



ETHICS SESSION

ACFE CAPITAL DISTRICT CHAPTER



ALBANY-NY-ACFE-Chapter, January 26, 2023

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Mayor Pete

S. KILLY

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CREATORS SYNDICATE

EC500717

**SORRY I'M LATE...
I WAS BOOKED ON
SOUTHWEST...**



CARTOONSTOCK
CARTOON COLLECTIONS COMPANY

YEAR OF THE RABBIT



BANNED WORDS for 2023



TROJAN HORSE



Aleksandra Solzhenitsyn

“DWELL in the PAST and you’ll Lose an Eye;

FORGET the Past and you’ll Lose both Eyes.”

Why is History so Important?

Word of the Year 2022

“GASLIGHTING” Merriam-Dictionary

A driver of disorientation and mistrust, and is “the act or practice of grossly misleading someone especially for one’s own advantage.” 2022 saw a 1740% increase in lookups for *gaslighting*.

Gas Stoves 12% Children Asthma



Gaslighting the country: Banning gas stoves, and going electric only, is part of left's agenda

January 12, 2023 | 10:55pm

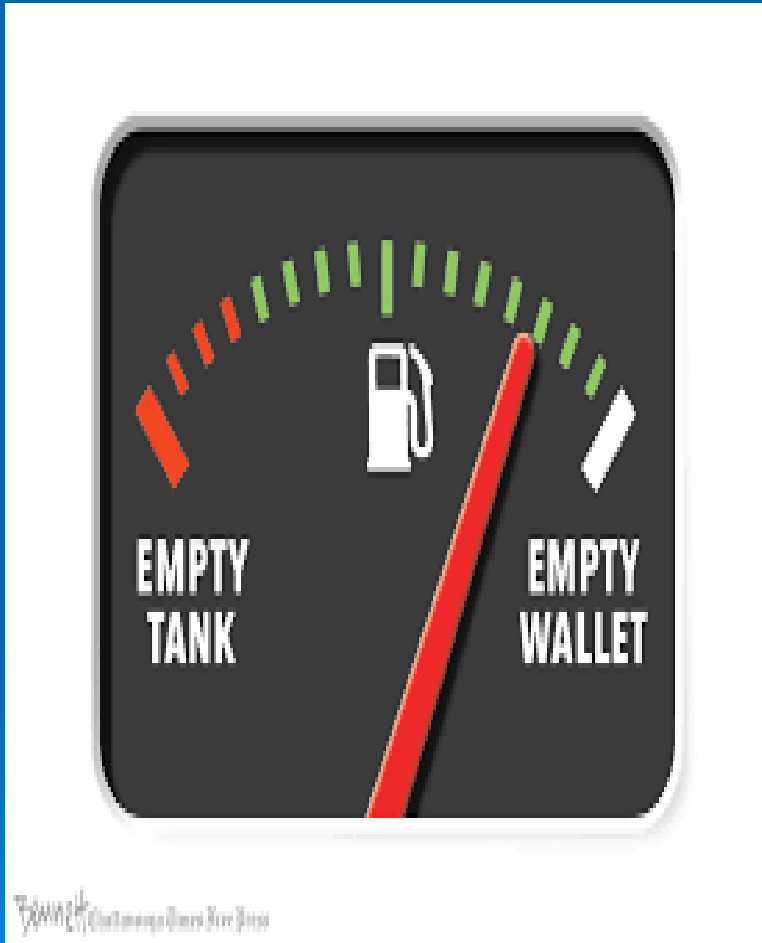
Rectangular Snip

If only there were a specific term to describe this form of psychological manipulation in which the aggressor, in this case the media and the Biden administration, attempts to sow...

CAP THAT GAS STOVE

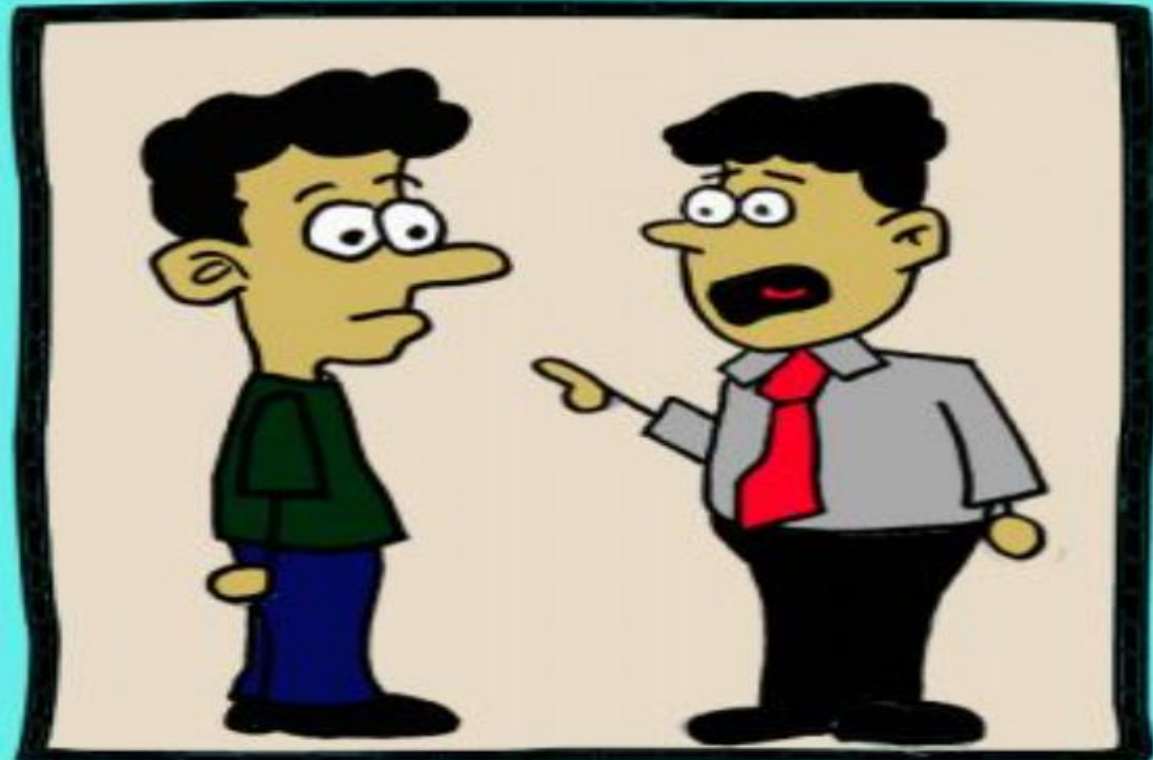


COST OF GASLIGHTING



SUBTLE TACTICS USED BY THE GASLIGHTER

- 1) Discrediting you.
- 2) Using a mask of confidence, assertiveness, and/or fake compassion.
- 3) Changing the subject.
- 4) Minimizing.
- 5) Denial and avoidance.
- 6) Twisting and reframing.



Why the LIES



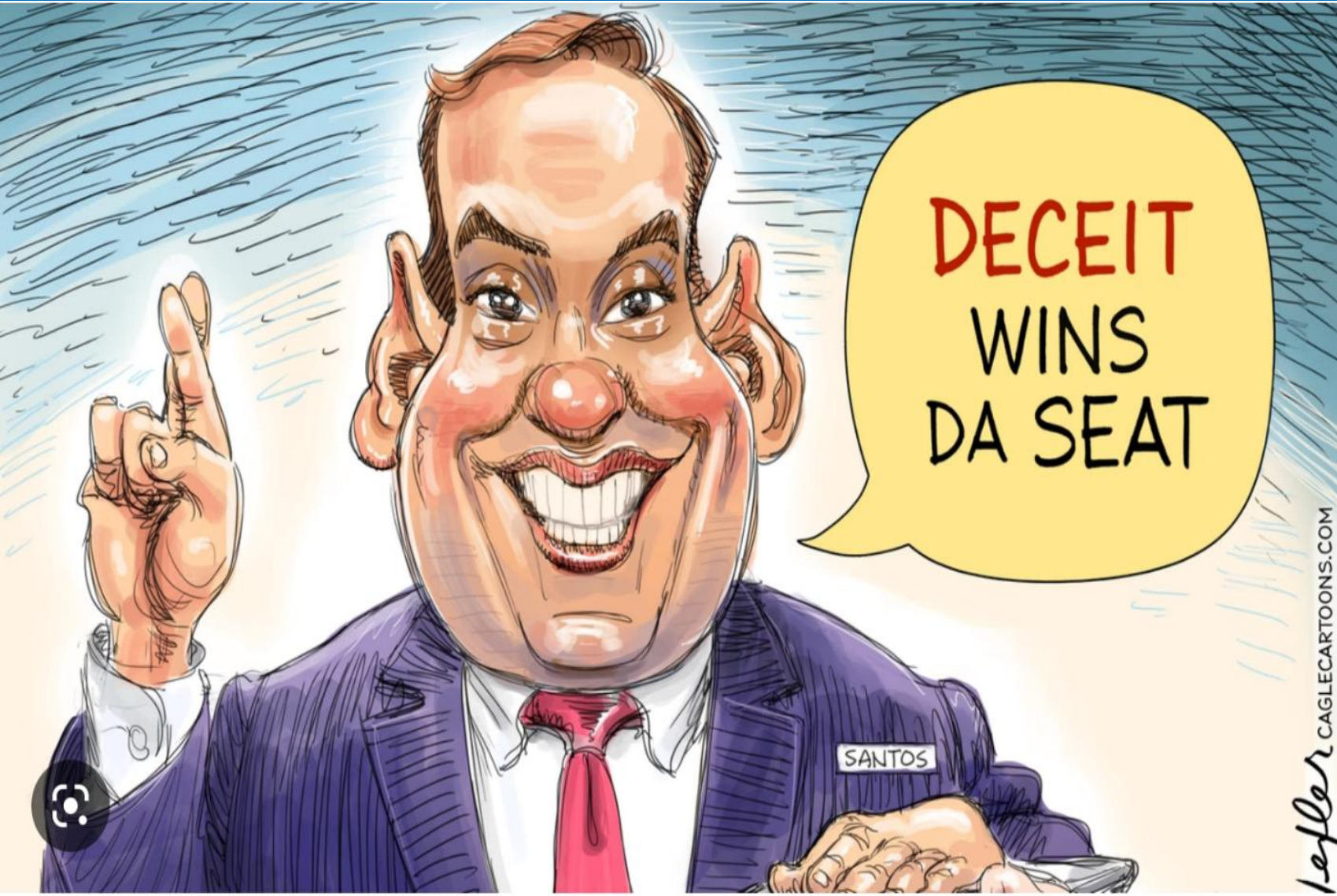
Tribune Content Agency

Editorial cartoons for Aug. 14, 2022

Phil Hands | Tribune Content Agency

25 /

Truth or Consequences



Brazil's **LOST** is USA's **GAIN**?

