I hope you’ve enjoyed the summer and are looking forward to another great year of Internal Audit learning opportunities within the Long Island Chapter. As President for the 2017/2018 chapter year, I am excited to announce a great slate of programs we have in store, which was based on feedback we received from you when completing the post-event surveys. The LI Chapter Board of Governors kicked off its 2017/2018 planning during its Planning meeting held in early May, and has been working throughout the summer months to develop various programs and aligning speakers to present on the topics.
Our 2017/2018 Chapter programs, which encompass topics in areas such as compliance, internal audit, financial reporting, information technology, and fraud, are as follows:

- **Auditor Tool Kit**: This conference will cover some key aspects of report writing, provide an update on revenue recognition, discuss cybersecurity for beginners, and an update on Anti-Money Laundering/Bank Secrecy Act (AML/BSA).

- **Data Analytics**: This remains a hot topic within the internal audit profession. Covered within this session will be the utilization of data analytics tools and techniques during the planning and fieldwork phases of an audit.

- **Risk Management in an Audit Environment**: In this conference you will hear some of the pertinent risk exposures companies are facing and how they are being addressed. Please note, this conference will be held on **Wednesday, November 15th**.

- **Annual Fraud Conference**: This conference is dedicated towards sharpening your fraud awareness and detection skills.

- **Annual IT Conference**: Some pertinent topics will be covered during this conference, including: Cybersecurity, Dark Web, Network Security, and Cloud Computing.

- **Annual Conference**: Mr. Mike Jacka, a top-rated presenter, award-winning columnist, and contributor to the Internal Auditor magazine will be our keynote speaker. In addition topics of relevance will include: Auditing Culture, Social Media, update on Lease Accounting and Revenue Accounting, and Implementing an Effective Ethics and Compliance Training Program.

We hope you will be able to join us throughout the year for your continued education and professional development. Our training programs will once again be held at the centrally located Melville Marriott.

Some changes for the 2017/2018 chapter year:

1. All of the learning sessions will be full day, rather than a combination of full and half days.
2. We have reduced the number of conferences from 8 to 6, but will still be providing the same number of CPE credits, 48.
3. Individual conference fee was reduced from $175 to $150.
4. No conferences will be held during the months of December and January, as these months generally have lower attendance, primarily due to holidays, year-end financial closings, and winter weather.

We will be holding a social event immediately after our November and April conferences so we can have an opportunity to socialize and continue business discussions in a more informal setting.
1. President’s September Message

For the second consecutive year, our Chapter has been recognized for achieving Sapphire status. This distinction has only been awarded to 17 of 161 Chapters worldwide. It is accomplished by maintaining Platinum status for 15 consecutive years. This feat could not be realized without the continued support of our members.

Once again, we are looking forward to another great Chapter year.

Please reach out to myself or a Board member should you need any assistance. I can be reached at 1-516-349-2050 or rocky.shankar@pseg.com.

See you on September 15, 2017!

Kind regards,

Rocky Shankar, CIA, CCSA, CRMA
2. Chapter Program Subscription

Below is the program schedule for 2017/2018, along with information on signing up for a subscription to all programs. Please note the savings you can obtain by using the subscription for the entire year’s educational programs.

The IIA 2017/2018 Long Island Chapter Seminars
An Exceptional Educational (CPE/CPD) Value!

The Institute of Internal Auditors Long Island Chapter is pleased to continue its tradition of offering high-quality focused educational events to our members. These seminars provide relevant content and a high degree of value to attendees. Our 2017/2018 schedule (see page 5) includes coverage of key issues and relevant skills presented by recognized experts in an informative and relaxed setting. Each seminar will provide 8 CPE/CPD credits, a total of 48 for all six (6) seminars. All of the seminars will be held at the centrally located Melville Marriott and include breakfast and lunch. Please note the November Risk Conference is on Wednesday, November 15th. All other programs will be held on Fridays.

Save even more with our Subscription Plan!

