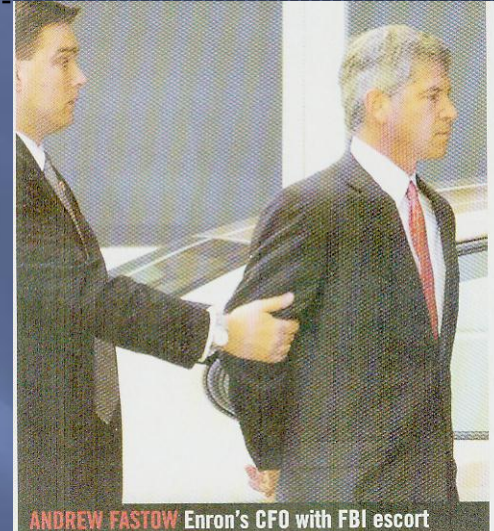
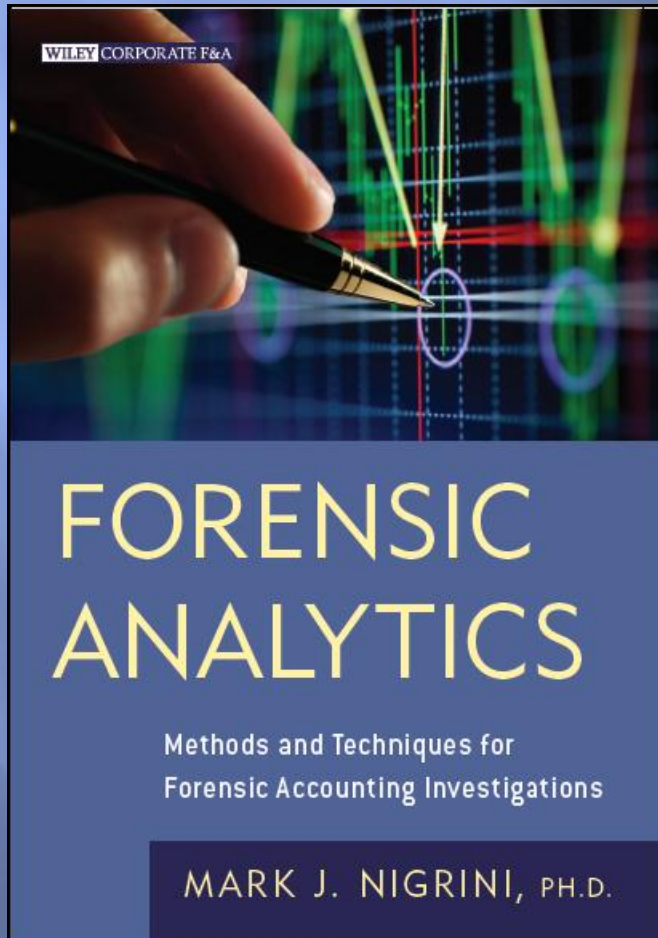
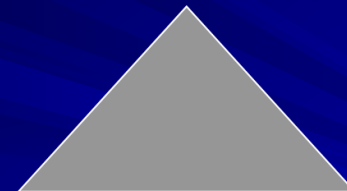


# CONTINUOUS MONITORING & FRAUD



## The Fraud Triangle

Incentives/Pressures



Opportunities

Attitudes/Rationalization

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
COLUMBIA DIVISION

UNITED STATES OF AMERICA

v.

CHARLENE CORLEY;  
C&D DISTRIBUTORS, LLC

CRIMINAL NO.

3:07-929

18 U.S.C. § 1349

18 U.S.C. § 1956(h)

18 U.S.C. § 981(a)(1)(C)

18 U.S.C. § 982(a)(1)

28 U.S.C. § 2461(c)

**INFORMATION**

THE UNITED STATES ATTORNEY CHARGES:

contracts to supply items to the Department of Defense. After a successful bid for the government contract, a subsequent invoice was submitted by C&D DISTRIBUTORS, LLC, to the government for fraudulent shipping costs. In this manner, Defendants CHARLENE CORLEY and C&D DISTRIBUTORS, LLC submitted approximately 499 false invoices representing shipping claims in excess of approximately \$71,611,296.12 to the Defense Logistics Agency. Defendants CHARLENE CORLEY and C&D DISTRIBUTORS, LLC, and Person A were paid on one hundred twelve (112) of these invoices in the amount of approximately \$20,576,925.00 for fraudulent shipping charges, examples of which are detailed below:

Contract Number	Inv Date	Item Description (Number of Units)	Total Cost of Items	Transportation Invoice Amount	Status
SP070004MR0490001	11/7/2003	pump unit, centrifug (11)	\$924.00	\$41,076.00	NOT PAID
SP070004MR049	11/11/2003	pump unit, centrifug (11)	\$924.00	\$41,923.00	PAID
SP041403MAD630000	3/26/2004	longitudinal girder (19)	\$75.81	\$402,074.81	NOT PAID
SPM76004P08520001	4/2/2004	valve, solenoid (1)	\$89.90	\$40,300.90	NOT PAID
SPM76004P0852	4/7/2004	valve, solenoid (3)	\$269.67	\$402,380.67	NOT PAID
SPM76003P8429	4/22/2004	tubing, nonmetallic (5)	\$29.95	\$402,147.95	NOT PAID
SP070004MR209	4/29/2004	elbow, pipe to tube (1)	\$8.75	\$445,640.75	PAID
SPE76004P0577	5/6/2004	valve, check (1)	\$51.99	\$40,289.99	NOT PAID
SP041104WE358	7/23/2004	plug, machine thread (1)	\$10.99	\$492,096.99	PAID
SP074004MKM63	10/20/2004	diaphragm (5)	\$109.95	\$159,000.95	PAID