But I can be a **GREAT**
CONGRESSMAN!

“I was Jew...ish”

Bad Check charge is when Slick George stole a blank check from a person in his mother's care in Brazil – Brazilian authorities said they could not find George.

“THE NORTH SHORE LEADER”



GEORGE SCAM-TOS

The Leader Told You So: US Rep-Elect George Santos is a Fraud - and Wanted Criminal

By Niall Fitzgerald

In a story first broken by the North Shore Leader over four months ago, the national media has suddenly discovered that US Congressman-elect George Santos (R-Queens / Nassau) - dubbed "George Scam-tos" by many local political observers - is a deepfake liar who has falsified his background, assets, and contacts. He is fact a wanted petty criminal in Brazil.

The New York Times published a lengthy expose on Santos this week detailing that virtually everything Santos has said, filed and published about himself is a lie.



Powell v. McCormack 1969

- 395 U.S. 486
- Must swear in a congressmen – three requirements must be met – that all
 - 1. Age 25 and over
 - 2. Residency in a State
 - 3. Citizenship 7 years U.S.

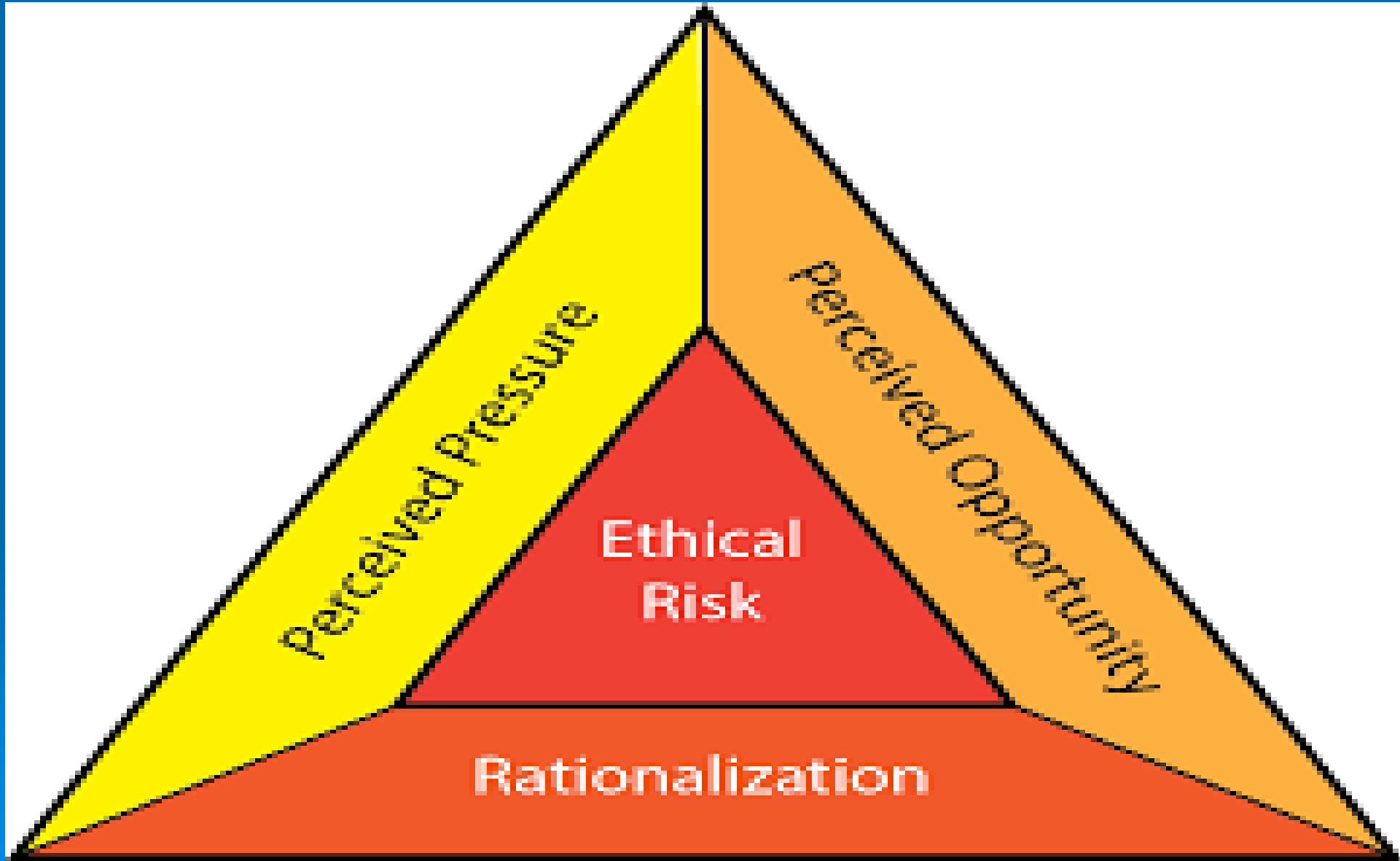
Expulsion requires 2/3 member present and voting

Lee Zeldin's Dad is a Founding Member ACFE Long Island Chapter



Member At Large
David E. Zeldin
Investicorp, Inc.

FRAUD TRIANGLE



2011 Educator of the Year 2013



LUNCH FOR THOUGHT

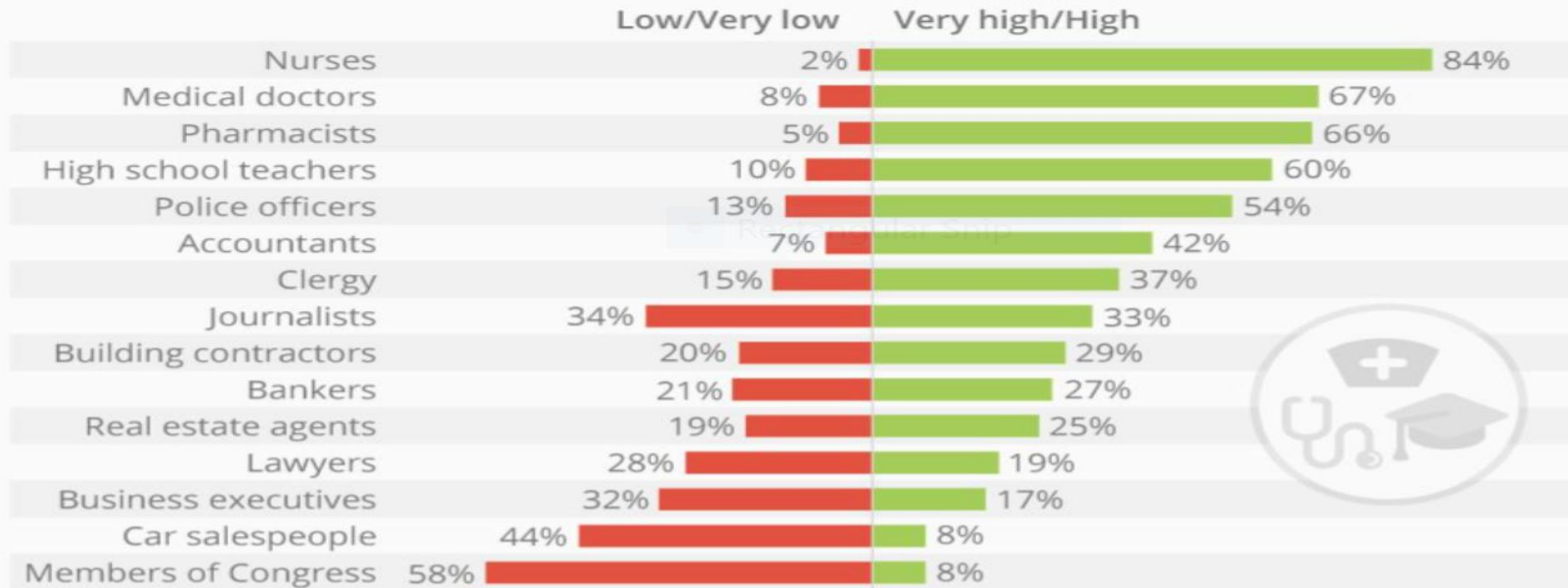
“I've wondered if the amount of fraud being committed is due to a change in society mores and acceptance of bad behavior, or, the amount of fraud hasn't changed only more fraud is now being reported...”

HONESTY

ETHICAL

America's Most & Least Trusted Professions

Rating of selected U.S. professions in terms of honesty and ethical standards in 2018



Fake News - Deep Fakes - Conspiracy Theories

Unlike *lying*, which tends to be between individuals, and *fraud*, which tends to involve organizations, *gaslighting* applies in both personal and political contexts.





Anchors have 'no shame' after secret affair exposed

Sources say "Good Morning America" anchors T.J. Holmes and Amy Robach are defending their affair, even as ABC executives held an emergency meeting to discuss the fallout.

SEE PAGES 8-9

EXCLUSIVE

GOOD MORNING AMERICA!

instagram.com/amyrobach

GASLIGHTING to their Spouses



T.J. Holmes and Amy Robach are getting pulled from their show, "GMA3" while ABC execs deal with the fallout from their affair.

Rust Shooter Baldwin Faces Charges

For months, actor Alec Baldwin has said that he did not pull the trigger of a gun that fatally shot a crew member while they were filming in New Mexico.



