

## Austin Area Chapter Association of Certified Fraud Examiners

### President's Corner

#### Tracy Bohmer, CFE, CPA

We are having a great turnout for our luncheons. This is wonderful! Thanks so much for your support! However, we do need your help. For several months now, we have not been prepared for the crowd. For instance, in February we had 25 people register and 47 attend. This caused problems with the room arrangement and timely food service. We do allow for a few extras but we have not been able to adequately gauge how many extras. Please make your reservation if you are planning to attend the luncheon. You can still pay at the door but it would help us tremendously to know the count. Of course, you are always welcome and we understand you may not always know for sure. But if you do, please pre-register. We are also addressing the seating arrangement to help accommodate and make everyone more comfortable. Thanks so much for your patience while we get this worked out.

Mark your calendars, our spring seminar is confirmed for April 22<sup>nd</sup> at Gatti-Town (Slaughter/IH35 S) We are beginning to line up the speakers and will have information available in a few weeks. If you have suggestions for speakers, please notify any Board member.

We are in the process of accepting applications for our Chapter's scholarship. The application deadline is April 3, 2009, for the Austin Chapter ACFE; April 17, 2009, for the ACFE Foundation. Remember that our members and their family members are eligible. The link will be on the website soon or notify Glyn Rogers if you know someone that might be interested.  
Happy Spring Break!

### Chapter Meeting Schedule

**Time:** 12:00 to 12:50 p.m.  
Lunch served promptly at 11:45 a.m.

**Location:** Nuevo Leon Restaurant  
1501 East, 6<sup>th</sup> Street

**Cost:** Luncheon Only:  
\$11.00 – Chapter Member  
\$13.00 – Non-Chapter Member

#### **This Month's Meeting**

**Date:** March 9, 2009

**Speaker:** Tommy Gonzalez  
Senior Vice President  
Consumer Sales Manager  
Greater Austin Area  
Regions Bank

**Topic:** His topic is, "Are you protected?" What kind of fraudulent activity is occurring everyday that you may be the victim of? Is that a good check, is a money order or cashiers check safe? Is my credit rating safe? Can I protect myself against many of fraudulent activities and scams.

**register on line: [www.austinacfe.com](http://www.austinacfe.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 February 2, 2009 chapter meeting, you missed a presentation on "Government Investigations compared with Private Investigations" by Mr. Ed Martin, CFE, Sage Investigations, LLC. Mr. Martin was the Austin Chapter's first President in 1989. He has been conducting investigative type work since 1969 when he accepted a position as Special Agent with the Intelligence Division of the IRS and he has been in Austin since 1975. Mr. Martin focused his presentation on the differences between a Government Investigator and a Private Investigator.

Mr. Martin started his presentation by going through some of his experiences including the Russell Erxleben \$50 Million securities fraud case that involved over 600 defrauded investors, Brian Sterns \$40 Million fraud case, the Madalyn Murray O'Hair case, and several other cases. He has been on television five or six times and served as an expert witness in a number of cases. As a retired IRS agent and as a Private Eye, he is able to select his cases and will not consider any case or activities within a case where his integrity might be compromised. In one testimony as an expert witness, he hurt the case for those that were paying him for his testimony because he related the facts as he saw them. Additional information on two of his more famous cases is as follows.

Russell Erxleben Case - In one of Mr. Martin's most famous fraud investigation cases involved Ex University of Texas Football star Russell Erxleben. On November 22, 1999, Russell Erxleben pleaded guilty to one count of conspiracy to commit mail fraud and one count of securities fraud. He was sentenced to 84 months in federal prison and ordered to pay over \$28 Million in restitution and fined \$1 Million. In his plea, Erxleben admitted that he conducted his fraudulent scheme between March 1998 and September 1998. Erxleben also admitted that in securing investors for his foreign currency-trading business, he provided them with fraudulent company records and made false statements and promises to them including promises they would obtain profits in excess of 100%. Erxleben intentionally misled his investors by claiming he was a nationally recognized foreign currency trader who would provide a significant return—from 3 to 7 percent monthly—on their investments. Erxleben's scheme involved using initial investments of "new" clients to satisfy the monies owed to existing investors.

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AUSTIN AREA CHAPTER OF  
THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS  
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### BOARD & COMMITTEE MEMBERS

#### FISCAL YEAR 2009

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Erxleben further admitted that he regularly reported phantom profits to his investors while in reality, AFI and its clients incurred \$18 Million in trading losses over a six-month period beginning in January 1998.

Mr. Martin provided examples and references to cases throughout his presentation including a Bastrop Water District Fraud that had ten allegations and included a 58 page report. He closed with a summary overview and answered questions.

