

Austin Area Chapter Association of Certified Fraud Examiners

President's Corner

Glyn M. Rogers, CFE, CCEP, CCA, MBA

This month we will be having our Spring Seminar on the April 20th! We have an exciting line-up that will appeal to everyone in attendance. As you know, the ACFE has a relatively new requirement of obtaining at least two hours of CPE directly related to ethics. While it took some searching and a lot of effort on the part of our Board Members, we have secured a speaker who will provide a presentation on ethics! Please be sure to register by going to www.austinafce.com. We look forward to seeing you!

From Your Austin Area Chapter ACFE Board

Chapter Meeting Schedule

Time: 8:00 a.m. to 4:30 p.m.

Location: Catfish Parlour
4705 E Ben White Blvd

Cost: Seminar Fee: Members (\$125.00)
Non-members (\$175.00)

Date: April 20, 2010

See brochure for details at
<http://www.austinafce.com/docs/spring2011.pdf>

**register on line: www.austinafce.com
or**

call 512-923-8656

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What You Missed

By Mike Garner, CFE, CIA

If you were not able to attend the March 7, 2011 chapter meeting, you missed a presentation on Credit Default Swap Fraud by Mr. Joe Collins, former financial advisor and broker. Mr. Collin's presentation included discussions of the financial meltdown and the 2008 stock market crash related to unethical activities, fraudulent collateralized loans, and greed. He discussed what happened, how it happened, and why it happened. The resulting financial crisis will take at least a generation to resolve.

A credit default swap (CDS) can almost be thought of as a form of insurance. If a borrower of money does not repay a loan, it defaults. If a lender has purchased a CDS on that loan from an insurance company, the lender can then use the default as a credit to swap it in exchange for a repayment from an insurance company. However, one does not need to be the lender to profit from this situation. Anyone (usually called a speculator) can purchase a CDS. If a borrower does not repay his loan on time and defaults not only does the lender get paid by the insurance company, but the speculator gets paid as well. It is in the lender's best interest that he gets his money back, either from the borrower, or from the insurance company if the borrower is unable to pay back his loan. However, it is in the speculator's best interest that the borrower never repays his loan and default because that is the only way that the speculator can then take that default, turn it into a credit, and swap it for a cash payment from an insurance company.

The Gramm–Leach–Bliley Act (GLB), also known as the Financial Services Modernization Act of 1999, (Pub.L. 106-102, 113 Stat. 1338, enacted November 12, 1999) is an act of the 106th United States Congress (1999–2001). It was signed into law by President Bill Clinton and it repealed part of the Glass–Steagall Act of 1933, opening up the market among banking companies, securities companies and insurance companies. The Glass–Steagall Act prohibited any one institution from acting as any combination of an investment bank, a commercial bank, and an insurance company.

The meltdown - The Gramm–Leach–Bliley Act allowed commercial banks, investment banks, securities firms, and insurance companies to consolidate. For example, a commercial bank holding company merged with insurance company in 1998 to form the conglomerate Citigroup, a corporation combining banking, securities and insurance services under a house of brands that included Citibank, Smith Barney, Primerica, and Travelers. This combination, announced in 1998, would have violated the Glass–Steagall Act and the

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AUSTIN AREA CHAPTER OF
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Bank Holding Company Act of 1956 by combining securities, insurance, and banking, if not for a temporary waiver process. The law was passed to legalize these mergers on a permanent basis. GLB also repealed Glass-Steagall's conflict of interest prohibitions "against simultaneous service by any officer, director, or employee of a securities firm as an officer, director, or employee of any member bank."



The Spotlight's On You!

A special feature focusing on members of the Austin Area Chapter of ACFEs

James Onyeneke has been a member of
the Chapter

for the past 3 years.

But maybe you didn't know...



Job Description: I am a Pharmacy Auditor for the Texas General Land Office.

What I'm working on now: Currently, I am performing an audit of PharMerica Monthly Bill on Seven Veteran Homes of the Veteran Land Board.

Best part of my job: Detail oriented. I love my audit job because it is constantly exposing me to opportunities that I would swim into after completing my education in accounting.

Ambition and/or Goals: With His blessings and Grace, to pass my CIA certification Examination this year.

Years in audit field/ with State: I have approximately 6 years of internal Auditing experience.

My first job: I started my State Service job with Texas Department of Mental Health and Mental Retardation and transferred to Texas Department of Insurance where I started my professional audit career as a Financial Examiner III.

Hobbies: Reading Ethical articles in organizational Culture and playing with my kids after studies.

Favorite Movie: Have no time at all for movies.

Last books I read: Ethics for Accounting and Business by Mintz, S., and Morris, R. 2011.

Favorite foods: Jollof Rice (red rice) with fried Plantain – One of Nigerian favorite dish.

Favorite Restaurants: I do not have a favorite Restaurant per say, but I enjoy All-You-Can-Eat restaurants where I can be selective of what I eat.

My pet(s): Even though I like home-grown animals such as dogs and cats, I do not want to live with any one.

It's a good day when: When My Love (my wife) and I sit down together and chat and discuss our prognosis for the future.

Pet Peeves: Imposters, Dishonesty. Green Snakes in Green Grasses...in essence, Back Stabbers.

What I would do with a surprise

Afternoon off: Take my family out for sight seeing near a lake or ocean.

I'm most proud of: I am most proud of been part of The Texas General Land Office – One of the best Agencies to work for in the State of Texas. Moreover, I am proud of being alive and aspiring to fulfill my life ambitions.

Most people probably don't realize: That I am completing my PhD degree in Education with a concentration in Accounting at the University of the Incarnate Word, San Antonio, Texas.