SP056004MDN22	4/5/2005	lamp, fluorescent (1)	\$112.35	\$233,722.35	NOT PAID
SP056004MH657	4/28/2005	belt, v cogged or notched (50)	\$249.50	\$90,569.50	NOT PAID
SP054005MK058	10/5/2005	washer, flat (5)	\$6.45	\$286,426.45	PAID
SP054005ML662	10/5/2005	screw, machine (2)	\$3.78	\$239,479.78	NOT PAID
SP056005M4558	11/18/2005	o-ring (20)	\$71.80	\$300,013.80	PAID
SP056005M4558	11/18/2005	o-ring (6)	\$21.54	\$299,962.54	PAID
SP056005M4558	11/18/2005	o-ring (12)	\$43.08	\$299,986.08	PAID
SP056005M4917	11/18/2005	o-ring (5)	\$22.50	\$399,401.50	PAID
SP054005M0272	3/22/2006	bolt, shoulder (80)	\$76.00	\$399,767.00	NOT PAID
SPM4A606M3661	4/6/2006	insulator (1)	\$9.99	\$40,725.99	NOT PAID
SP054005MH027	4/21/2006	pin, cotter (10)	\$19.90	\$499,568.90	PAID
SPM56005M2840	6/22/2006	retainer, helical (1)	\$27.29	\$599,974.29	NOT PAID
SP054004MS109	6/23/2006	screw, machine (6)	\$59.94	\$403,436.94	PAID
SP056006M6589	9/12/2006	washer, lock (2)	\$0.38	\$998,798.38	PAID
SP056006M6589	9/12/2006	washer, lock (2)	\$0.38	\$968,949.38	NOT PAID

D. Vehicles/Boats:

1. 2007 Mercedes Benz SL550R, white in color  
VIN# WDBSK71F07F124726  
Registered to: C&D DISTRIBUTORS, LLC LLC  
SC License Tag: 537TTH
2. 2007 Mercedes Benz SL550R, silver in color  
VIN# WDBSK71F67F119028  
Registered to: C&D DISTRIBUTORS, LLC  
SC License Tag: 607UBW
3. 2007 Mercedes Benz S550V  
VIN# WDDNG71XX7A070900  
Registered to: C&D DISTRIBUTORS, LLC LLC  
SC License Tag: 536TTH

4. 2007 BMW 550I, black in color  
VIN# WBANB53577CP04982  
Registered to: C&D DISTRIBUTORS, LLC  
SC License Tag: 608UBW
5. 2006 Lexus LS430  
VIN# JTHBN36F365038467  
Registered to: C&D DISTRIBUTORS, LLC  
SC License Tag: T13483
6. 2005 Lexus SC 430  
VIN# JTHFN48Y150066530  
Registered to: C&D DISTRIBUTORS, LLC  
SC License Tag: 536TTH
7. Mercedes SL550  
VIN#WDBSK71F27F123271  
Registered to: Ellery Locklear  
SC License Tag: 302VUB
8. 2005 Lexus RX  
VIN# 2T2GA31U95C029813  
Registered to: C&D DISTRIBUTORS, LLC  
SC License Tag: 608UBW
9. 2006 Lexus LX  
VIN# JTJHT00W764009825  
Registered to: C&D DISTRIBUTORS, LLC  
SC License Tag: 537TTH
10. 2006 Lexus SC  
VIN# JTHFN48Y369004530  
Registered to: C&D DISTRIBUTORS, LLC  
SC License Tag: 536TTH
11. 1999 Kawasaki 10' inboard watercraft  
Registration number 2815BL5

DISTRICT OF SOUTH CAROLINA  
COLUMBIA DIVISION

-----  
UNITED STATES OF AMERICA

-vs-

CHARLENE CORLEY,

Defendant  
-----

CR NO.: 3:07-929  
Columbia, SC  
March 2, 2009

BEFORE HON. MARGARET B. SEYMOUR  
UNITED STATES DISTRICT COURT JUDGE  
EXCERPT FROM SENTENCING HEARING

APPEARANCES:

FOR GOVERNMENT:

HON. W. WALTER WILKINS  
UNITED STATES ATTORNEY  
BY: WINSTON D. HOLLIDAY  
DEBORAH B. BARBIER  
Assistant United States Attorney  
1441 Main Street  
Columbia, SC 29201

Your Honor, first of all, with respect to the nature and circumstance of the offense, I don't think it would be possible for me to overstate the seriousness of this crime. What we're talking about is extremely egregious conduct and an enormous amount of money, \$21 million. That is more money than most honest, hardworking people in this country will ever see in their lifetime. It is far more money than anybody needs. We are talking about gluttony and we are talking about excess at its highest peak.

So what I would like you to consider is the audacity of what she has done and the magnitude of this crime. It truly shocks the conscience. That's the best -- that's the most pertinent thing that comes to mind when I think of this case. And I think probably the most, the single most important fact in your consideration of this factor should be the duration of this crime. Because we're not talking about a fraud that



The system, your Honor, was built on trust. And Charlene Corley and Darlene Wooten abused that trust in the worst way possible. And this is all because they wanted to live large at the government's expense. We all know, your Honor, that the government is in a serious financial crisis. Waste, fraud, and abuse that is committed against the government certainly is not helping the strength of the government's budget or our economy. Charlene Corley and Darlene Wooten represent the epitome of that problem.

---

DEFENDANT: CHARLENE CORLEY  
CASE NUMBER: 3:07-929 (001 MBS)

## **IMPRISONMENT**

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of seventy-eight (78) months as to each count 1 and 2 to run concurrently.

■ The court makes the following recommendations to the Bureau of Prisons: that the defendant be housed at FCI Mariana, FL for period of incarceration.