Halyna Hutchins was shot and killed on the New Mexico set of the movie

INFORMATION - DISINFORMATION



The image shows the front page of the New York Post newspaper. At the top, there is a banner with the American flag on the left, the newspaper's name "NEW YORK POST" in large, bold, black letters in the center, and the Ukrainian flag on the right. Below the banner, a pink bar contains the date "WEDNESDAY, DECEMBER 7, 2022", weather information "Early rain, 61° / Weather: P. 47", the text "LATE CITY FINAL", the website "nypost.com", and a price tag "\$2".

The main headline is "INSIDE J@B" in large, light blue, outlined letters. Below it, the sub-headline reads "Democratic lawyer secretly blocked release of internal Twitter files" in bold black text. The background of the headline is a photograph of James A. Baker, a man with glasses, wearing a white shirt and a grey tie, holding a water bottle. A blue Twitter bird logo is overlaid on the bottom left of the photo.

At the bottom right, there is a small inset photo of Elon Musk. Below the main headline, a short article snippet reads: "Former FBI general counsel James A. Baker, who was involved in the 'Russiagate' saga and ended up working for Twitter, was secretly 'vetting' internal files that Elon Musk wanted released to journalists Matt Taibbi and Bari Weiss. Musk fired Baker yesterday, saying he had a 'possible role in suppression of information important to the public.'" Below this snippet, it says "FULL STORY SEE PAGE 7".

GAS



on JAN 6th

NEW YORK POST

THURSDAY, OCTOBER 20, 2022 / Mostly sunny, 62° / Weather: P. 48 ★ ★ LATE CITY FINAL nypost.com • • • \$2.00

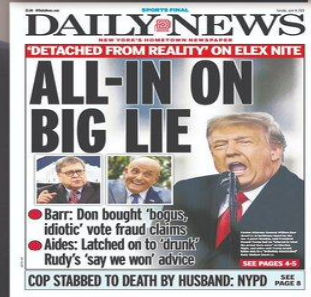
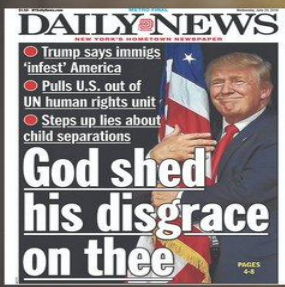
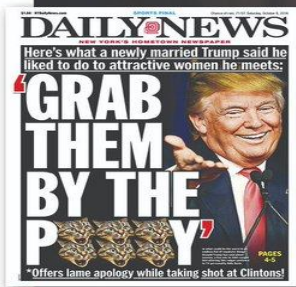
JOE'S FULL OF MALARKEY — AGAIN

- Says he's releasing oil from reserves as midterm rout looms — but 'nothing to do with politics'
- WH falsely claims they're saving us 'millions' at pump

GAS BACKWARD

The **POST** says: Here's an idea — drill! **PAGES 10-11**

HERE WE GO AGAIN



PAGES 6-7

Defiant Trump: I'm running for prez in '24

AP

What Is Ethics?

Ethics involves making the right decision even when one's actions are **not** under scrutiny



WHY STUDY ETHICS?

- **Become more principled** **Read Books on Enron
Arthur Anderson**
- **Proper ethical conduct is critical for professionals**
- **Decisions made are important to clients, employers
and to individuals investigated** **People Rely on You**
- **Ethical behavior will help with tough problems**

Define Ethical Behavior?

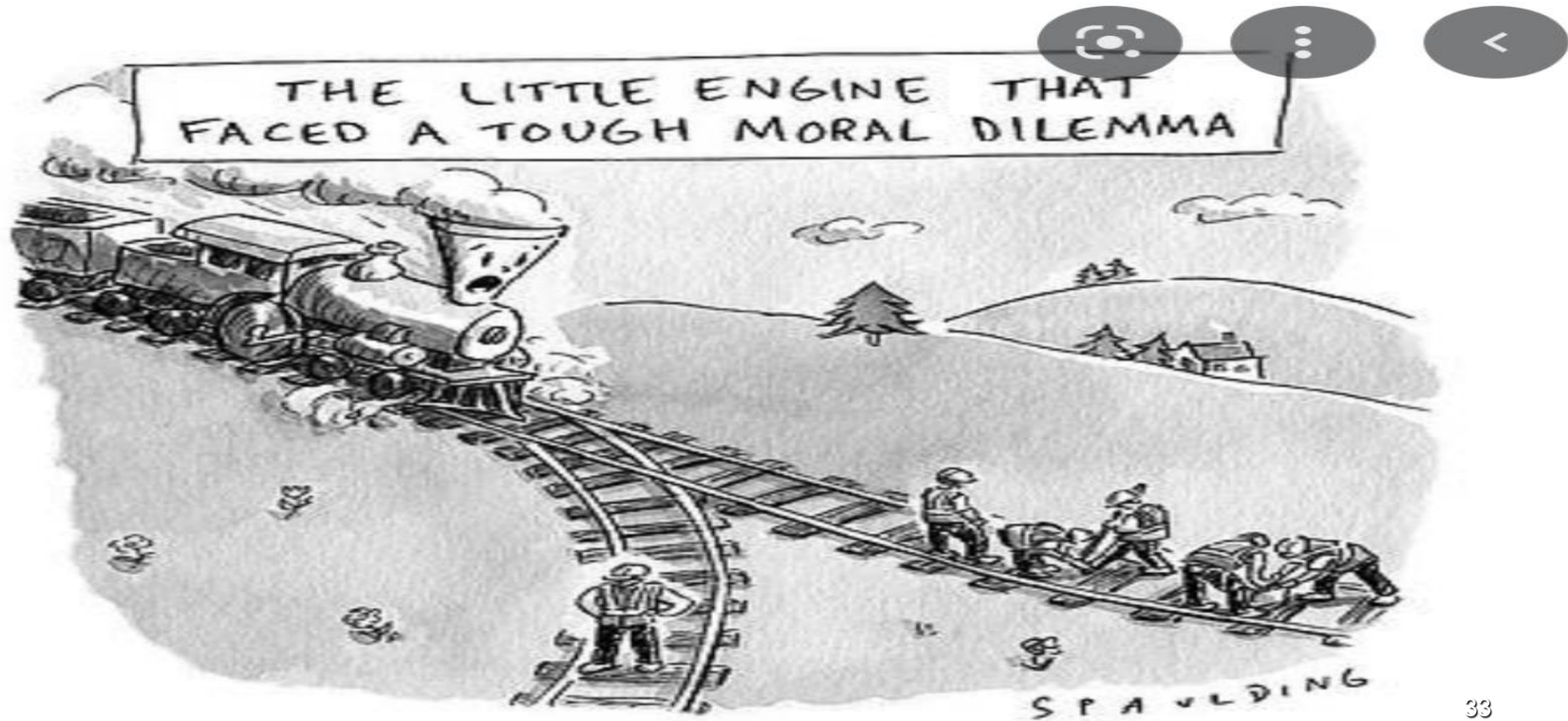
Never look the other way

or

Rationalize Questionable Actions

“Always do right. This will gratify some people and astonish the rest.” **Mark Twain**

ARE YOU ETHICAL? Which Track



Washington - Word to the Wise

- Listened more than he spoke
- Studied continuously
- Understood freedom versus tyranny
- Learned from mistakes
- Had the courage to repeatedly risk his life
- Was a shrewd judge of character
- Master of both big and little details
- Was incorruptible & didn't let power go to his head
- Avoided yes-men & wouldn't give up

ETHICAL DILEMMAS

Conflicting but arguably valid sides

Individuals Must Make a **Choice** Between Alternatives

Right Choice is Not Always a Clear Choice

DECISION TREE



Sentenced to 5 Years Probation + 1,000 CS

The Limo Operator From A 2018 Crash That Killed 20 People Will Avoid Prison Time

September 2, 2021 · 6:06 PM ET

THE ASSOCIATED PRESS



JUDICIAL DISCRETION



Nauman Hussain, the operator of the limousine company involved in the 2018 Schoharie limo

PLEA TOSSED **Fairness?**

- **Naumen Hussain Limo Crash in 2018 - Plea was tossed out by Justice Peter Lynch in August 2022.**
- **Hussain filed an appeal to vacate Lynch's decision.**

Lynch explained - because of evidence Hussain had been reckless & knowingly disregarded DOT stickers placed on the Limo ordered it off the road until repairs made

The Limo Operator From A 2018 Crash That Killed 20 People Will Avoid Prison Time

September 2, 2021 · 6:06 PM ET

THE ASSOCIATED PRESS



James Dolan Kicktatorship

- **Attorney Kelly Conlon was turned away from Rockettes Show**
- **Attorney Alexis Majano kicked out of Knicks game at MSG**
- **Facial Recognition – Ethical? Legal? Violation of Rights?**

ENRON MADE A LOT OF BAD DECISIONS



Kim's Not Along: **Crypto = Security**

SEC Charges Kim Kardashian for Unlawfully Touting Crypto Security

FOR IMMEDIATE RELEASE

2022-183

Washington D.C., Oct. 3, 2022 — The Securities and Exchange Commission today announced charges against Kim Kardashian for touting on social media a crypto asset security offered and sold by EthereumMax without disclosing the payment she received for the promotion. Kardashian agreed to settle the charges, pay \$1.26 million in penalties, disgorgement, and interest, and cooperate with the Commission's ongoing investigation.

The SEC's order finds that Kardashian failed to disclose that she was paid \$250,000 to publish a post on her Instagram account about EMAX tokens, the crypto asset security being offered by EthereumMax. Kardashian's post contained a link to the EthereumMax website, which provided instructions for potential investors to purchase EMAX tokens.

NEED COINS not CRYPTO

- **Two Hundred and Forty-One years ago, sound money helped save the day during the critical Battle of Yorktown {Sept. 28, 1781 – Oct. 19, 1781**
- **Government printed more money – currency collapsed – ratio was 525 to 1**

Sam Bankman FRIED “FREED”



**SAM
BANKMAN
FRAUD**

MONEY MACHINE GIVE A WAY

- Gave to Democratic \$40 M and Republican parties
- Gave \$10 million to Biden's 2020 Campaign
- Gave to his "effective Altruism" you make money to give
- Congressional Committees sought his advice on regulatory matters
- He recruited Tom Brady and Spouse
- COZIED UP TO crypto regulators at the Commodity Futures Trading Commission [**CFTC**] the SEC
- **CLAW BACK PROCESS**

Died April 14, 2021

Awaiting Trial



SBF's In Hall of SHAME SHTICK

In Madoff, those who fell for his hustle wanted to believe that a fatherly figure from Queens, savvy in the markets and looking out for their interests, would help them retire in style.