The 2017/2018 subscription plan is $800 for six (6) full-day seminars; a savings of 11% ($100) off our already low member prices. A subscription may be shared among employees from the same company. Subscription credits can be used to fit your busy schedule so if a session is missed, you can make up for it in future sessions within the program year. This is an exceptional educational (CPE/CPD) value. There are two ways to obtain a subscription:

1. To pay by credit card, please register and pay via CVENT by using the “subscribe” button below. SUBSCRIBE HERE

2. To pay by check, make check payable to “IIA Long Island Chapter”, complete a Manual Subscription Form (see page 6), attach your check and mail to: Institute of Internal Auditors – Long Island Chapter, c/o Lauren Agunzo, P.O. Box 442, Smithtown, NY 11787.

The Officers and Governors of the Long Island Chapter of the IIA look forward to serving you during the 2017/2018 Chapter year. It is an honor to serve as your President, and I hope you take advantage of the quality local training and the discounted subscription plan. This is a joint effort among the Members, Officers and Governors that allows the Long Island Chapter to provide the high-quality, low-cost training and networking opportunities it has for many years.

Please contact me if I can be of assistance.

Sincerely,

Rocky Shankar, CIA, CCSA, CRMA
President, The Institute of Internal Auditors Long Island Chapter
(516) 349-2050 or LIIA@nslpcpa.com
## ~ All Seminars take place at the Melville Marriott ~

<table>
<thead>
<tr>
<th>Date/Location</th>
<th>Format CPE/CPDs</th>
<th>Topic</th>
<th>Prices</th>
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</table>
| September 15, 2017  
Friday  
Melville Marriott | Full Day  
(Breakfast and Lunch)  
8 CPE/CPDs | **Auditor Tool Kit** | Member - $150  
Non-member - $200  
Student - $30 |
| October 13, 2017  
Friday  
Melville Marriott | Full Day  
(Breakfast and Lunch)  
8 CPE/CPDs | **Data Analytics** | Member - $150  
Non-member - $200  
Student - $30 |
| November 15, 2017  
Wednesday  
Melville Marriott | Full Day  
(Breakfast and Lunch)  
8 CPE/CPDs | **Risk Management in an Audit Environment** | Member - $150  
Non-member - $200  
Student - $30 |
| February 16, 2018  
Friday  
Melville Marriott | Full Day  
(Breakfast and Lunch)  
8 CPE/CPDs | **Annual Fraud Conference** | Member - $150  
Non-member - $200  
Student - $30 |
| March 23, 2018  
Friday  
Melville Marriott | Full Day  
(Breakfast and Lunch)  
8 CPE/CPDs | **Annual IT Conference** | Member - $150  
Non-member - $200  
Student - $30 |
| April 27, 2018  
Friday  
Melville Marriott | Full Day  
(Breakfast and Lunch)  
8 CPE/CPDs | **Annual Conference** | Member - $150  
Non-member - $200  
Student - $30 |

*Continental Breakfast is served at 8:00 a.m. Registration for individual events generally opens 20 days before each event. For more information go to: [https://chapters.theiia.org/long-island/Pages/default.aspx]*
2. Chapter Program Subscription – continued -

Chapter Programs Subscription ~ 2017/2018

Save 11% ($100) with our 2017-2018 Subscription Plan. For just $800, you can attend all 6 seminars and earn 48 CPE/CPD credits. If a seminar does not meet your schedule or needs, you can send two people to a future comparable seminar covered by the subscription plan within the plan year.

The Institute of Internal Auditors Long Island Chapter  
Manual Subscription Plan Registration Form  
2017-2018

Name: ________________________________________________________________
Title: ________________________________________________________________
Organization: __________________________________________________________
Address: ______________________________________________________________
                                                          ______________________________________________________________
Phone: ___________________ Fax: ___________________

Email Address: ________________________________________________________
Number of Subscriptions: _____ @ $800 each = Total Cost: _______________

Make Checks Payable To: 
IIA Long Island Chapter
Mail Check and Completed Registration Form To:
Institute of Internal Auditors - Long Island Chapter
  c/o Lauren Agunzo, Treasurer
        P.O. Box 442
    Smithtown, NY 11787
Email: LIIA@nsllpca.com
3. IIA District Meeting Notes ~ June 2017

The Long Island Chapter participated in the day-long IIA Northeast District meeting on June 19, 2017. The meeting was held at the Mellon Bank in Downtown, New York City. Chapter representatives attended from North Jersey, New York City, Westchester/Fairfield and of course our Long Island Chapter.