DEFENDANT: CHARLENE CORLEY

CASE NUMBER: 3:07-929 (001 MBS)

### RESTITUTION PAYEES

<b>No.</b>	<b>Name of Payee</b>	<b>*Total <u>Amount of Loss</u></b>	<b><u>Amount of Restitution Ordered</u></b>	<b><u>Priority Order or Percentage of Payment</u></b>
1	Defense Criminal Investigative Service	\$20,576,925.03	\$15,555,930.24	

DEFENDANT: CHARLENE CORLEY

CASE NUMBER: 3:07-929 (001 MBS)

### ADDITIONAL SUPERVISED RELEASE TERMS

- 1) The defendant shall pay any outstanding restitution balance, beginning 60 days after release from custody, in minimum monthly installments of \$300.00
- 2) The defendant shall complete 300 hours of community service work at a rate of at least ten (10) hours per month under the supervision of the U.S. Probation Office.

- People do commit fraud

- ...

- ...

- ...

- ...

## Case Summary

**4:02-cr-00665** USA v. Fastow, et al  
Kenneth M. Hoyt, presiding  
**Date filed:** 10/31/2002  
**Date terminated:** 09/27/2006  
**Date of last filing:** 05/07/2008

### Andrew S. Fastow (1)

**Office:** Houston

**County:** Harris

**Magistrate Case:**

**Filed:** 10/31/2002

**Terminated:** 09/27/2006

**4:02-mj-00889**

**Reopened:**

### **Complaint**

In violation of 18 USC 1341,1343,1344, 1956(h),1957,371, and 2: and in violation of 15 USC 78j(b) and 78ff; [ 4:02-m -889 ]

**Count: 1**

**Citation:** 18:371.F

**Offense Level:** 4

18:371.F CONSPIRACY TO COMMIT WIRE FRAUD: SELF DEALING BY FASTOW.

**Count: 2**

**Citation:** 18:371.F

**Offense Level:** 4

18:371.F CONSPIRACY TO COMMIT WIRE FRAUD - NIGERIAN BARGES.

**Count: 3**

**Citation:** 18:371.F

**Offense Level:** 4

18:371.F CONSPIRACY TO COMMIT WIRE AND SECURITIES FRAUD - TALON OFF-BALANCE SHEET CONSPIRACY.

**Count: 34-40**

**Citation:** 18:1343.F

**Offense Level:** 4

18:1343.F WIRE FRAUD - SOUTHAMPTON.

**Count: 4**

**Citation:** 18:371.F

**Offense Level:** 4

18:371.F CONSPIRACY TO COMMIT WIRE AND SECURITIES FRAUD - AVICI HEDGE CONSPIRACY.

**Count: 41**

**Citation:** 18:1512B.F

**Offense Level:** 4

18:1512B.F OBSTRUCTION OF JUSTICE.

**Count: 42**

**Citation:** 18:1956-4999.F

**Offense Level:** 4

18:1956-4999.F MONEY LAUNDERING - CONSPIRACY.

**Count: 43-49**

**Citation:** 18:1956-4999.F

**Offense Level:** 4

18:1956-4999.F MONEY LAUNDERING.

**Count: 5-33**

**Citation:** 18:1343.F

**Offense Level:** 4

18:1343.F WIRE FRAUD - RADR.

**Count: 50-78**

**Citation:** 18:1956-4999.F

**Offense Level:** 4

18:1956-4999.F MONEY LAUNDERING.

**Count: 102s-105s**

**Citation:** 15:78J.F

**Offense Level:** 4

15:78J.F INSIDER TRADING

**Count: 106s**

**Citation:** 26:7206A.F

**Offense Level:** 4

26:7206A.F FALSE INCOME TAX RETURN-1997

**Count: 107s**

**Citation:** 26:7206A.F

**Offense Level:** 4

26:7206A.F FALSE INCOME TAX RETURN-1998

**Count: 108s**

**Citation:** 26:7206A.F

**Offense Level:** 4

26:7206A.F FALSE INCOME TAX RETURN-1999

**Count: 109s**

**Citation:** 26:7206A.F

**Offense Level:** 4

26:7206A.F FALSE INCOME TAX RETURN-2000



<b>Count:</b> 1s	<b>Citation:</b> 18:1343.F	<b>Offense Level:</b> 4
18:1343.F CONSPIRACY TO COMMIT WIRE FRAUD		
<b>Count:</b> 2s	<b>Citation:</b> 18:1343.F	<b>Offense Level:</b> 4
18:1343.F CONSPIRACY TO COMMIT WIRE FRAUD		
<b>Count:</b> 38s-45s	<b>Citation:</b> 18:1343.F	<b>Offense Level:</b> 4
18:1343.F WIRE FRAUD		
<b>Count:</b> 3s	<b>Citation:</b> 18:1343.F	<b>Offense Level:</b> 4
18:1343.F CONSPIRACY TO COMMIT WIRE FRAUD		
<b>Count:</b> 46s	<b>Citation:</b> 18:1512B.F	<b>Offense Level:</b> 4
18:1512B.F OBSTRUCTION OF JUSTICE		
<b>Count:</b> 47s	<b>Citation:</b> 18:1957-7611.F	<b>Offense Level:</b> 4
18:1957-7611.F MONEY LAUNDERING CONSPIRACY		
<b>Count:</b> 48s	<b>Citation:</b> 18:1957-7611.F	<b>Offense Level:</b> 4
18:1957-7611.F MONEY LAUNDERING CONSPIRACY		
<b>Count:</b> 49s-57s	<b>Citation:</b> 18:1956-3300.F	<b>Offense Level:</b> 4
18:1956-3300.F MONEY LAUNDERING		
<b>Count:</b> 4s	<b>Citation:</b> 15:78M.F	<b>Offense Level:</b> 4
15:78M.F CONSPIRACY TO FALSIFY BOOKS, RECORDS, ACCOUNTS		
<b>Count:</b> 58s-90s	<b>Citation:</b> 18:1957-3300.F	<b>Offense Level:</b> 4
18:1957-3300.F MONEY LAUNDERING		
<b>Count:</b> 5s	<b>Citation:</b> 18:1343.F	<b>Offense Level:</b> 4
18:1343.F CONSPIRACY TO COMMIT WIRE FRAUD		
<b>Count:</b> 6s	<b>Citation:</b> 15:78M.F	<b>Offense Level:</b> 4
15:78M.F CONSPIRACY TO FALSIFY BOOKS, RECORDS, ACCOUNTS		
<b>Count:</b> 7s	<b>Citation:</b> 18:1343.F	<b>Offense Level:</b> 4
18:1343.F CONSPIRACY TO COMMIT WIRE AND SECURITIES FRAUD		
<b>Count:</b> 8s	<b>Citation:</b> 15:78M.F	<b>Offense Level:</b> 4
15:78M.F CONSPIRACY TO FALSIFY BOOKS, RECORDS, ACCOUNTS		
<b>Count:</b> 9s-37s	<b>Citation:</b> 18:1343.F	<b>Offense Level:</b> 4
18:1343.F WIRE FRAUD		