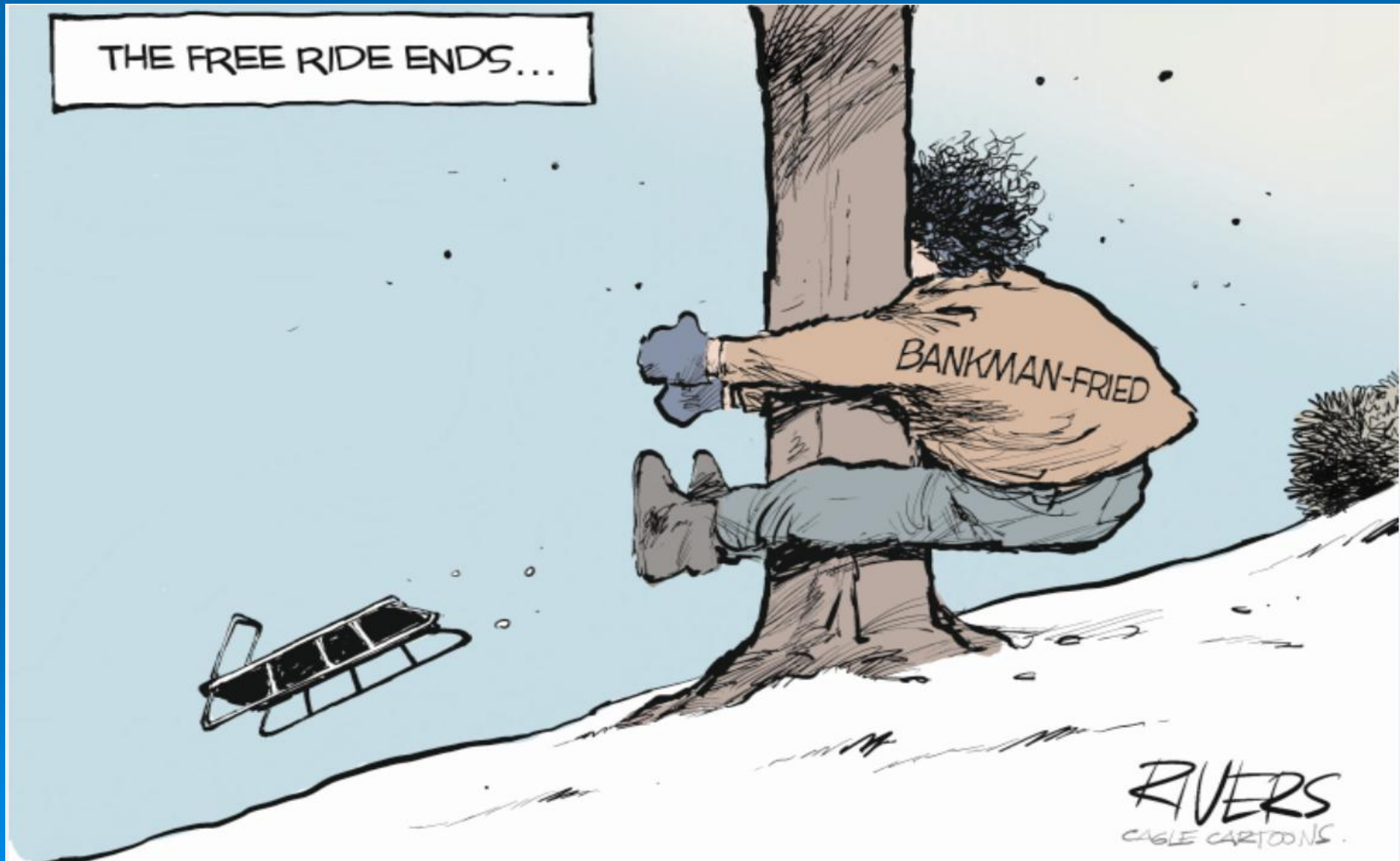
In Holmes' hustle was a well-cultivated image of tech-geek cool. She faked her Steve Jobs act right down to the black turtleneck and husky voice as she pushed her blood testing product that would revolutionize health care.

SBF's hustle was the diversionary technique of virtue signaling his way into the hearts and minds of the media and financial elite so they didn't bother to examine the holes. MIT smart. Wore a hoodie – hip – nonconformist.

Sam Bankman-Fried (FREED)

- “I **didn't steal** funds, and I certainly **didn't stash** billions away.”
- “The collapse of Mr. Bankman-Fried’s hedge fund, Alameda Research, stemmed from a broad crypto **market meltdown.**”
- “...no funds were stolen. Alameda lost money due to a market crash it was not adequately hedged for.”

FTX



CRYPTO CREEPS

Kyle Davies & Su Zhu – Founders of 3 Arrows Capital - Singapore

June 2022 Defaulted on \$2.4 Billion Loan from Genesis G. Cap.

January 16, 2023 Davies & Zhu peddling

A new stock exchange for trading stocks

Crypto

Claims on Crypto companies that went bankrupt

GOAL is to raise \$ 25 million for the new exchange

GTX mocking Sam's FTX

Zhu and Davies:

SEC and Commodity Futures Trading Comm.

Were investigating 3 Arrows for misleading investors

Zhu & Davies refused subpoena service Jan. 5

Nothing illegal about the new GTX exchange

**Claim already runs a marketplace for defrauded
crypto investors embroiled in U.S. bankruptcy claims.**

CRYPTO RED FLAGS

No federal regulatory regime for crypto industry – wild west

When crypto firm is privately held and isn't subject to the disclosure requirements public companies face such as 3rd party auditors – could be a problem.

Binance outflows of \$6 billion from Dec.12 to Dec.14.

Chaos MIND OVER MATTER



TEST of Mind Over Matter

**FINISHED FILES ARE
THE RESULTS OF YEARS
OF SCIENTIFIC STUDY
COMBINED WITH THE
EXPERIENCE OF YEARS**

RATIONALIZATION / EXCUSE

- **Documents Inadvertently Misplaced Biden's Lawyer**
- **National Merit Winners – Delayed informing winners to spare the feelings of those who didn't qualify – innocent oversight**
- **Congress received Federal Spending Bill [\$1.7 trillion] on Tuesday 12/20**
- **Senate passed it on Thursday 12/22**
- **House passed it on Friday 12/23 {start of Christmas weekend}**
- **Bill flown to St Croix so Biden could sign the Bill 12/29 {4,000}**

WHY THIS SLIDE ? \$410 Million

- JORDAN
- LEBANON
- EGYPT
- TUNISIA
- OMAN

The Liar is in the Details **Gov. Newsom**

- California has a “FAIR” tax system compared to Texas
- Texans pay more in taxes
- California \$6,325 per capital second highest VT first
- Texas second lowest \$2,214 Alaska first

Texas Active School Shooting

“If there’s kids in there, we need to go in”: Officers in Uvalde were ready with guns, shields and tools — but not clear orders