The purpose of this annual District meeting is to introduce new technologies and services from IIA Headquarters, discuss district Chapter accomplishments, programs, best practices and plan cooperative efforts to promote the growth of Internal Auditing. Representatives from IIA Headquarters discussed the technology and use-progress of the IIA Event Management Tool. Chapter marketing, websites and communications were also active topics. Best practices to increase the effectiveness of academic relations, chapter meetings, seminars, conferences and related chapter events were discussed in a round table format.

Regarding Chapter seminar progress, our Long Island Chapter was noted for having a high rate of attendance at our seminars when compared with other regional District Chapters, as shown below.

<table>
<thead>
<tr>
<th>CHAPTER:</th>
<th>Westchester/Fairfield</th>
<th>North Jersey</th>
<th>New York</th>
<th>Long Island</th>
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<tbody>
<tr>
<td>ATTENDEES (avg):</td>
<td>25</td>
<td>60</td>
<td>117</td>
<td>105</td>
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<tr>
<td>MEMBERSHIP PERCENT:</td>
<td>5%</td>
<td>7%</td>
<td>3%</td>
<td>24%</td>
</tr>
</tbody>
</table>
4. **Chapter Receives Sapphire Status - again**

As previously mentioned in the President’s message section of this newsletter, the Chapter has once again been recognized with the distinction of reaching Sapphire status for the second consecutive year. This is an honorable distinction, which has only been awarded to 17 of 161 Chapter worldwide. It is achieved by maintaining Platinum status for 15 consecutive years. This achievement could not be met without the continued support of our members with all your involvement and interaction with the Chapter and your attendance at the conferences.

In order to help us maintain this Sapphire status, we ask that if you have done any type of volunteer event within your community or at a speaking engagement, please let us know so our Chapter can receive credit for this.
Our first conference for the 2017-2018 year on September 15th Program is entitled: “Auditor Tool Kit”. This conference will cover several topics, including Data-Driven Reporting, an update on Revenue Recognition, Cybersecurity for Beginners, and Anti-Money Laundering/Bank Secrecy Act (AML/BSA).

Here is the link to register for this program:

http://www.cvent.com/d/55qhhp/4W

Information supplied with this link includes an overview of the seminar program and additional background on our speakers. Registration options are also noted in the write-up. If there is any problem accessing this link try copying it in your browser. Chapter members have received details on registration for the September Program in a direct email message. Should you have any questions regarding the September Program or with the link, – please call or Email Rocky Shankar, our Chapter President at:

ROCKY SHANKAR: Telephone: 516-349-2050 or Email: rocky.shankar@pseg.com

Program Schedule for the Entire 2017 - 2018 Chapter Year
A program schedule for all seminars is provided in section 2 of this newsletter. Please refer to it and mark your calendars at your earliest convenience.

Details for Attending the Long Island Chapter Seminars
Please refer to notes outlined below for details on our Seminar Time, venue, dress-code, breakfast/lunch offerings and other details pertaining to all programs.

This information is supplied to aid in use of the Chapter Program schedule. Please note that every effort is made to accommodate the needs of all attendees. Contact any Chapter officer/board member with your comments and needs to make the programs a professional experience.

**Continental Breakfast:** Served at 8:00 AM

**Lunch:** Usually served at 12 PM

**Dress:** Business Casual

**Venue** – All program events are held at the **Melville, Marriott** in Melville, Long Island. There is ample on-site parking and the Marriott is convenient to Old Country Road, the Northern State Parkway, Long Island Expressway and Route 110. This site has been chosen to be convenient to the busy schedules of program attendees, for the professional tone of presentation areas and the quality of dining facilities and services.

**Program Cancellation** – Over the years, only a few cancellations have occurred (hurricanes, snow days). A direct telephone number to the Marriott, provided to avoid trips to a closed facility is: **(631) 423-1600.** All events are rescheduled.

