging issues in the internal audit profession.

This high-quality, cutting-edge, and cost-effective program includes dynamic educational sessions focused on the emerging issues you care about most.

Join hundreds of your peers for a one-of-a-kind experience that promises hours of immersive insights and networking opportunities to share challenges, tangible action items, and success stories.

The IIA is once again holding our Emerging Leaders Forum, Oct. 21, 2018 in Las Vegas, NV at the Aria Resort & Casino. The business world is changing quickly. As that landscape evolves, so does a career in internal auditing. In less than 10 years, the internal audit profession has seen tremendous changes, including increased responsibilities, a dynamic shift in interest areas, and phenomenal technology advances.

As a young professional on the rise in internal audit, you need to learn what it takes to thrive as an Emerging Leader. Join us for the second Emerging Leaders Forum and develop the skills necessary to become an outstanding, valued practitioner and leader in the internal audit global landscape.

The IIA requires holders of its certifications and qualifications to report CPE or CPD credits by Dec. 31. For those who have yet to earn their required credits, including two in Ethics, opportunities remain to do so with IIA Training, from in-person seminars, online and OnDemand courses, and webinars, to Internal Auditor quizzes.

Review requirements and report your CPE/CPD credits now.

Premium Webinar Series, Nov. 13–15

This premium training event, Learn From The Leader: Thought Leadership on High-Level Topics, was carefully crafted to discuss the challenges and opportunities unique to internal audit leaders. Take three, two-hour power lunches and quench your appetite for the latest thought leadership on high-level topics, delivered by industry executives. For $199, it’s one of the most cost-effective ways to earn 6 CPE credits without leaving the comfort of your office.

Register today.

COSO ERM Certificate Program – Livestream

Earning the COSO Enterprise Risk Management Certificate helps you manage emerging risks. The complexity of enterprise risk has changed, new risks have emerged, and managing this has become everyone’s responsibility. Take control of your risk management strategy anytime with OnDemand, dedicated in-person events, or secure a seat in your office with fall 2018 livestream options now available from Los Angeles, New York, Chicago, Boston, and Dallas. Be risk ready.

Livestream seating is limited. Register today.

Prefer In-Person Trainings?

For a list of upcoming in-person trainings in New York City Please Click the Link Below

Training Opportunities at the Microtek Training Facility in New York City
Other Types of Consumer Fraud – Part I

by Ernest Smith, CPA/ABV/CFF, CVA, CFE

October is a phenomenal month with beautiful colors and the feel of autumn in the air! Mark Twain famously quoted as follows:

“OCTOBER: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August, and February…”

Pudd’nhead Wilson’s calendar…

With that let’s turn our attention to Consumer Frauds.

Other Types of Consumer and Investment Scams
We examined identity theft in our last article and now we move onto Consumer Fraud-Part 1. In this segment, we will briefly cover various other types of scams that target consumers as their victims.

1) Foreign Advance-Fee Scams

Foreign Advance fee scams have been around for years; however, with the advent of the Internet, they have recently become much more widespread and common. Unfortunately, many individuals have become victim to this form of consumer fraud. In the following paragraphs, we will discuss some of the more common types of foreign advance-fee scams.

2) Nigerian Money Offers

Nigerian money offers are a form of foreign advance-fee scams where individuals from Nigeria or another (usually under developed) country contact victims through e-mail, fax, or telephone and offer the victim millions of dollars. The catch is that in order to transfer the victim these monies, it is necessary to provide name and bank account numbers, including routing numbers, and, so the money can be transferred. The fraudster then uses this information to drain the victims account and commit other types of frauds. Nigerian money offers are typically received via email. This email is often sent multiple times to the same individual in an effort to lure the victim to respond. The letters contain several characteristics that are common to almost all fraudulent money offers. The first characteristic of the email sis the promise of money. The emails usually state that for your minimal help, you will receive “25 percent of $35,750,000” or about $8,937,500 plus “5 percent of $35,750.00” or about $1,787,500, for any expenses incurred. Receiving just over 11 million for helping someone sounds like a pretty good deal to most people. However, remember if something sounds too good to be true—it usually is.