JUNE 20, 2022

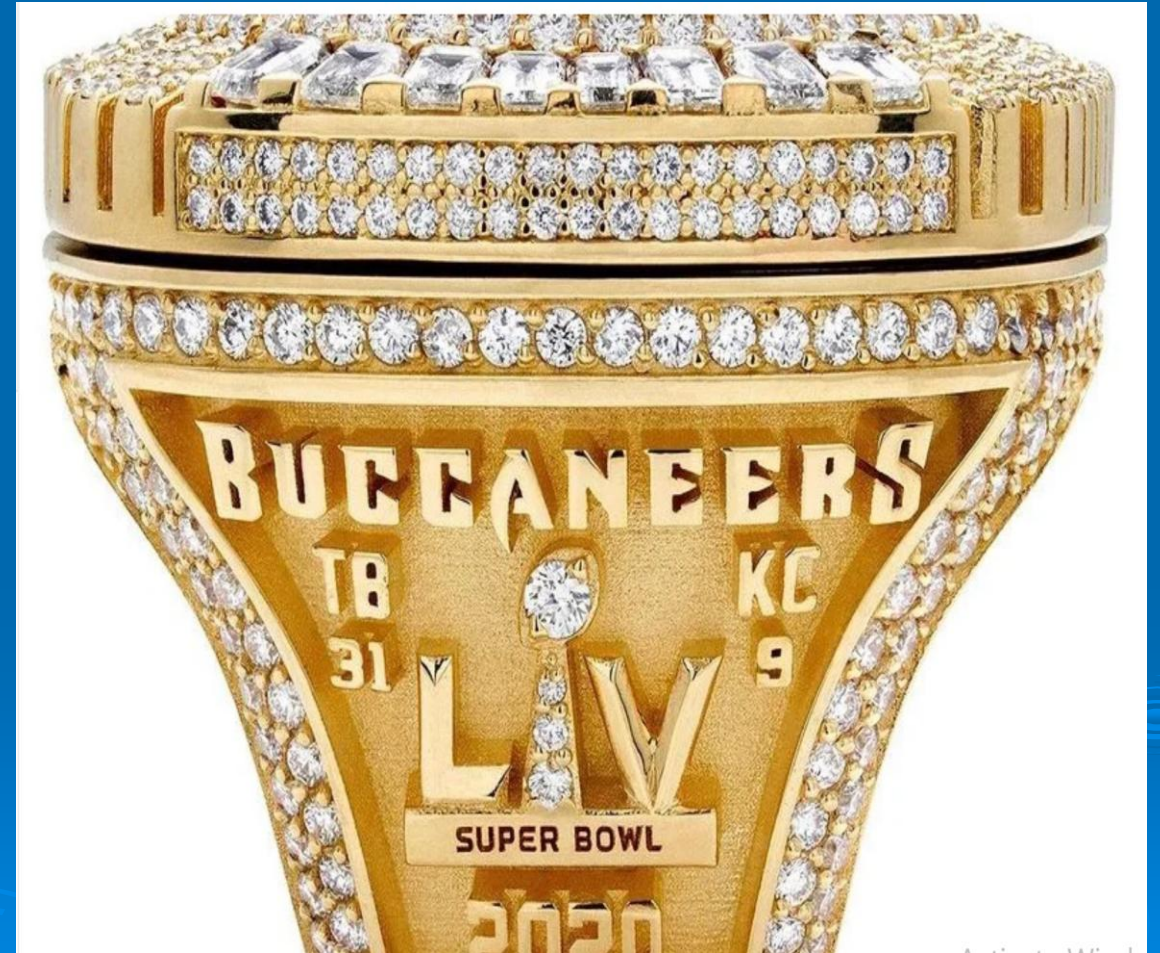
21 LIVES LOST

374 OFFICERS READY TO GO – LACK OF LEADERSHIP

Warnings Ignored

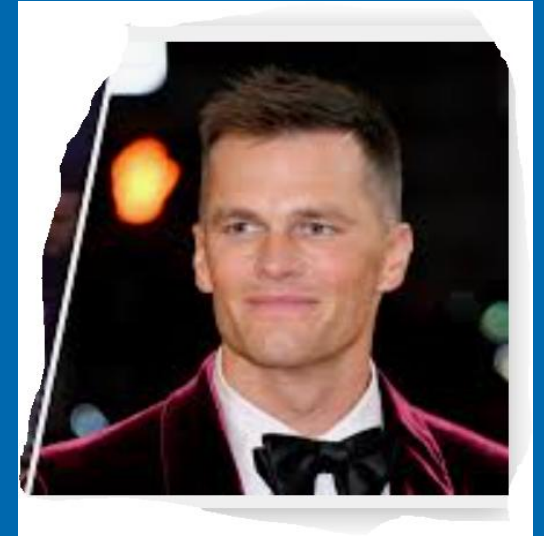
- **Virginia school had three warnings about 6-year-old with gun, says lawyer**
- **The Boy's family said the Gun was secured**
- **Admin Person said it was almost the end of school so no search needed**

Choice Question

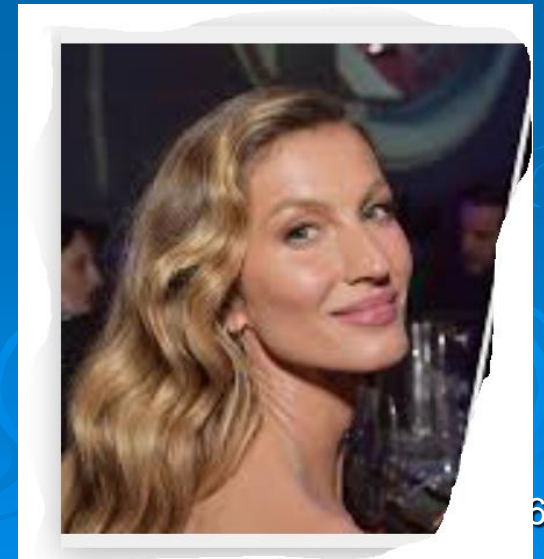


Money Not an ISSUE

➤ **Brady's Net Worth is in the \$250 million**



➤ **Gisele's Net Worth is in the \$400 million**



You be the Diplomat



RUSSIAN HOOPS



Decision to Make

- **Twins Born weighing 24 ounces each**
- **Lots of surgeries**
- **Three months in an incubator**
- **One went into septic shock 80% to 90% mortality rate**
- **Dr. suggests letting the baby go**
- **Another option was to do a very risky brain surgery**
- **For you it is decision time....**

‘Vote Fraud’ Bust



School officials say Emily Grover stole a homecoming queen election and punished her for it. Now she says it ruined her life.

Florida 'Scheme' Queen to Sue* 9-15-22

- Emily Rose Grover {19} and her mother {Vice-Principal of the school} allegedly accessed school accounts to submit 246 fake votes for Grover to win Tate HS homecoming queen. 2020
- Emily expelled from school
- Emily lost her full scholarship
- Mother received a suspension
- Emily's senior photo removed & replaced with the **back side**
LAW SUIT in 2022 Mental Cruelty



Risk Taking CFE's

Comply with Clients Demands or Lose the Client

Comply with Clients Demands or Risk Your Job

Comply with Employer's demands - Risk your CFE status

Under Enron – it was **don't lose the client \$60 Million - Fees**

Ethical Lapses

- **An ethical lapse occurs when an individual engages in behavior that does not comply with the ethical standards to which the individual aspires.**
- **When a CFE fails to comply with the Organization's Code of Professional Ethics – it means there is an ethical lapse.**

ETHICAL BLIND SPOT

Legal Standard

Generally

Legal is the

Minimum

Standard

PROFESSIONAL CODES of ETHICS

- **SERVES** as a **REFERENCE** and **BENCHMARK** for ethical guidance
- **Details the criteria for conduct particular to a profession**

PROVIDES GUIDANCE

Some ETHICAL PERSPECTIVES

- **UTILITARIAN**
- **RIGHTS**
- **FAIRNESS (JUSTICE)**
- **COMMON GOOD**
- **VIRTUE**

Utilitarian Perspective

Seek to produce the **Greatest Amount of Good**
for the **Greatest Number of People**

TRIAGE

RIGHTS PERSPECTIVE

**Rights of Individuals to Choose
What They Do With Their Lives**

The Right to Move

Speaking of **Choices** & Doing the Right Thing

TAXES

- **New York** 14.8%
- **California** 13.3% (Prop) 15.05 %
- **Arizona** 2.5% Flat Tax Soon
- **Texas** 0

4/1/20-7/1/21

Sometimes Voters Vote with their Feet **350,000**

RIGHTS PERSPECTIVE

Rights of Companies to Choose
What **They** Do With Their **Company's**

Top Business DESTINATIONS 325

No. 1 Texas



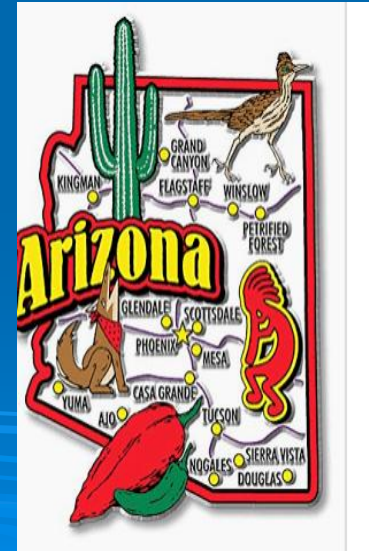
No. 2 Tennessee



No. 3 Nevada



No. 5 Arizona



No. 4 Florida



COMMON FACTOR?

FAIRNESS PERSPECTIVE

**Equally Distributes Benefits & Burdens Among
all Members of a Group**

Groups Tab is \$1,200 – divide by 12?

STUDENT LOAN FORGIVENESS

- Supreme Court agreed on December 1, 2022 to decide whether the Biden administration can cancel student-loan debt for millions of Americans – fast track – await a final ruling by the end of June 2023.
- Question: Is this one stroke of the pen Constitutional? – Ethical ? **Comments**

COMMON GOOD PERSPECTIVE

**Ethical Decision is the one that Advances the
Common Good of the Community**

Convert a Park into a Larger Fire House for Village

VIRTUE PERSPECTIVE

Virtues are Habits of Character that Predispose a Person with Virtuous Intentions to do the Right Thing when Faced with an Ethical Problem

TX Male College Student opens the Door for a Female Faculty Person

MISOGYNIST

CONSCIENCE

**Can I Defend this Action to Myself
in Terms of my Own Values?**

One's Inner Voice of Right or Wrong

What if it Got ONLINE-TWITTER-FACEBOOK

INFLUENCES

CUSTOMS OF SOCIETY

COLLEAGUES {30-55}

INSTINCT **Skepticism**

Professional Skepticism

FRANCIS NEWLY CONSIDERED
2015 © CREATORS.COM



www.investors.com/cartoons

Trust Issues

Rutgers Institute for Ethical Leadership

“Other than corporate executives who is most to blame for corporate scandals?”

Board of Directors 21%

Bankers 10%

Government 6%

Lawyers? 3%

? 60%

HOW BAD IS CHEATING

WSJ 10-7-22

➤ WALLEYE

➤ CHESS

➤ POKER



If it smells like a fish...

- **FISHY FISH:** A video went viral in early October 2022 from a fishing contest on Lake Erie, where a pair of anglers were accused of adding egg size lead weights and filets from other walleyes. At “**steak**” was a five-figure prize.

The scam fish were gutted on camera.

CHECKMATE

- Chess Investigation Finds That U.S. Grandmaster ‘Likely Cheated’ More Than 100 Times **October 2022**
- An internal report reviewed by The Wall Street Journal alleges a previously unknown pattern of likely widespread cheating by ***Hans Moke Niemann***, the player whose September victory over Magnus Carlsen has rocked the chess world
- **"devastating damage inflicted upon his reputation"**
SUING for \$100 Million



Activate Windows
Go to Settings to activate Windows.

ATTENTION CHEATERS

- **More than 70 West Point cadets accused of cheating on exam 12/20/21**
- **51 West Point cadets caught cheating 4/18/21**
- **At Least 100 Naval Academy Students Cheated on a Physics Test. 18 Have Been Expelled 8/20/21**
- **Dismissals and Discipline at Air Force Academy After 249 Cadets Investigated for Cheating 1/29/21**

DECEPTION with 30 pseudonyms

- He churned small grievances into unpardonable insults
- If there was a subversive committee he was on it
- With friends he provided news to alert the rest of people
- Dispatched writings to New York Philadelphia then back to Massachusetts, their origins secured.
- Sometime news was written months after the event but writings were too late for anyone to determine if the details were accurate
- More fake names must mean there are lots of people upset

HINT ON NEXT SLIDE

➤ **NAME THAT PERSON**

“The Revolutionary: Samuel Adams”



NY Unemployment FIASCO

- Labor Commissioner Roberto Readon, [Jan 2023] said the Department “prevented over \$36 billion from falling into the hands of criminals” but Auditors found that claim couldn’t be substantiated.
- Comptroller Tom DiNapoli estimated that New York’s UI system lost at least \$11 billion to fraud between April 2020 and March of 2021.