Madalyn Murray O'Hair Case - Mr. Martin was the lead agent for the IRS on this case and was looking at Jon Murray for money laundering and ended up solving the murders of four people several years after the murders were committed. David Waters, Gary Karr and Danny Fry had kidnapped (at the end of August 1995), robbed, and eventually murdered Madalyn Murray O'Hair, her son Jon Garth Murray, 40, and her granddaughter Robin, 30. (Robin was the daughter of another son, Baptist Evangelist Bill Murray) at the end of September 1995. The last time Jon Murray was seen was when he went to a jeweler and picked up his purchase of \$600,000 worth of gold coins on September 29, 1995. Then David Waters murdered Danny Fry a few days later. Danny Fry's body was found in October 1995 and was identified three years later in October 1998. The bodies of Madalyn Murray O'Hair and her son and granddaughter were unearthed in March 2001.

Mr. Martin then discussed the differences between a government auditor/investigator and a private investigator (Private Eye) in the areas of case work, resources, people, data services, research, training, and report writing. In regards to case work the government investigator usually has the scope of the investigation determined by the agency compared to the Private Eye who negotiates both the scope of the investigation and the fees that will be charged for this investigative work.

Resources and People - The government investigator usually has a team that deals with agency employees where the Private Eye works with associates while investigating client personnel and recommendations. Data Services – The government investigator has interagency personnel to setup and maintain equipment and databases and the Private Eye must contract for these services. Research and Training – Both have similar resources for research (Pacer, Edgar, etc.) and training (ACFE, TALI). Report writing for the agency is agency specific compared to the Private Eye's who writes for an attorney or client specific. Both have an executive summary, a full report with references to exhibits, and have exhibits attached.

Mr. Martin provided examples and references to cases throughout his presentation including a Bastrop Water District Fraud that had ten allegations and included a 58 page report. He closed with a summary overview and answered questions.

## Speaker's Biography

- Graduated from the University of Florida with a degree in Economics.
- Native of South Florida
- Have been in Austin, Texas for 2 ½ years
- 18 years of experience in the Financial Services Industry.
- Some of the positions or functions performed during 18 years include:
  1. Consumer Loan Underwriter
  2. Collections, including small claims and Bankruptcy Court
  3. Credit Card Sales
  4. Consumer Loan Officer
  5. Sub Prime Loan officer
  6. Branch Banking
  7. Outside Sales Manager
  8. Consumer Sales Manager



# The Spotlight's On You!

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

**Tony Ross** has been a member of the ACFE

*for the past 3 months.*

*But maybe you didn't know...*



## **Job Description:**

I manage a staff of 4 auditors for Austin Energy. The auditors divide their time between internal projects and joint projects with our external power production partners.

## **What I'm working on now:**

I really cannot disclose that, but I can say that fraud is always an important consideration in the work that we do....

## **Best part of my job:**

Facilitating the work of my staff. They are all certified professionals, including CFE, CPA, CIA, and CGAP.

## **Ambition and/or Goals:**

Short-term: Complete the CFE Exam in June 2009. Mid-term: Move into the corporate suite in order to affect change. Long-term: Own a post-retirement consulting business

## **Years of state service/CFE:**

2 years Public Utility Commission of Texas  
15 years with the City of Austin  
(Auditor's Office and Austin Energy)  
18 years in the US Air Force (Regular and Reserves)

## **My first job:**

Working in my Grandfather's ice house

## **Hobbies:**

Reading, gardening, and teaching

## **Favorite Movie:**

Patton

## **Last books I read:**

The Tipping Point by Malcolm Gladwell

## **Favorite foods:**

Spicy Mexican, Vietnamese, Chinese, Italian, Soul food

## **Favorite Restaurants:**

Saigon Kitchen, Red Lobster, Olive Gardens

## **My pet(s):**

My daughter has two dachshunds that think they own me.

## **It's a good day when:**

Most days are good days: today's problems are being addressed

## **Pet Peeves:**

Meetings that don't start on time...

## **What I would do with a surprise afternoon off:**

Take a long walk if the weather is good; read a book if the weather is inclement.

## **I'm most proud of:**

My two grown kids: Anthony Jr and Jessica.

## **Most people probably don't realize:**

I have a twin sister.

# February Chapter Meeting



ACFE" President, Jim Ratley , attends the February Chapter meeting



Former Chapter President, Ed Martin, is the February speaker.



New ACFE, Patty Robinson, receives her certificate from Chapter President Tracy Bohmer.



New ACFE, Teresa Woods, receives her certificate from Chapter President Tracy Bohmer.