# United States District Court

Southern District of Texas

Holding Session in Houston

United States of America  
V.  
ANDREW S. FASTOW

## JUDGMENT IN A CRIMINAL CASE

CASE NUMBER: 4:02CR00665-001

USM NUMBER: 14343-179

David Gerger, John Keker and Jan Little

Defendant's Attorney

☐ See Additional Aliases.

### THE DEFENDANT:

☒ pleaded guilty to count(s) 2S and 5S on January 14, 2004

☐ pleaded nolo contendere to count(s) \_\_\_\_\_  
which was accepted by the court.

☐ was found guilty on count(s) \_\_\_\_\_  
after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

<u>Title &amp; Section</u>	<u>Nature of Offense</u>	<u>Offense Ended</u>	<u>Count</u>
18 U.S.C. § 371	Conspiracy to violate the laws of the United States with respect to committing wire fraud	11/01/2001	2S
18 U.S.C. § 371	Conspiracy to violate the laws of the United States with respect to committing wire fraud and securities fraud	09/01/2001	5S

☐ See Additional Counts of Conviction.

The defendant is sentenced as provided in pages 2 through 6 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

☐ The defendant has been found not guilty on count(s) \_\_\_\_\_

☒ Count(s) remaining ☐ is ☒ are dismissed on the motion of the United States.

DEFENDANT: **ANDREW S. FASTOW**

CASE NUMBER: **4:02CR00665-001**

## IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of 72 months.

This term consists of THIRTY-SIX (36) MONTHS as to each of Counts 2S and 5S, to run consecutively, for a total of SEVENTY-TWO (72) MONTHS.



See Additional Imprisonment Terms.



The court makes the following recommendations to the Bureau of Prisons:

The defendant participate in the Comprehensive Residential Drug Abuse Treatment Program during incarceration.

That the defendant be designated to the FCI Bastrop facility .



The defendant is remanded to the custody of the United States Marshal.



# Federal Bureau of Prisons

An agency of the [U.S. Department of Justice](#)

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## Inmate Locator

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  - [Visiting Hours](#)
  - [Who Can Visit?](#)
  - [Background Checks](#)
  - [Business Visits](#)
  - [Special Circumstances](#)
  - [Visiting Room Procedures](#)
  - [Conjugal Visits](#)
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- [Who is a "Federal" Inmate?](#)

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## Inmate Locator

Use this page to locate a Federal inmate incarcerated from 1982 to present. [More Information](#)

### Search By ID Number

Searching for an inmate by ID Number will return a better match; therefore, we recommend you use this method to locate an inmate. You can usually find an inmate's ID Number (Register Number) on any type of record or written correspondence.

Type of Number

Number

SEARCH

OR

### Search By Name

\* When searching by name, an inmate's first and last name are required and must be an exact match (i.e. John Doe will not find Jon Doe).

First Name\*

Middle Name

Last Name\*

Race

Sex

Age

SEARCH

CLEAR



# Federal Bureau of Prisons

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- ✧ [About the Inmate Locator](#)
- ✧ [Visiting - General Info](#)
  - [Visiting Hours](#)
  - [Who Can Visit?](#)
  - [Background Checks](#)
  - [Business Visits](#)
  - [Special Circumstances](#)
  - [Visiting Room Procedures](#)
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- ✧ [Who is a "Federal" Inmate?](#)

## Inmate Locator - Locate Federal inmates from 1982 to present

Name	Register #	Age-Race-Sex	Release Date <small>Actual or Projected</small>	Location
1. ANDREW S FASTOW	14343-179	49-White-M	12-17-2011	<a href="#">HOUSTON CCM</a>

Results 1 - 1 of 1



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KPMG ANALYSIS OF GLOBAL  
PATTERNS OF FRAUD

# Who is the typical fraudster?

[kpmg.com](http://kpmg.com)

## Here is what we found out about the typical fraudster:

- Male
- 36 to 45 years old
- Commits fraud against his own employer
- Works in the finance function or in a finance-related role
- Holds a senior management position
- Employed by the company for more than 10 years
- Works in collusion with another perpetrator

As in 2007, unsurprisingly, the overriding motivation for fraud is personal greed, followed by pressures on individuals to reach tough profit and budget targets. The survey highlights, more importantly, how weakening control structures make the opportunity to commit fraud easier. Organizations should take some of the blame. For them, it is time to consider how they contribute to fraud when failing to detect or respond to lapses or gaps in controls, or by setting overly onerous targets.