Robert & Renee Belfer Lost Billion

NY oil tycoon lost billions with Enron, invested with Bernie Madoff, and struck out with FTX: report

By [Ariel Zilber](#)

January 16, 2023 | 10:25am | Update



PEW SURVEY SAYS 2022

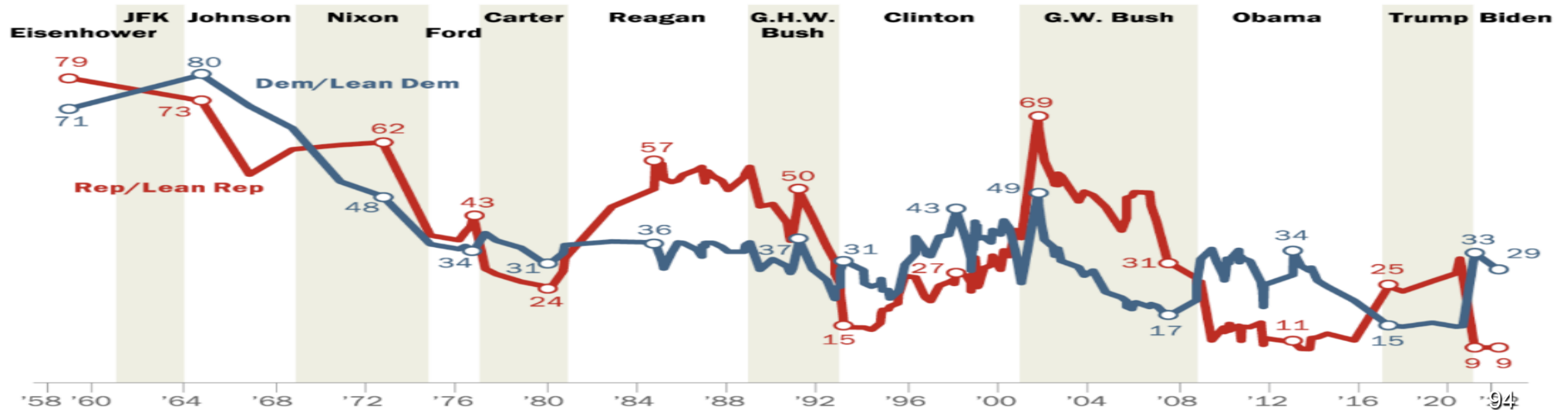
1. Public trust in government

Today, two-in-ten Americans say they trust the government in Washington to do what is right just about always (2%) or most of the time (19%).

Trust in government has remained at roughly this low level for more than a decade. Since the 2007-2008 financial crisis, no more than about a quarter of Americans have expressed trust in the federal government to do what is right all or most of the time.

Partisan trust in government shifts along with control of the White House, but remains relatively low within both parties

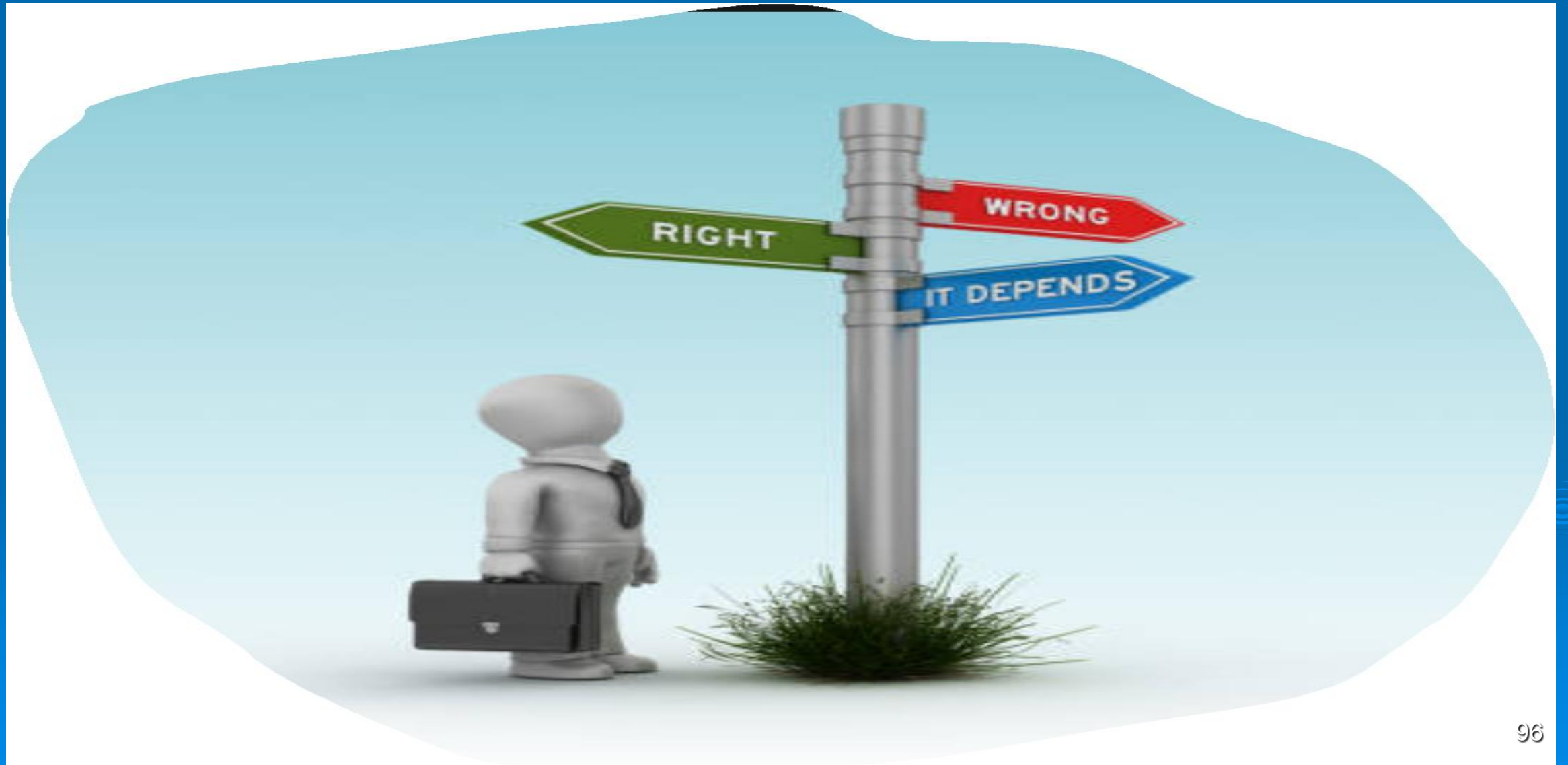
% who say they trust the government in Washington to do what is right just about always/most of the time



FANTASY LAND 2

- Mayor Adams says there's a "perception of fear" in NYC because newspapers "put [CRIME] on the front page..."
- Hochul says it's GOP "conspiracy" manufactured by "master manipulators" to convince people crime is rising.
- Total Crime Statistics are up 32% **NYPD Compstat**

Situational Ethics



Three Blind Voles



RICH MAN POOR MAN

Trevor Milton Found Guilty 10-14-22



ELECTRIC TRUCKS on Display 2-13-21

130 - Vehicle



 New York Post

Video shows 18-wheeler barrel into cars during Texas pileup

[Visit](#)

GUILTY VERDICT on Security Fraud



 YouTube

Watch

Nikola Made A Fake Commercial Showing A Semi Truck
With No Motor Going Down A Hill 🙄

Uploaded by: Mutha Trucker - Official Trucking Channel, Nov 15, 2021

What Did Trevor Milton Do?

- Founded Nikola in 2015
- Public in 2020 @ **Valuation** of \$3.3 Billion

NOT ONE TRUCK SOLD

One court security fraud

Two counts of wire fraud “each counts nets 20 years”

HE LIED

Milton's Bio

- Utah Valley University – formerly Utah Valley Comm. College
- Left after the first term
- Entered into the Alarm Sales Company – sold for \$300,000****
- **On-Line business selling cars – failed**
- **In 2010 dHybrid Inc. was founded as an alternative energy vehicle company**
- **In 2014 Worthington {W} acquired dHybrid**
- **In 2014 Nikola Motor Co. created using \$2 mil from {Worth}**
- **In 2020 Nikola Motor Co. goes public \$12 BILLION**

\$\$\$ LOOK UNDER THE HOOD \$\$\$

Tesla has Cars -- Nikola forecast trucks & clean fuel
Investors see an opening to enter the clean energy

F O M O = ? Timing

- Tesla stock price in March 2020 **\$200**
- Tesla stock price in August 2020 **\$2,200 5-1 split**
- **Tesla stock split 3 for 1 in August 2022 \$900**

Nikola's CASH FLOW

Cash Flow

All numbers in thousands

 Get access to 40+ years of historical data with Yahoo Finance Plus Essential. [Learn more](#)

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Operating Cash Flow	-454,991	-307,154	-150,533	-80,627	-54,019
> Investing Cash Flow	-208,237	-207,481	-31,141	-39,302	-15,410
> Financing Cash Flow	559,758	187,598	941,120	35,805	211,732
> End Cash Position	529,224	522,241	849,278	89,832	173,956

Nikola's Key Income Numbers in Thousands

Breakdown	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	0	95	482	173
Cost of Revenue	0	72	271	50
Gross Profit	0	23	211	123
> Operating Expense	693,526	368,343	88,206	70,612
Operating Income	-693,526	-368,320	-87,995	-70,489
> Net Non Operating Interest Inc...	-481	202	1,456	686
> Other Income Expense	7,153	-16,585	-1,966	3,508
Pretax Income	-686,854	-384,703	-88,505	-66,295

ROLLING DOWN THE ROAD “NIKOLA ONE”



 Ars Technica

Nikola admits prototype was rolling downhill in promotional video | Ars Technica

Visit

MISREPRESENTATION

- Jurors watched a video in which a Nikola semi-truck called the Nikola One appeared to drive along a desert road. In reality the truck doors taped shut and the batteries removed, was towed to the top of a hill and rolled down it.
- Trevor directed the video be posted to Nikola's Twitter account – **WHO OWNS TWITTER?**