The second characteristic of these fraudulent e-mails is that the letter asks for help. In order to obtain victims personal information, the perpetrator will deceive (con) the victim into believing that he or she is really needed for one reason or another. Usually the perpetrator will state that this is a “once-in-a-lifetime” opportunity. Third the perpetrator will try to build a relationship of confidence with the victim. The perpetrator will use different means to make the victim feel...
sorry for him or her. In the example given earlier, the perpetrator relates the death of her husband so that the victim will further sympathize with the perpetrator. Fourth, as with most of these requests, the letters state the need for “urgent assistance”. Nearly all fraudulent money offers ask that the victim respond immediately and confidentially. Fifth, the e-mail makes the victim feel like he or she is the only person to receive this “special” opportunity. However, literally thousands of people are getting this exact same e-mail daily. Sixth, the e-mail will state that it is necessary to meet “for a face-to-face meeting outside Nigeria.” This request is again to instill confidence. Meetings such as these never take place, or, if they do, victims never know the true identity of the perpetrator or the reason for the meeting. Victims who have tried to attend such meetings have been kidnapped, robbed, and even killed. It is almost always dangerous to meet anybody whom someone has met online. Seventh, the perpetrator of these letter claims to be the “Widow of the Late Gen. Sani Abacha former Nigerian Military Head of State who died as a result of cardiac arrest.” Nearly all fraudulent money offers will claim to have strong ties to high-ranking foreign officials.

Many fraudulent money offers will also send official looking documents. These documents are always forgeries; yet, to many victims they add credibility to the perpetrators’ claims. Often, fraudulent money offers will also ask victims to send their bank account number to show that the victim is willing to accept the offer. Other offers will ask victims to pay large “fees” to process the transaction. Once a victim responds to the e-mail, or has been deceived one time, the perpetrator will continue to have the victim pay transaction fees—each time telling the victim that this is the last fee required.

3) Other Foreign-Advance Fee Scams

Although Nigerian money offers are the most common type of foreign advance-fee scams, several other foreign-advance fee scams are becoming more and more popular. The following are examples of some of these schemes. One of these scams is a clearinghouse scam. A clearinghouse scam involves a victim receiving a letter that falsely claims the writer represents a foreign bank. This foreign bank is supposedly acting as a clearinghouse for venture capital in a certain county.

The fraudulent company will try to get victims to invest in foreign venture capital companies for high returns. To give the impression that they are legitimate, the perpetrators will set up bank accounts in the United States. When the victims transfer money into the domestic account, the perpetrators will quickly transfer the money overseas where it will never be seen again. Some clearinghouse scams will give back a portion of the original investment in the form of dividends. However, such transfers are made only to give the victim more confidence in the scam so that the victim will invest additional money. Eventually, the money is transferred and lost.

Another type of foreign advance-fee scam is the purchase of real estate scam. This scam usually takes in the form of someone trying to sell a piece of real estate or other property to the victim. Perpetrators will see advertisements for land (or other assets) being sold and send possible victims letters offering to purchase the property on behalf of a foreign concern. The victims are defrauded when they agree to pay “up front fees” to a “special broker.” Once paid, the victim will never hear from that perpetrator again.
Sale of crude oil at below market price is another type of foreign advance-fee scam. In this scam, the victim receives an offer to purchase crude oil at a price well below market price. However, in order to receive these “below market prices,” it is necessary to pay specific registration and licensing fees. Once the victim pays these fees, the seller disappears.

Finally, disbursement of money from wills is a foreign advance-fee scam that is becoming even more popular. In this scam, perpetrators con charities, universities, nonprofit organizations, and religious groups. These organizations will receive a letter from a mysterious “benefactor” interested in contributing a large sum of money. However, to get the money, the charity is required to pay inheritance taxes or government fees. Once these taxes and fees are paid, the victims are unable to contact the benefactor.

All of these schemes have common elements. They all come from an unknown party who claims to have access to large sums of money or assets. The perpetrators are always willing to transfer that money or other assets to the victims, but only after money or information is obtained from the victims. The perpetrators are not well-known businesses “even though they sometimes represent that they are), and there is usually some urgency to participate. The best advice we can give to avoid being a victim to these types of schemes is that given above: if it sounds too good to be true, it probably is. Or, stated another way, “if it looks like a snake, crawls like a snake, and acts like a snake, it probably is a snake.”