## Gaps in defenses

One of the most significant findings of this survey is the very large increase in cases involving the exploitation of weak internal controls by fraudsters—up from 49 percent in 2007 to 74 percent in 2011.

The difficult economic climate may be partially to blame. Tighter budgets are forcing some companies to cut costs in their control environments. Less robust controls, and fewer resources to monitor controls, allow for greater exploitation by fraudsters. Although necessary to preserve profits, such cost cutting should be balanced with effective risk management.

Name	Title	Company	Millions	Method
David Grose	CFO	Quest Energy Partners	\$1	Fraudulent vendor
Ezra Levy	CFO	Boston Provident Partners	\$3	Transfer to his own account
Jerry Wells	CFO	UCI Medical Affiliates	\$3	Expense reports & purch. card
Christopher McCullough	CFO	LJA Engineering & Survey	\$4	Checks for own use
Jonathan Nelson	CFO	Patterson-UTI Energy	\$70	Fraudulent vendor
Peggy Kaye Witts	CFO	Voorwood company	\$1	Payroll, card, expenses
John Doorly	COO	Tenens Corporation	\$43	Bank transfers
Lance Pouslen	CEO	National Century Financial	\$1200	Related company transactions
Annette Yeomans	CFO	Quality Woodworks	\$10	Company paid for personal exp.
Sujata Sachdeva	VPFin	Koss Corporation	\$34	Bank and other withdrawals
William Roe	CFO	Danbury Hospital	\$0.2	Fake vendor, fraudulent claim
Martin Bodner	CFO	Tommy Hilfiger	\$20	Payroll and personal expenses
David Alan Smith	Mgr	Quest Diagnostics	\$1	Fraudulent vendor
Barry Webne	CFO	Block Communications	\$1	Payroll and company checks
Douglas Ross Zuber	VP	Harvard Investments	\$11	Fraudulent vendors
Jeffrey Windle	DBudFin	Cambium Learning	\$14	Bank transfers
Michael Spada	CFO	Scannapieco Dev Corp	\$6	Payroll and bank transfers
Carol Arango	CEO	D Edward Wells Federal CU	\$1.4	Vendors and bank fraud
Anthony Tesvich	Buyer	Home Depot	\$8	Vendor kickbacks
Amy Strait	LoanOf	Park Bank	\$8	Mortgage Fraud

- People do commit fraud

- Insiders commit fraud

- ...

- ...

- ...



# Woman gets \$200 million tax-return notice — but it was mistake



MELISSA TOPEY

Ohio Department of  
**TAXATION**

January 24, 2011

BOSSETTI DENISE S

Social Security Number(s)

Dear Taxpayer:

We are unable to deposit your Ohio income tax refund electronically as requested because you split the refund into a paper check and an electronic deposit(s). Instead, you will receive a paper check for the total refund amount. If there are no adjustments to your return, you will receive a check for the amount of refund listed below after we are finished processing your return.

Account Type	Account Number	Requested Amount
CHECKING	XXXXXXXXXXXXXXXXXX	0.02
TOTAL		200,000,000.00

## HURON

It seemed better than the lottery, and she didn't even have to buy a ticket.

Huron resident Denise Bossetti explains it like this:

She was standing in the living room of her Huron home some weeks ago, looking over a letter she'd just received from the Ohio Department of Taxation. She showed it to her boyfriend, Charlie Dise.

The letter indicated the tax department couldn't direct deposit Bossetti's state tax return, so instead she would receive a check.

For \$200 million.

"I thought, 'They are going to have a big negative when they cut that check,'" Bossetti said. "We had a big laugh. I kept saying to Charlie, 'What's it like to live with someone with \$200 million?' He said, 'Let's wait till we get the check.'"

Bossetti wasn't alone.

She was one of 9,700 taxpayers across the state who received letters from the Ohio Department of Taxation promising grossly inflated refunds.

"This has never happened before," said Gary Gudmundson, spokesman for the Ohio Department of Taxation. "The problem has been fixed."



*Ohio Department of*  
**TAXATION**

January 31, 2011

BOSSETTI, DENISE S  
[REDACTED]

Dear Taxpayer,

Recently you received a letter from the Ohio Department of Taxation regarding your Ohio income tax refund and the requested direct deposit. During the processing of your return, a software error in the tax preparation product used to complete and transmit the return may have been the cause of your direct deposit request to reject and a paper check to be issued. The software error also triggered our processing systems to generate a letter informing you of the direct deposit rejection and our intent to mail a refund check to you. Although the letter you received may have identified an incorrect refund amount caused by the software glitch, we were able to correct the requested refund amount.



P. O. Box 182382  
Columbus, OH 43218-2382  
tax.ohio.gov

January 24, 2011

BOSSETTI, DENISE S

Social Security Number(s)

Dear Taxpayer:

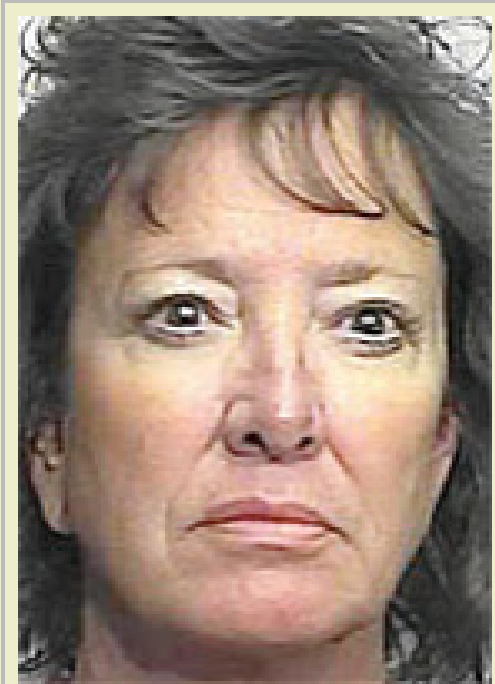
We are unable to deposit your Ohio income tax refund electronically as requested because you split the refund into a paper check and an electronic deposit(s). Instead, you will receive a paper check for the total refund amount. If there are no adjustments to your return, you will receive a check for the amount of refund listed below after we are finished processing your return.