BAD MARKETING

- **Mr. Milton describing an un-drivable prototype to a crowd as “fully-functioning” and saying that Nikola was producing hydrogen fuel at a cost of \$4 per kilogram when it cost other companies much more. Nikola was not producing any hydrogen at all.**

SEC FRAUD 101

- **A Focus On Product Engineering Banked Nikola Motor Company \$10 Billion In Pre-Sales ‘Without A Single Salesman’**
- **In fact, Nikola Motor Company **banked** over \$10 billion in pre-order revenue “without a single salesman in place” including a whopping \$2.3 billion in pre-order revenue for the company’s first semi-truck alone.**
- **There were no contracts just letters of interest.**

Jamie Petrone



 Daily Mail

Former Yale medical school official, 43, sentenced to nine years for \$40M fraud | Daily Mail Online

Visit



 My Crime Library

Jamie Petrone Steals \$40 Million From Yale | My Crime Library

110

YALE BULL DOG



- **Jamie Petrone: Employed as Director of Finance & Administration for Yale's Department of Emergency Medicine. ?**
- **Authority to purchase computer equipment for the department as long as amount was less than ?**

VARIANCE ANALYSIS

DRUM ROLL

For INTERNAL AUDITORS



7,500 laptops ordered

New Lifestyle



New York Post

Ex-Yale employee used \$40M in stolen equipment to fund lifestyle

Visit

Petrone Purchases

2014 Mercedes-Benz G550

2017 Land Rover

2015 Cadillac Escalade

2020 Mercedes Benz Model E450

2016 Cadillac 4-Door Sport

2018 Dodge Charger

Three building in Connecticut

Home in George

MORE SPENDING

- **TRAVEL \$4 Million**
- **ENTERTAINMENT \$4 Million**
- **RETAIL ITEMS \$2.5 million**
- **JAMIE STOLED \$40,504,200 from YALE**

Scheme

The scheme began as early as 2013 and lasted until Aug. 2021, almost \$25.5 million of the \$40 million was stolen between fiscal years 2019 and 2022.

Broke up purchases

Fake Invoices – used the fake cover of Yale Discounts

Change email orders from others employees

Payments sent to Maziv Entertainment LLC of which Jamie was a principal



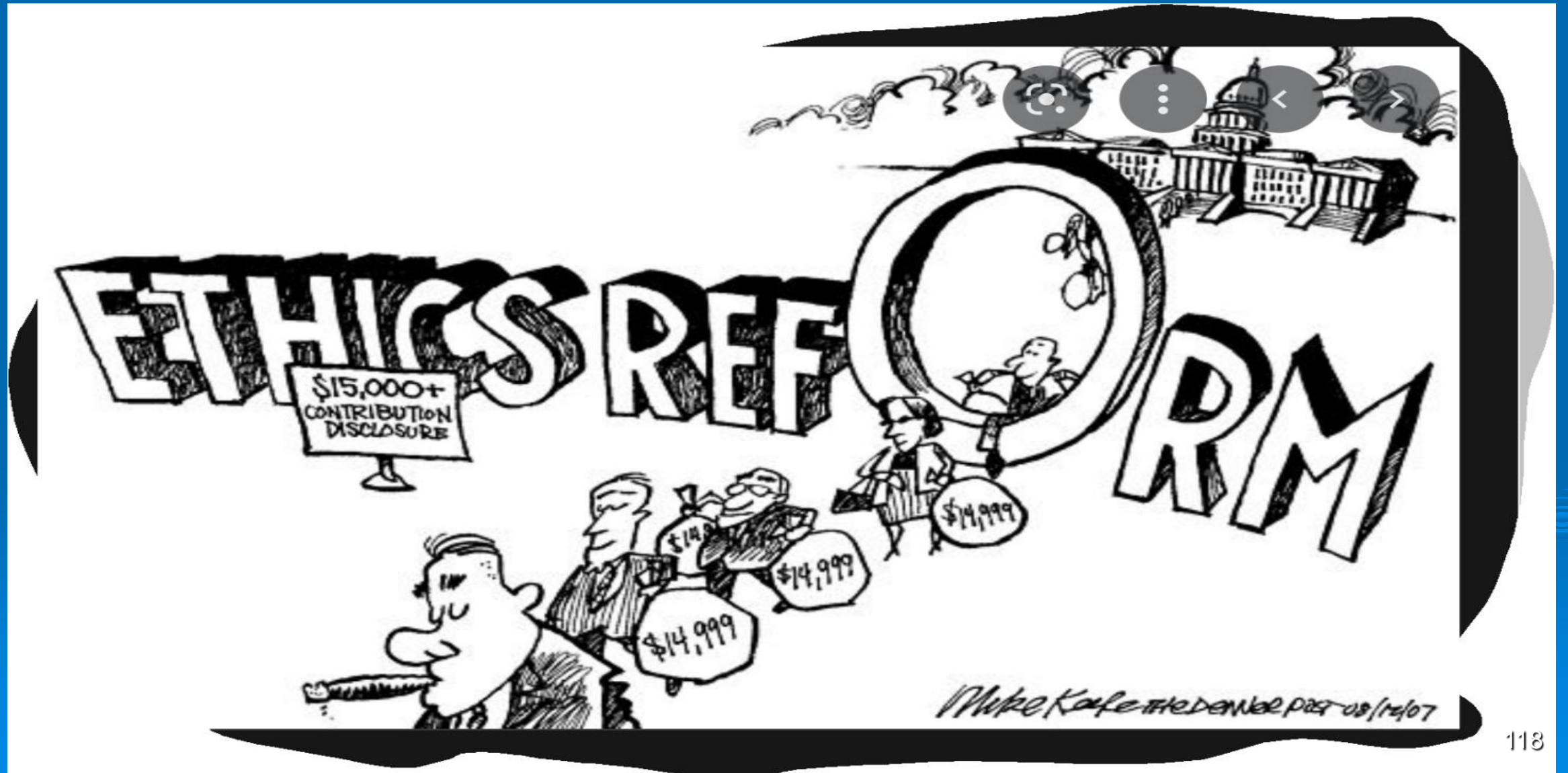
The FRAUD

PRESSURE OPPERTUNITY RATIONALIZATION

**Jamie JUST COULD NOT RESIST THE TEMPTATION –
Jamie was permitted to order technology equipment without
authorization as long as the total purchase was under
\$10,000.**

YOUR THOUGHTS

When is the Temptation too Great



One Newspaper Noted 7,500 PC's

- **Jamie Petrone-Codrington, 42, would place orders for iPads and Microsoft Surface Pros for the college that came in under \$10,000. Orders for IT equipment below that amount did not have to be approved by her superiors.**
- **She repeated the scam thousands of times over an estimated 10 years, and sold the tablets to an unidentified business in Long Island. Petrone-Codrington, who admitted wire fraud Monday, was first probed by staff at Yale in June 2020 over her spending on computers.**

Give Musk a Chance



TESLA CASH FLOW ANALYSIS

Cash Flow

All numbers in thousands

 Get access to 40+ years of historical data with Yahoo Finance Plus Essential. [Learn more](#)

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Operating Cash Flow	16,325	632,689	992,870	1,303,364	1,339,711
> Investing Cash Flow	984,251	52,623	-1,560,565	-1,115,974	-2,055,513
> Financing Cash Flow	-2,423,766	-472,823	755,310	-286,175	978,116
> End Cash Position	2,725,312	2,210,685	2,011,276	1,827,666	1,921,875

TESLA INCOME STATEMENT

Income Statement All numbers in thousands

 Get access to 40+ years of historical data with Yahoo Finance Plus Essential. [Learn more](#)

Breakdown	TTM	12/31/2021	12/31/2020	12/31/2019	12/31/2018
> Total Revenue	5,228,681	5,077,482	3,716,349	3,459,329	3,042,359
Cost of Revenue	2,047,696	1,797,510	1,366,388	1,137,041	964,997
Gross Profit	3,180,985	3,279,972	2,349,961	2,322,288	2,077,362
> Operating Expense	3,462,052	3,007,010	2,323,303	1,955,915	1,624,037
Operating Income	-281,067	272,962	26,658	366,373	453,325

Streaming Service or Twitter



TWITTER PURCHASE JEOPARDY

**LOTS OF DEBT
NEW BUSINESS MODEL
FINANCIALS**



5 days ago

 The Telegraph

Visit

Elon Musk arrives at Twitter with sink as he vows not to cut 75pc of jobs

KEY CONCEPTS for CFE's

BIAS

COMPETENCE

COMMUNICATION

COMPETENCE

CONFIDENTIALITY

COURAGE

HONESTY

INTEGRITY

KNOWLEDGE

OBJECTIVITY

OPINION

PREJUDICE

RELEVANT

SKILLS

What is in your **Background Check**

Marilee Jones said she had “**misled the Institute about my academic credentials**” in applying for her first job at MIT in 1979, and “did not have the **courage** to correct my resume when I applied for my current job or at any time since.”

Governor Hochul and the 7 Month Lt. Governor Brian Benjamin signed on in August 2021 and resigned April 2022 federal counts on Bribery and Falsification of Records

WAS THERE A BACKGROUND CHECK?

Who Leaked the **Dobbs** Draft

Dobbs v. Jackson Women's Health Organization

- **Does the public have the right to Know ?**
- **Chief Justice John Roberts assigned the Supreme Court Marshal's Office to conduct a search.**
- **Marshall Office has no authority to issue subpoenas or to immunize witnesses to testify. Makes you wonder**₁₂₈

Race in College Admissions



- *Students for Fair Admissions v. Harvard*
- *Students for Fair Admissions v. University of N.C.*
- Admissions staff gives demerits on such subjective measures of personality as lacking leadership and confidence and being less likable and kind
- **Decision provided in late June 2023**

Why Have a Code?

- Shows Employees you are Responsible
- Show Customers you Value Integrity
- Prevents ‘innocent’ Violations of Ethics
- Provides a Clear Point of Reference when enforcing **Corrective** Action

Why Do CFEs Need Ethics?

If you do not have a Code – then – you must be unethical & unprofessional.