One final point about these scams: an investigator friend of ours sent us a mailing that was sent to various perpetrators of foreign-advance fee scams. The letter was an advertisement for a conference, which was to be held at a five-star hotel in Africa. The topic of the conference—“Ways to Improve the Collectability and Success of Foreign Advance-Fee Scams.” Isn’t it interesting that those who would deceive others would have a conference at an expensive hotel to trade secrets on how to be more successful at deception?

Work-at-Home Schemes
Nearly everyone has seen advertisements that read, “I work at home and love it—work part time and earn $1,000-$5,000 a week.” While not all work-at-home schemes are illegal or fraudulent, many of them are.

You can find people marketing fraudulent work-at-home schemes on the telephone, in chat rooms, on the internet, through telephone polls, as banners or advertisements on automobiles, through the use of fliers, on message boards, in classified ads, and through all other types of communication media. According to one report, con artists pitching work-at-home schemes rake in approximately $427 billion a year. Here are some of the more common work-at-home schemes.

1) Multilevel Marketing
Just about everyone has been approached at some time or another to join a multilevel (or network) marketing (MLM) company. When structured correctly, with honest people, multilevel marketing is a legitimate form of business. In fact, it is really another marketing approach from which organizations may choose. In most multilevel marketing programs, company representatives act as sellers of real products such as facial creams, health aids, detergents, and food supplements. These individuals are independent distributors of a legitimate
business. In order to increase the distribution process, representatives of these organizations recruit friends, family members, and others to them in selling the products. Generally, distributors make money both on what they sell personally and on the sales of those they recruited.

One of the most common work-at-home schemes is the fraudulent manipulation of legitimate multilevel marketing organizations. While there are many variations of fraudulent MLMs, one kind of fraudulent multilevel marketing organization is also called a pyramid or Ponzi scheme. Instead of selling real, legitimate products, they have only illusionary products and profits. As stated prior articles, one of the most famous frauds of all time was a pyramid scheme perpetrated by Carlo “Charles Ponzi.” Because Charles Ponzi’s scheme was one of the first large-scale frauds of the twenty-first century, pyramid schemes and many fraudulent MLM’s have been dubbed “Ponzi schemes.” Ponzi MLM’s tend to focus their efforts on the recruiting of new members instead of selling legitimate products. In the beginning of a pyramid scheme, the investments of subsequent investors are used to pay promised returns to earlier investors. These seemingly real returns excite early investors who then spread the “good news” about the “investment” to their friends and relations. Sooner or later, however, the scheme either becomes too big and too exposed and, as a result, subsequent investors dry up or the perpetrator disappears with the assets. With no new money to make the scheme look like its working, the entire organization usually collapses, leaving only a few people at the top of the pyramid that have actually made money-those at the bottom always lose their investment.

So how do consumers tell the difference between a legitimate MLM and a fraudulent MLM, including Ponzi schemes? Usually, investors can tell the difference by the focus of the marketing and by the company’s compensation plan. If the focus is on recruitment, instead of product, the MLM may be fraudulent. As stated, fraudulent pyramid schemes make their money by getting new people to invest in the company, which turns pays dividends to those who already invested. Headhunter fees, which are fees paid for signing additional recruiters, signal one type of problem. It is illegal for MLM distributors to receive a commission simply for signing up new distributors—a product must be part of the distribution process. When investing in an MLM, investors should avoid MLM’s that include headhunter fees. Some MLMs are organized much like a matrix, meaning representatives only get paid when the organization becomes “X number of distributors deep,” or “Y number of distributors wide.” This, too, can be a red flag that the organizations’ focus is on recruitment instead of marketing products.

Front loading is a related, fraudulent process whereby representatives of legitimate MLMs are required to buy large, expensive amounts of inventory. These types of large companies often require distributors to buy the goods because there isn’t a legitimate demand from other people for the goods. It is only the promise of making large windfalls that motivate the purchase of unusually overpriced goods or services. In these cases, when the organization collapses, individuals are unable to sell their inventory and are left with substantial financial losses. The widespread use of front loading in the MLM industry has led critics to estimate that less than one percent of all MLM distributors make money.