Account Type	Account Number	Requested Amount
CHECKING		0.02
TOTAL		200,000,000.00

- People do commit fraud
- Insiders commit fraud
- Large errors are still made
- ...
- ...



## ➔ Minnesota Woman Accused Of Embezzling \$217K From Utility



Susan Kay Thompson, 53, of Minnesota, has been charged with embezzling \$217,581.13 from Minnesota Power, where she had been employed as director of customer service. According to authorities, over a period of nine years, from 2000 to 2009, Thompson engaged in a fraudulent reimbursement scheme whereby expenses and credit card charges made were for personal rather than legitimate business expenses. Thompson had been a 20 veteran of the company

before she was suspended and subsequently resigned in late January 2010 after an internal audit revealed the apparent misappropriations, according to reports.

# one community



SAVE ENERGY. SHARE WARMTH. "Great Refrigerator/Freezer Roundup"

April 2009

## Partnership Spurs Community to Save Energy and Benefit HeatShare

Minnesota Power's "Great Refrigerator/Freezer Roundup" is not just rounding up energy hogs. Through a community partnership between Minnesota Power, the Salvation Army and St. Louis County, it has rustled up thousands of dollars to provide heating assistance for low income households in the Northland.

The "Great Refrigerator/Freezer Roundup" offers a \$50 reward to Minnesota Power customers turning in an old, inefficient refrigerator or freezer for recycling. The utility launched the innovative, two-year conservation program in January 2009 with a special promotion. Appliances collected in January and February resulted in \$25 donations to the Salvation Army's *HeatShare* program, helping low income families pay their utility bills through the long, cold winter. St. Louis County endorsed the program and promoted it to employees and residents.

This community partnership spurred tremendous response. Northern Minnesota residents turned in more than 400 refrigerators and freezers during the initial two-month period, effectively achieving the \$10,000 donation goal for *HeatShare*, while saving energy and benefiting the environment. The potential energy savings equate to avoiding 310 tons of carbon emission, which is like taking 62 cars off the road or powering 29 average homes for a year.

"It's a triple win," said St. Louis County Commissioner Steve O'Neil, who joined other St. Louis County Commissioners in unanimously approving support for this partnership.

"Participants earn money, save energy and lower carbon emissions by getting rid of old energy hogs; hundreds of appliances are recycled instead of sent to the county landfills or left in ditches; and low income families get needed assistance to heat their homes."

This has been a particularly challenging year for *HeatShare*, according to Major Alan Fones of Salvation Army Duluth. From October to March, the program spent \$28,000 to help 95 households pay heating bills, and families were continuing to apply at a growing pace and needing greater amounts. During the first two weeks of March alone, 18 families received more than \$16,000 in heating assistance.

"*HeatShare* is invaluable to our clients," Major Fones said. "One of the nicest things about these funds is that 100 percent stays in our area, helping people keep their power on—that's remarkable."

"Each person who accepted the challenge to save energy and benefit *HeatShare* by rounding up their old refrigerators and freezers made a real difference in our community," said Al Lian, marketing analyst, Minnesota Power. "This event is a wonderful example of how the combined efforts of Minnesota Power



Top: More than 400 old refrigerators and freezers were rounded up, raising \$10,000 for *HeatShare*. Bottom: Major Alan Fones, Salvation Army Duluth; Sue Thompson, Minnesota Power; Steve O'Neil, St. Louis County

**Charges: THOMPSON, SUSAN KAY**

1. Theft-Divert Corporate Property

	<b>OTHER EVENTS AND HEARINGS</b>
12/28/2010	<b>E-filed Comp-Summons</b>
02/03/2011	<b>First Appearance</b> (8:15 AM) (Judicial Officer Harris,Dale O. , ) Result: Held
02/03/2011	<b>Fail to Appear at a hearing</b> (Judicial Officer: Harris,Dale O. , )
02/03/2011	<b>Warrant Issued</b>
02/07/2011	<b>Warrant Quashed</b>
02/07/2011	<b>Non-Cash Bond Posted</b>
02/23/2011	<b>Certificate of Representation</b>
02/23/2011	<b>Request for Disclosure</b>
02/28/2011	<b>Request for Disclosure</b>
03/03/2011	<b>First Appearance</b> (8:15 AM) (Judicial Officer Tarnowski, Sally) <i>02/24/2011 Continued to 03/03/2011 - By agreement - THOMPSON, SUSAN KAY</i> Result: Held
03/03/2011	<b>Fail to Appear at a hearing</b> (Judicial Officer: Tarnowski, Sally )
03/16/2011	<b>Request for Continuance</b>
03/16/2011	<b>Notice of Hearing</b>
04/21/2011	<b>First Appearance</b> (8:15 AM) (Judicial Officer DeSanto, John E.) <i>03/17/2011 Continued to 04/21/2011 - Party Unavailable - THOMPSON, SUSAN KAY</i> Result: Held
04/21/2011	<b>Fail to Appear at a hearing</b> (Judicial Officer: DeSanto, John E. )
06/02/2011	<b>First Appearance</b> (8:15 AM) (Judicial Officer Tarnowski, Sally) Result: Held
06/02/2011	<b>Other Document</b> (Judicial Officer: Tarnowski, Sally )
07/28/2011	<b>First Appearance</b> (8:15 AM) (Judicial Officer Tarnowski, Sally) Result: Held
07/28/2011	<b>Acknowledgement of Rights</b> (Judicial Officer: Tarnowski, Sally )
07/28/2011	<b>Waiver</b> (Judicial Officer: Tarnowski, Sally )
08/31/2011	<b>Omnibus Hearing</b> (1:30 PM) (Judicial Officer Munger,Mark A. , ) Result: Held
08/31/2011	<b>Request for Continuance</b> (Judicial Officer: Munger,Mark A. , )
09/14/2011	<b>Omnibus Hearing</b> (1:30 PM) (Judicial Officer Harris,Dale O. , ) Result: Held
09/14/2011	<b>Notice of Motion and Motion</b> (Judicial Officer: Harris,Dale O. , )
12/02/2011	<b>Contested Omnibus</b> (8:30 AM) (Judicial Officer Harris,Dale O. , ) <i>11/04/2011 Continued to 12/02/2011 - By agreement - THOMPSON, SUSAN KAY</i> <i>11/14/2011 Reset by Court to 11/04/2011</i>