**Registration for individual events** – Generally opens 20 days prior to each event. Registration information is emailed to Chapter members and will appear in the Chapter Newsletter. For more information go to OUR Chapter website: [https://chapters.theiia.org/long-island/Pages/default.aspx](https://chapters.theiia.org/long-island/Pages/default.aspx)

**CPE/CPD Certifications** – Attendees who participate in a program will receive a CPE/CPD certificate and be registered to receive credit for use in their certification needs, as appropriate.
Hello and I hope everyone has had a happy summer, and best wishes to Rocky as he embarks on his year as President.

We are in the last lazy, hazy days of August so what better time for a primer (a review and reminder for others…) on the basics of identity theft.

Our last article was an entre’ into Consumer fraud in Part I of a series of articles on Consumer fraud.

According to the FTC, identity theft is the most common type of consumer fraud, affecting thousands of people worldwide, daily. Approximately, one-fourth of the complaints reported to the FTC over the last few years have involved some type of identity theft.

Identity theft is defined as follows:

* A term used to describe those circumstances when someone uses another person’s name, address, Social Security number, or identifying information to commit fraud or other crimes.*

The most detrimental consequence of identity theft is not the actual loss of money, but rather the loss of credit and reputation along with erroneous information that is extremely difficult to restore or fix. If a fraudster ensures that bills for the falsely obtained credit cards or bank statements showing the unauthorized withdrawals are sent to an address other than the victim’s, the victim may not become aware of what is happening until the criminal has already inflicted substantial damage on the victim’s assets, credit and reputation. Indeed, as with most fraud, the most important way to fight identity theft is to prevent it from happening. Once identity theft has occurred, it is difficult, expensive and time-consuming to investigate and resolve.

Identity fraud can be explained by the fraud triangle of pressure, rationalization and opportunity. Many times, those we trust are in the best position to defraud us. Some consumer fraud victims trusted their neighbors to get mail while they were away. Other victims innocently trusted their dinner servers to process their credit card payment. Other victims simply trusted a babysitter or left personal information where it could be accessed by a friend, a family member, or even a stranger.

Perpetrators of identity theft follow a common pattern after they have stolen a victim’s identity. The identity theft cycle will explain the process which is generally followed in most identity thefts.

**Stage 1. Discovery**
1. Perpetrators gain information
2. Perpetrators verify information

The discovery stage involves two phases: information gathering and information verification. This is the first step in the identity theft cycle because all other actions the perpetrator takes depend upon the accuracy and effectiveness of the discovery stage. A powerful discovery stage constitutes a solid foundation for the perpetrator to commit identity theft. The smarter the perpetrator, the better the discovery foundation will be.

During the gaining information phase, fraudsters do all they can to gather a victim's information. Examples of discovery techniques include such information-gathering techniques as searching trash, searching someone's home or computer, stealing mail, phishing, breaking into cars or homes, scanning credit card information, or using other means whereby a perpetrator gathers information about a victim.

During the information verification phase, a fraudster uses various means to verify the information already gathered. Examples include telephone scans where perpetrators call the victim and act as a representative of a business to verify the information gathered (this is known as pretexting), and trash searches (when another means was used to gather the original information). Although some fraudsters may not initially go through the information verification process, they will eventually use information verification procedures at some point during the scam. The scams of perpetrators who don't verify stolen information are usually shorter and easier to catch than scams of perpetrators who verify stolen information.

**Stage 2. Action**

1. Perpetrators accumulate documentation
2. Perpetrators conceive cover-up or concealment actions

The action stage is the second phase of the identity theft cycle. It involves two activities: accumulating documentation and devising cover-up or concealment actions.

*Accumulating documentation* refers to the process perpetrators use to obtain needed tools to defraud the victim. For example, using the information already obtained, perpetrators may apply for a bogus credit card, fake check, or driver's license in the victim’s name. Although the perpetrator has not actually stolen any funds from the perpetrator, he or she has now accumulated the necessary tools to do so. Any action taken by the perpetrator to acquire information or tools that will later be used to provide financial benefit using the victim’s identity fall into this category.

*Cover-up or concealment actions* involves any steps that are taken to hide or cover the financial footprints that are left through the identity theft process. For example, in this stage, a fraudster might change the physical address or e-mail of the victim so that credit card statements are sent by the
financial institution to the perpetrator rather than the victim. These concealment actions allow the perpetrator to continue the identity theft for a longer period of time without being noticed.