Investors should avoid paying money or signing contracts in any high-pressure situation. It is always wise as an investor to take sufficient time to contemplate the business opportunity so you
can understand all aspects of the investment. Many fraudulent organizations will pressure individuals to pay money during **special opportunity meetings**. Perpetrators know that if they cannot hook a possible victim during an opportunity meeting, they probably will not! A fraudster’s success is determined by how well he or she can manipulate victims’ emotions. Most consumer fraud perpetrators have great people skills. They understand people, and they understand how to get what they want. It is usually the honest, innocent, and gullible who are especially susceptible to consumer fraud. For this reason, the uneducated and elderly, as well as those who don’t understand the language or who are dependent on others, are especially vulnerable.

Individuals should be skeptical of business opportunities that make promises that seem too good to be true. For example, many business promises are of unusually high returns with little or no hard work. If these promises were true, the perpetrators certainly wouldn’t need another consumer’s help or his or her money. Successful, legitimate MLMs require considerable amount of work. Any business that promises the contrary should raise a red flag. One of the biggest marketing campaigns of illegal MLMs is the promise that investors will always make money from their future downline (distributors under them) growth. However, this is not only a sign of the focus on recruitment-instead of the focus on the sales- but also a sign that the business is trying to use emotional excitement to lure investors. No one can guarantee that an investor’s downlines will grow. It is the individual investor’s hard work and effort that will determine downline growth.

**Snake oil plans** are plans that promise enormous earnings or claim to sell miracle products. Just because a business promises that its product will do something special or unique does not necessarily mean that the product will actually deliver as promised. There is no such thing as a “miracle product” that fixes all ailments. Any business that promises its products will fix or heal every ailment should raise immediate red flags. Another warning signal is a business that promises a **ground floor opportunity**. This is a classic marketing scheme that makes people believe that they will make money as the business grows. However, what most investors don’t realize is that any company that offers ground floor opportunities probably has no track record and history. Furthermore, it is difficult to determine if the new company is fraudulent. Businesses whose opportunities are greater for those who are the first to invest have a high possibility for being fraudulent. Legitimate MLMs usually have many products, and have been around for many years, and have proven track records. Of course, these MLMs don’t have the attractiveness of high risk, possible fraudulent MLMs. Any investor who is seriously considering investing in an MLM should contact the Better Business Bureau and state attorney general to determine if the complaints have been made against the company. Often a simple Internet search can expose fraudulent MLMs as well.

2) **International Multilevel Marketing Schemes**

Some countries have outlawed all types of pyramid and MLM organizations, regardless of whether the company has valid products or not. The reason these countries have outlawed multilevel organizations is because they believe that all plans that pay a commission for recruiting new distributors will inevitably collapse when new distributors can no longer be recruited. When a pyramid collapses, it leaves thousands of people with no savings or income,
which causes instability within a country. Such collapses have even caused economies to fail. In the early 1990s, Albania, a former communist state, had a free economy for the first time. Capitalism was developing anew and few people had property or contacts. Soon after, however, people began using politics as a means to financial gain. Those who were politicians could open or close doors and were the first to take advantage of new opportunities. Many individuals learned that through crime they also could improve their lives—or so it seemed. Criminals started to gain power and money. The politicians needed that money to stay in power. The people were not educated and had no experience with capitalism. Albania soon became an economic matrix, where anything was legal. Gangsters kidnapped many individuals. Thousands of people left the country. The only way the new “free” economy could survive was through crime. Most people within did not pay taxes. Countries, such as the United States, which applauded the country when it abandoned communism, watched the country turn from a free economy to a criminalistic economy. The economy soon became engulfed with fraudulent MLM schemes. Individuals began to put the little money they had into these schemes. The recruiters for these schemes promised investors that they would get ahead financially and even become rich. Instead of working and investing, many citizens of Albania just waited for their money to come to them—after all, this is what was promised. The Albanian government allowed schemes to continue. The MLM schemes became so common that instigators of the schemes became celebrities. These owners were invited to political and social parties. They were accepted and legitimized. One fraudulent organization even sponsored an Italian racecar team. MLMs became a fever, and even the most educated Albanian citizens were soon investing in them. Unfortunately, in 1997, these schemes collapsed, causing angry Albanians to ransack their own state. Albania was thrown into complete economic confusion. The Albanian economy was destroyed and the negative effects of the pyramid schemes and MLMs are expected to last for a long time.

