

Austin Area Chapter Association of Certified Fraud Examiners

President's Corner

Tracy Bohmer, CFE, CPA

Please note: We will have no December luncheon this month.

Our fall seminar is planned for December 9th and will **NOT** include a luncheon only option. We have a great line up of Speakers so be sure and check it out. See the seminar flyer for details on <http://www.austinacfe.com>.

Please consider attending this great opportunity. The Board is excited about the speakers and hope you will take advantage of this great training on fraud related topics. We are always seeking good speakers with interesting topics for the luncheons, as well as the seminars. Please let any Board member know if you hear of someone that might have something to share with us. Or if any member has recently handled an interesting case, we would love for you to present your trials and tribulations.

Seminar Location:

**Catfish Parlor Restaurant
4705 E. Ben White**

Note: You can order non-fried food. Just let them know when you order.

Glyn Rogers is accepting scholarship applications through January 8, 2010, and we will announce our winners in January.

Happy Holidays!

Annual Fall Seminar

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: December 9, 2009

See brochure for details at

<http://www.austinacfe.com/docs/fallseminar09.pdf>

Register on line: <http://www.austinacfe.com/>

or

call 512-923-8656

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What You Missed

By Mike Garner, CFE, CIA



Dennis Pompa November Speaker

If you were not able to attend the November 2, 2009 chapter meeting, you missed a presentation on "Fraud Investigations at the Texas Department of Insurance" by Mr. Dennis Pompa, Associate

Commissioner and Director of the Fraud Unit, Texas Department of Insurance. Mr. Pompa's presentation focused on the investigations conducted by the Insurance Fraud Unit. The Fraud Unit has 27 investigators (24 of these 27 are Certified Peace Officers) across the state that are divided into the Claimant and Provider Fraud Section – focuses on fraud committed against the insurance industry; the Insurer Fraud Section – focuses on fraud committed within and by the insurance industry; and the Workers' Compensation Fraud Section - focuses on fraud associated with benefits and premiums.

Mr. Pompa started his presentation by discussing insurance fraud resulting from Katrina and Rita in 2005 and Ike in 2008. He specifically discussed a case involving Mr. Darryl Golter who was a Pasadena area insurance agent that was indicted in October 2009 for misapplication of Insurance Premiums. Mr. Golter is accused of collecting customers' homeowners insurance premiums intended for acquiring windstorm coverage through the Texas Windstorm Insurance Association (TWIA), yet failing to properly obtain insurance policies for these customers. The fraud was identified when Hurricane Ike hit the Texas coast in September 2008 and over 75 customers had paid windstorm premiums to Mr. Golter who then deposited the funds into his business account but did not forward the money and applications for coverage with TWIA.

Mr. Pompa then discussed the cost and statistics related specifically to insurance fraud. In the United States: Property and Casualty Fraud costs about \$20 Billion each year; Life and Disability about \$5 Billion each year and Health Insurance Fraud costs about \$95 Billion each year for a total insurance fraud of about \$120 Billion a year. This costs each US family over \$1,000 annually.

In FY 2009 the Fraud Unit received 11,021 fraud reports; 5,451 hotline calls; opened 637 cases for investigation; referred 206 cases for prosecution (over \$18 Million of fraud identified in those cases that were referred);

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there were 148 indictments resulting from investigations; 128 convictions from cases referred; about \$7.5 Million in restitution was assessed by courts on Fraud Unit cases; issued 439 subpoenas; and processed 145 open records requests.

Fraud Against Insurance Companies – The vast majority of these cases involve fraudulent claims perpetrated against insurers. These types of fraud include staged vehicle accidents (using a pre-damaged vehicle, the suspect falsely reports being involved in a hit and run accident), vehicle theft or arson fraud (vehicle owner files a false vehicle theft claim to collect insurance money), personal injury fraud (exaggerating an injury to increase insurance benefits), false burglary and/or theft reports (claimant falsely reports items lost in burglary or theft); and health care and provider fraud (health care provider bills for services and/or supplies not provided).

Fraud Committed within and by the Insurance Company – This includes allegations and reports of fraudulent activity by insurance company officers, directors, agents, or other employees in the insurance industry. Common types and schemes include deceptive agent practices (agent application fraud – forges an insurance application to obtain commissions, cleansheeting – conspires to acquire life insurance without disclosing life-threatening illness); fraud by company officials (falsified financial statement or misuses of company funds); and unauthorized insurance (fraudulent group or individual health plans, etc.)

Workers' Compensation Fraud – Individuals who knowingly or intentionally conceal, misrepresent and make a false statement to either deny or obtain workers' compensation benefits or insurance coverage. Types include benefit fraud (an employee fakes an injury in order to collect benefits); and premium fraud (an employer misrepresents the amount of payroll or classification of employees in order to obtain a lower premium). Includes fraud by employees (employee working elsewhere while drawing benefits, etc), fraud by employers (different payroll information is reported to the Department of Insurance than is reported to other state agencies like the Texas Workforce Commission); and fraud by health care providers (bills for services that are unnecessary and/or fictitious).

Mr. Pompa also showed a couple of video clips and included discussions on mortgage fraud, disaster fraud, and fraud trends related to the downturn of the economy. Some biases that he mentioned include that most people view insurance and insurance companies as a necessary evil; nearly one in four Americans thinks it is okay to inflate damages in an insurance claim; and nearly 25% of potential jury pools thinks the crime of insurance fraud is okay.



Tony Ross receives his certificate at the November meeting.

The Spotlight's On You!

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

Andi McNeil has been a member of the
ACFE

for the past 2 years.

But maybe you didn't know...



Job Description:

Director of Research, ACFE

What I'm working on now:

The 2010 Edition of the Fraud Examiners Manual and CFE Exam Prep Course, and the research for the 2010 Report to the Nation on Occupational Fraud and Abuse

Best part of my job:

Seeing how the resources the ACFE puts out help our members in the fight against fraud

Ambition and/or Goals:

To spend as much time laughing or learning as possible. If I can do both at once, so much the better.

Years in audit field:

3 years in public accounting and 5 years with the ACFE

My first job:

Administrative assistant in a doctor's office

Hobbies:

Hiking, biking, tennis, reading, spending time with my family

Favorite Movie:

With two kids under 4, I don't get to watch many non-cartoon movies these days.

Last books I read:

Skinny Legs and All by Tom Robbins

Favorite foods:

Does coffee count as a food?

Favorite Restaurants:

Too many to pick from in this great city of ours

My pet(s):

Two Boston terriers

It's a good day when:

I can see the end of my e-mail inbox.

Pet Peeves:

Willful ignorance

What I would do with a surprise afternoon off:

Grab the husband and kids and head out to do something fun outdoors.

I'm most proud of:

My kids