Saturday, August 13, 2011 12:34

## Crisis in the Courts

### NEW & NOTABLE

Courts in nearly every state have been forced to make debilitating cuts—at a time when pressure on the justice system continues to increase. This week the American Bar Association conference in Toronto passed a resolution calling on state legislatures to make adequate funding a “priority.”

The resolution was based on a report produced by a special American Bar Association (ABA) Task Force that toured the nation over the last 12 months surveying court conditions. The Task Force, co-chaired by prominent attorneys David Boies and Theodore B. Olson , concluded that court funding has been cut in most states between 10 per cent and 15 per cent, and warned that the juvenile justice and drug diversion programs operated by courts were especially at risk.

Echoing the Task Force's bleak assessment, former Supreme Court Justice Sandra Day O'Connor said at the Toronto conference that “no one, not even lawyers and judges, understands what a financial bind the courts are in.” Consequently, she said, “they’re not ready for the political fights” needed to defend court funding in state legislatures. “The first thing we have to recognize,” added Boies, “is that we really are in a crisis.” Read the ABA



Photo by wallyg via Flickr



# State budget cuts clog criminal justice system

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Associated Press

ATLANTA — Prosecutors are forced to ignore misdemeanor violations to pursue more serious crimes. Judges are delaying trials to cope with layoffs and strained staffing levels. And in some cases, those charged with violent crimes, even murder, are set free because caseloads are too heavy to ensure they receive a speedy trial.

Deep budget cuts to courts, public defenders, district attorney's and attorney general offices are testing the criminal justice system across the country. In the most extreme cases, public defenders are questioning whether their clients are getting a fair shake.

Exact figures on the extent of the cuts are hard to come by, but an American Bar Association report in August found that most states cut court funding 10 percent to 15 percent within the past three years. At least 26 states delayed filling open judgeships, while courts in 14 states were forced to lay off staff, said the report.

The National District Attorneys Association estimates that hundreds of millions of dollars in criminal justice funding and scores of positions have been cut amid the economic downturn, hampering the ability of authorities to investigate and prosecute cases.

"It's extremely frustrating. Frankly, the people that do these jobs have a lot of passion. They don't do these jobs for the money. They are in America's courtrooms every day to protect victims and do justice," said Scott Burns of the National District Attorneys Association. "And they're rewarded with terminations, furloughs and cuts in pay."

The ripple effects have spread far beyond criminal cases to even the most mundane court tasks, such as traffic violations and child custody petitions. The wait to process an uncontested divorce in San Francisco, for example, is expected to double to six months as the system struggles to absorb state budget cuts that have led to layoffs of 40 percent of the court's work force and the closing of 25 of 63 courtrooms.

August 9, 2011

## Time to Act for Adequate Court Funding is Now, Say O'Connor, Bar Leaders



By Betsy M. Adeboyejo  
American Bar Association  
Aug. 8, 2011

TORONTO — “We need lawyers in every state to get busy and start advocating for adequate funding of the courts. We need lawyers to get busy and say ‘I’m willing to tackle this in my state’...We need you,” said retired Supreme Court Associate Justice Sandra Day O’Connor to a packed room of lawyers and judges at a program at the American Bar Association’s Annual Meeting yesterday in Toronto.

O’Connor shared wisdom with ABA members looking for suggestions on ways to solve the current crisis in court funding.

“You need to have access to legislative leaders on both sides of the aisle,” she said. “You need to have one-on-one contact with those leaders by people who those leaders will respect. One avenue is to get general counsel of corporations to make those personal contacts because the legislators will listen to those people.”

O’Connor said it’s important that the legislators understand how not adequately funding the third branch of government will cause a delay in justice and that, in turn, will hurt the state economically.

# REPORT

## CRISIS IN THE COURTS: DEFINING THE PROBLEM

### Introduction

The courts of our country are in crisis. The failure of state and local legislatures to provide adequate funding is effectively -- at times quite literally -- closing the doors of our justice system. At the same time Congress has reduced its support for both the federal courts and other programs that directly and indirectly support our justice system at the state, county and municipal levels.

As a result, over the last few years, the courts of virtually every state have been forced into debilitating combinations of hiring freezes, pay cuts, judicial furloughs, staff layoffs, early retirements, increased filing fees, and outright closures. These reductions in court staff and related resources come at the very time when the demand for the judicial resolution of economic claims has increased dramatically. Our courts, already short-staffed, have thus been forced to lay off judges, clerks and other personnel just as they are being inundated with hundreds of thousands of new foreclosures, personal and small business bankruptcies, credit card and other collection matters, domestic fractures, and the many other lawsuits resulting from the Recession. The courts must then deal with these increased caseloads, often facing the additional problems created when litigants proceed pro se, which occurs all the more frequently in hard economic times.