NEXT MONTH-Consumer Frauds-Other-Part II
### Executive Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lauren Agunzo</td>
<td>President</td>
</tr>
<tr>
<td>Jeffrey Speed</td>
<td>EVP &amp; Treasurer</td>
</tr>
<tr>
<td>Biju Beegum and Adrian Lawrence</td>
<td>VP &amp; Asst. Treasurer</td>
</tr>
<tr>
<td>Vikas Dutta</td>
<td>VP &amp; Chief Information Officer</td>
</tr>
<tr>
<td>Carol Leahey</td>
<td>VP &amp; Asst. Chief Information Officer</td>
</tr>
<tr>
<td>Vincent Colletti and Anthony Cervoni</td>
<td>VP &amp; Operations Officers</td>
</tr>
<tr>
<td>Brian Austin and Larry Karp</td>
<td>VP &amp; Membership</td>
</tr>
<tr>
<td>Thomas Comiskey</td>
<td>VP &amp; Secretary</td>
</tr>
</tbody>
</table>

### Board of Governors

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rocky Shankar</td>
<td>Past President</td>
</tr>
<tr>
<td>Ellen Caravella</td>
<td>Past President</td>
</tr>
<tr>
<td>Lauren Bady</td>
<td>Governor</td>
</tr>
<tr>
<td>Brian Blisard</td>
<td>Governor</td>
</tr>
<tr>
<td>Lucille Brower</td>
<td>Governor</td>
</tr>
<tr>
<td>Roy Garbarino</td>
<td>Governor</td>
</tr>
<tr>
<td>Ed Gelfond</td>
<td>Governor</td>
</tr>
<tr>
<td>Ronald Goldman</td>
<td>Governor</td>
</tr>
<tr>
<td>Pinak Guha</td>
<td>Governor</td>
</tr>
<tr>
<td>Joseph Horowitz</td>
<td>Governor</td>
</tr>
<tr>
<td>Prabhat Kumar</td>
<td>Governor</td>
</tr>
<tr>
<td>Michael Lanning</td>
<td>Governor</td>
</tr>
<tr>
<td>Joel Lanz</td>
<td>Governor</td>
</tr>
<tr>
<td>Robert McNair</td>
<td>Governor</td>
</tr>
<tr>
<td>Maria Michaelson</td>
<td>Governor</td>
</tr>
<tr>
<td>Lauren Nichols</td>
<td>Governor</td>
</tr>
<tr>
<td>Russ Safirstein</td>
<td>Governor</td>
</tr>
<tr>
<td>Dawn Scala</td>
<td>Governor</td>
</tr>
<tr>
<td>Alice Seoylemezian</td>
<td>Governor</td>
</tr>
<tr>
<td>Ernest Patrick Smith</td>
<td>Governor</td>
</tr>
<tr>
<td>Jason Stepnoski</td>
<td>Governor</td>
</tr>
<tr>
<td>Ritu Thakkar</td>
<td>Governor</td>
</tr>
<tr>
<td>Chris Wright</td>
<td>Governor</td>
</tr>
</tbody>
</table>

### District Representatives

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raquel Marin-Oquendo</td>
<td>District Representative</td>
</tr>
<tr>
<td>Sarah Saunders</td>
<td>District Advisor</td>
</tr>
</tbody>
</table>

### Committee Chairs

<table>
<thead>
<tr>
<th>Committee</th>
<th>Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historian</td>
<td>Dawn Scala</td>
</tr>
<tr>
<td>Website Administrator</td>
<td>Chris Cariello</td>
</tr>
<tr>
<td>Certification</td>
<td>Lucille Brower</td>
</tr>
<tr>
<td>Academic Relations</td>
<td>Lauren Nichols &amp; Roy Garbarino</td>
</tr>
<tr>
<td>Finance</td>
<td>Ellen Caravella</td>
</tr>
<tr>
<td>Communications</td>
<td>Jason Stepnoski &amp; Lauren Bady</td>
</tr>
<tr>
<td>Membership Development</td>
<td>Brian Austin &amp; Larry Karp</td>
</tr>
<tr>
<td>Evaluate CVENT</td>
<td>Alice Seoylemezian &amp; Rocky Shankar</td>
</tr>
<tr>
<td>Program Support</td>
<td>Maria Michaelson</td>
</tr>
<tr>
<td>CAE Roundtable</td>
<td>Rita Thakkar</td>
</tr>
<tr>
<td>Employment</td>
<td>Russ Safirstein</td>
</tr>
</tbody>
</table>