**Stage 3. Trial**

1. First dimensional actions-small thefts to test the stolen information
2. Second dimensional actions-larger thefts, often involving personal interaction, without much chance of getting caught
3. Third dimensional actions-largest thefts committed after perpetrators have confidence that their schemes are working

The trial stage involves those activities of the identity theft that provide perpetrators with financial benefits. There are three phases of the trial state: first dimensional actions, second dimensional actions, and third dimensional actions. The trial stage is considered to be the most critical stage of the identity theft cycle because this is where the fraudster’s work starts to pay off.

*First dimensional* actions are the first frauds committed, mostly to test the effectiveness of fraud schemes and the stolen information. For example, a fraudster might go to a gas station and use a stolen credit card to determine if the card really works. If the card works, the fraudster gains confidence in the theft and moves on to bigger scams. However, if the card does not work, the fraudster faces no immediate threat of consequences and can quickly discard the card without any consequences.

*Second dimensional actions* are actions taken by a fraudster once initial trials have been successful. These actions often involve face-to-face interactions with others. For example, if the card used at the gas station was successful, the fraudster may try using it to purchase bigger items. The perpetrator may go to a mall and buy clothing, stereo equipment, or other “large-ticket” items.

*Third dimensional actions* are those actions that provide significant benefits to the perpetrator and occur after the perpetrator has considerable confidence in the identity theft. For example, a fraudster may establish telephone accounts, open bank accounts, secure an auto loan, or engage in other significant transactions. Third dimensional actions are the most risky for the identity thief. The likelihood of a fraudster being caught while undertaking third dimensional actions is greater than at any other period in the identity theft.

**NEXT MONTH: Consumer Fraud - Part 3 - Other Thefts**
### The Institute of Internal Auditors
**LONG ISLAND CHAPTER**
**NEWSLETTER**
Volume 18 * September 2017 * Issue 1

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Rocky Shankar</td>
<td>President</td>
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<tr>
<td>Lauren Agunzo</td>
<td>EVP &amp; Treasurer</td>
</tr>
<tr>
<td>Biju Beegum and Andrea Reece</td>
<td>VP &amp; Asst. Treasurer</td>
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<tr>
<td>Anthony Cervoni</td>
<td>VP &amp; Chief Information Officer</td>
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<tr>
<td>Carolyn Leahy</td>
<td>EVP &amp; Asst. Chief Information Officer</td>
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<tr>
<td>Robert McNair and Vincent Colletti</td>
<td>EVP &amp; Operations Officers</td>
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<tr>
<td>Brian Austin</td>
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<td>Jeffrey Speed</td>
<td>VP &amp; Secretary</td>
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**Board of Governors**

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<tbody>
<tr>
<td>Ellen Caravella</td>
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<tr>
<td>Ernest Patrick Smith</td>
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<tr>
<td>Brian Blissard</td>
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<tr>
<td>Lucille Brower</td>
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<td>Vincent Colletti</td>
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<td>Roy Garbarino</td>
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<td>Ronald Goldman</td>
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<td>Pinak Guha</td>
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<td>Larry Karp</td>
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<td>Prabhat Kumar</td>
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<td>Michael Lanning</td>
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<td>Maria Michaelson</td>
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<td>Rita Thakhar</td>
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<td>Chris Wright</td>
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**District Representatives**

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<tbody>
<tr>
<td>Raquel Marin-Oquendo</td>
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<td>Neil Frieser</td>
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**Committee Members**

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<tbody>
<tr>
<td>Dawn Scala</td>
<td>Historian</td>
</tr>
<tr>
<td>Chris Cariello</td>
<td>Website Administrator</td>
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6. **Long Island Chapter 2017 – 2018 Officers and Board of Governors ~ continued**

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<tr>
<td>Biju Beegum</td>
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<tr>
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<td>Academic Relations</td>
</tr>
<tr>
<td>Name</td>
<td>Role</td>
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<td>-----------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
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<td>Finance</td>
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<tr>
<td>Bob Skirkanich and Lucille Brower</td>
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<td>Maria Michaelson</td>
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<td>Pinak Guha</td>
<td>CAE Roundtable</td>
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<tr>
<td>Russ Safirstein</td>
<td>Employment</td>
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