State judicial officers have attempted to cope with these cuts in various ways -- all of which have a direct and negative effect on the pace and quality of adjudications. Over the last two years,

- Twenty-six states have delayed filling judicial vacancies; thirty-one, judicial support positions; and thirty-four, vacancies in clerks' offices.
- Thirty-one states have either frozen or reduced the salaries of judges or staff.
- Sixteen have furloughed clerical staff, with commensurate reductions in pay; and nine have extended those furloughs to judges as well.
- Fourteen states have simply laid off staff entirely.
- Some twenty-two state court systems have attempted to offset some of these budget cuts by increasing filing fees and/or fines.
- Last, but hardly least, fourteen state court systems have been forced to curtail the hours and even entire days they are open.<sup>2</sup>

The Task Force has heard many accounts of the extent and results of such chronic underfunding. To cite but one state's experience, the courts in Georgia have seen their funding

- People do commit fraud
- Insiders commit fraud
- Large errors are still made
- The legal system is overloaded
- ...

# Detection of Insider Fraud

Entity Details 8977 - Mozilla Firefox

http://localhost:8080/workbench/pop\_entity\_detail.do?entityId=8977&revisionId=11779&entityTypeId=210&targetTimeStamp=20090210215724#

Summary Exceptions Notes Log

Exceptions

> Options 1 to 4 of 4 [First, Prev] 1 [Next, Last]

Type	Priority	Confidence	Potential Impact	Owner	Status	Date Detected	ID
Transaction Merchant Suspicious	<div><div></div></div>	<div><div></div></div>	745.18		Detected	2007-06-07 22:32:11	10706-20-0000049
Transaction Merchant Suspicious	<div><div></div></div>	<div><div></div></div>	537.25		Detected	2007-06-19 20:18:41	10706-20-0000050
Transaction Inactive Employee	<div><div></div></div>	<div><div></div></div>	205.06		Detected	2007-07-17 02:14:41	10707-20-0000052
Transaction Merchant Suspicious	<div><div></div></div>	<div><div></div></div>	205.06		Detected	2007-07-17 02:14:41	10707-20-0000051

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**CAF Alert for Fabrikam, Inc.**  
**Continuous Audit Facility** <gregfrazier@glcpa.com> View  
 To: glcpa1@sbcglobal.net  
 MN8302105\_JournalEntries.xml (9KB)

### Continuous Audit Facility Alert!

The following information is provided to you as an authorized recipient of a report presenting the results from the application of agreed-upon procedures. These procedures identify certain transactions effecting the general ledger of Fabrikam, Inc. that may be subject to reversing or adjusting journal entries prior to the close of the entity's fiscal year.

The following journal entry was created by a user with a network sign-on i.d. of **GregF** and an application sign-on i.d. of **sa** on July 18, 2009 at 10:37 AM.

One or more exceptions are reported for the following journal entry created from Payables Trx Entry transaction number **PMTRX00000031**, journal entry number **3579**:

Trx Date	Trx	Account Type	Account	Description	Debits	Credits
04/12/2017	PMTRX Sales		000-4111-01	Canadian Sales - Retail/Parts		325.00
	PMTRX Administrative Expense		400-5600-00	Contract Services - Service/Installation	325.00	

Permanent retention of audit logs  
and data changes.



Review of disposition of exceptions.





Alerts escalated to employee and manager.

# CONTINUOUS MONITORING & INSIDER FRAUD

- People do commit fraud
- Insiders commit fraud
- Large errors are still made
- The legal system is overloaded
- Retention of logs, review of resolutions,  
and alerts sent to employee and manager





WILEY CORPORATE F&A

# FORENSIC ANALYTICS

Methods and Techniques for  
Forensic Accounting Investigations

MARK J. NIGRINI, PH.D.



# Continuous Monitoring Awards





















# Regulators Investigating MF Global for Missing Money

BY BEN PROTESS, MICHAEL J. DE LA MERCED AND SUSANNE CRAIG

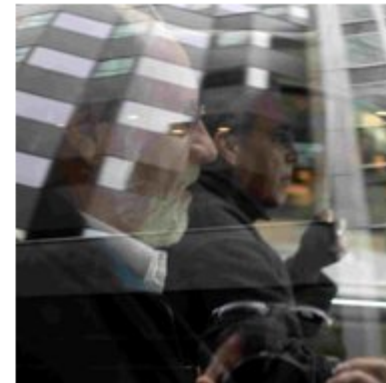
**9:55 p.m. | Updated**

Federal regulators have discovered that hundreds of millions of dollars in customer money has gone missing from MF Global in recent days, prompting an investigation into the brokerage firm, which is run by Jon S. Corzine, the former New Jersey governor, several people briefed on the matter said on Monday.

The recognition that money was missing scuttled at the 11th hour an agreement to sell a major part of MF Global to a rival brokerage firm. MF Global had staked its survival on completing the deal. Instead, the New York-based firm filed for bankruptcy on Monday.

Regulators are examining whether MF Global diverted some customer funds to support its own trades as the firm teetered on the brink of collapse.

The discovery that money could not be located might simply reflect sloppy internal controls at MF Global. It is still unclear where the money went. At first, as much as \$950 million was believed to be missing, but as the firm sorted through its bankruptcy, that figure fell to less than \$700 million by late Monday, the people



Brendan McDermid/Reuters

Jon Corzine, foreground, a former Goldman Sachs executive and New Jersey governor, was trying to revive his Wall Street career.