Integrity is critical & Character is important

Provides a standard in which to investigate

It's the right thing to do

ACFE Ethics

- **Do the right thing?**
- **Rules to distinguish between right & wrong**
- **ACFE Bylaws (11th Ed)**
- **ACFE Code of Professional Ethics**
- **ACFE Code of Professional Standards**
- **Guidance on Code of Professional Standards**

Code of Professional Ethics

Section I

ACFE Member shall demonstrate a **commitment to professionalism and diligence in the performance of his or her duties.**

Code of Professional Ethics

Section II

ACFE Member shall not engage in any illegal or unethical conduct, or any activity which would constitute a **conflict of interest** that has not been properly disclosed to the appropriate parties.

Fox Executives FIFA Bribery Case

- **Hernan Lopez and Carlos Martinez, defendants in a Brooklyn federal court, are accused of bribing FIFA officials to secure broadcasting rights to soccer matches – illicit payments and kickbacks between 2000 and 2015 to South American soccer officials in exchange for broadcasting right to the region. Trial Starts this week.**

CONFLICT OF INTEREST

- Hochul \$800,000,000 for Buffalo Stadium Husband's firm obtain concession contract
- Hochul obtain virus test kits pays twice the price as California did for same test kit. Large donor sends some money to campaign fund
- "Pay to Play"

Code of Professional Ethics

Section III

ACFE Member shall, ... exhibit the highest level of **integrity** in the performance of all professional assignments, and will accept **only assignments for which** there is a **reasonable expectation** that the assignment **will be completed with professional competence.**

Code of Professional Ethics

Section IV

ACFE Member will comply with the lawful order of the court, testify to matters **truthfully & without bias and prejudice.**

Code of Professional Ethics

Section V

ACFE Member will obtain evidence and other documentation to establish a reasonable basis for any opinion rendered. No opinion shall be expressed regarding the guilt or innocence of any person or party.

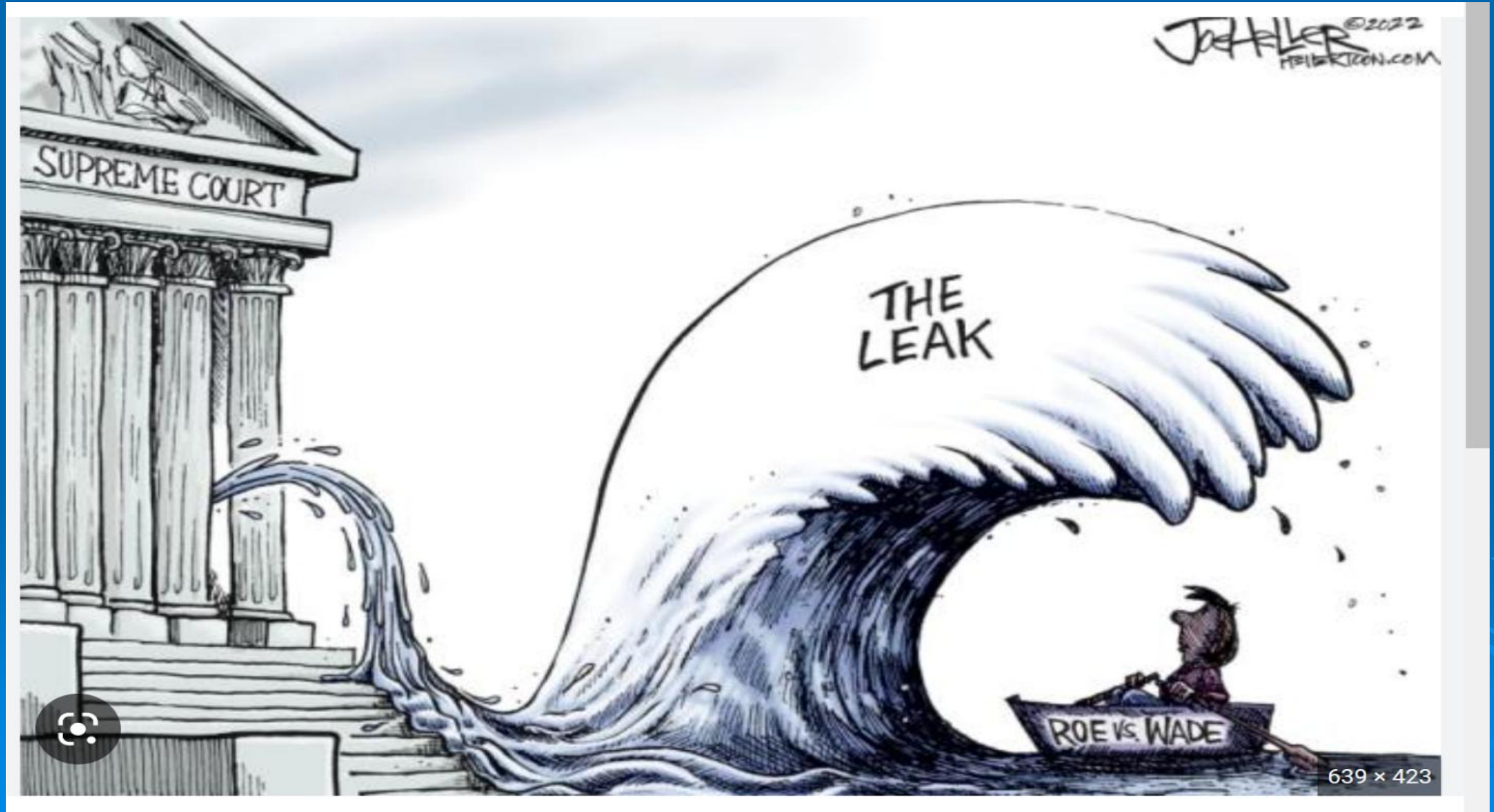
Code of Professional Ethics

Section VI

ACFE Member shall **not reveal any confidential information** obtained during a professional engagement without proper authorization

9 Justices & 82 Staffers - Alito's Draft

1/20/2023



Draft Leak Chief Justice Roberts

Dobbs v Jackson Women's Health Organization



📷 Anna Moneymaker/Getty Images

A view of the U.S. Supreme Court Building in Washington, D.C., on May 03, 2022.

The draft opinion, apparently written by Justice Samuel A. Alito Jr.,

Code of Professional Ethics

Section VII

ACFE Member **shall reveal all matters discovered during the course of an examination**, which if omitted, could cause a distortion of the facts.

Code of Professional Ethics

Section VIII

ACFE Member shall continually strive to increase the **competence & effectiveness** of professional service performed.

Professional Standards

- **Section I** - These Standards express basic principles of ethical behavior to guide members in the fulfilling of their duties and obligations.
- **Section II** - Fraud Examination – assignment or engagement, a substantial purpose of which involves the **PREVENTION, DETECTION, INVESTIGATION**, or resolution of fraud or fraud-related conduct.

Integrity and Objectivity

Section III Part A

1. CFE's **shall not sacrifice integrity** to serve the client, employer or the public interest
2. CFE's shall investigate for **actual, potential,** and **perceived** conflicts of interests
3. CFE's shall **maintain objectivity** throughout the fraud examination
4. CFE's **shall not commit acts discreditable to the ACFE**
5. CFE's **shall not make a false statement** when testifying under oath

OBJECTIVITY *

- **“...ability to conduct fraud examinations without being influenced by one’s own personal feelings ...**
- **and is not influenced by bias, prejudice, or other information that cannot be substantiated or that has no foundation.”**

BIAS - PREJUDICE

- **“Bias refers to partiality that prevents an individual from objectively considering an issue or situation...”**
- **“...whereas prejudice refers to a preconceived attitude, belief, or feeling that prevents objective consideration of an issues or situation.”**

steven mintz / roselyn morris

ETHICAL OBLIGATIONS AND DECISION-MAKING IN ACCOUNTING

Text and cases



Mc
Graw
Hill
Education

fifth edition

MORAL COMPASS

EACH OF US IS GUIDED BY OUR OWN “MORAL COMPASS.”

NOT EVERY PERSON’S “MORAL COMPASS” POINTS IN THE SAME DIRECTION.

RECENT headlines are clear evidence of this be it HOLLYWOOD celebrities, professional athletes, or political figures. *MOMS as Domestic TERRORISTS*

Jennifer Holmes

**BLOOD TEST
EQUIPMENT** was a
complete fake –Key
Investors Lost
Millions –

**Earned 11 years
In Prison 11-18-22**

Nov 30, 2021 at 7:24 pm ET

Prosecution Says Holmes Violated Contracts With Pharmaceutical Companies When She Added Their Logos

By Heather Somerville




Elizabeth Holmes, in dark outfit, arrived Tuesday at federal court in San Jose, Ca., for a day of cross-

Balwani Earns 13 Years in Prison

The New York Times

No. 2 Theranos Executive Is Sentenced to Nearly 13 Years for Fraud

Ramesh Balwani, the former chief operating officer of the failed blood testing start-up, was convicted of 12 counts of fraud in July.

 Give this article



5 QUESTIONS to ASK

From Duska & Duska *Accounting Ethics* Blackwell

Is the Action Good For Me?

Is the Action Good or Harmful for Society?

Is the Action Fair or Just?

Does the Action Violate Anyone's Rights?

Have I Made a Commitment, Implied or Explicit?

Ethics Check Number 1

From the authors of *The Responsible Manager: Practical Strategies for Ethical Decision Making*, Michael Rion

1. *Why is this bothering me?*

Is this really an ethical dilemma?

Are there competing interests involved?

What principles & rules are applicable?

Clarify issue in terms of fairness & integrity

Ethics Check Number 2

2. Who else matters?

Who are the Stakeholders

What impact will my decision have on them?

Remember the Golden “Rule”

Ethics Check Number 3

3. Is this really my problem?

Question of responsibility & obligation

Extent of responsibility – me – boss – others?

Moral obligation or just a good deed

Above and beyond the call of duty situation?

Ethics Check Number 4

4. What do others think?

Get opinions from others

Other important information

Elicits facts, principle, & perspectives

Seek out well informed professionals

Ethics Check Number 5

5. Am I being true to myself?

Check on decisions ethical validity

Decision ethically justified?

Am I happy with my decision?

Consistent with Code of Professional Conduct

How would I feel if decision reported in

newspaper

Ethics Check **Six Step Process**

STEP 1 - Recognize and define the problem

STEP 2 – Determine the facts

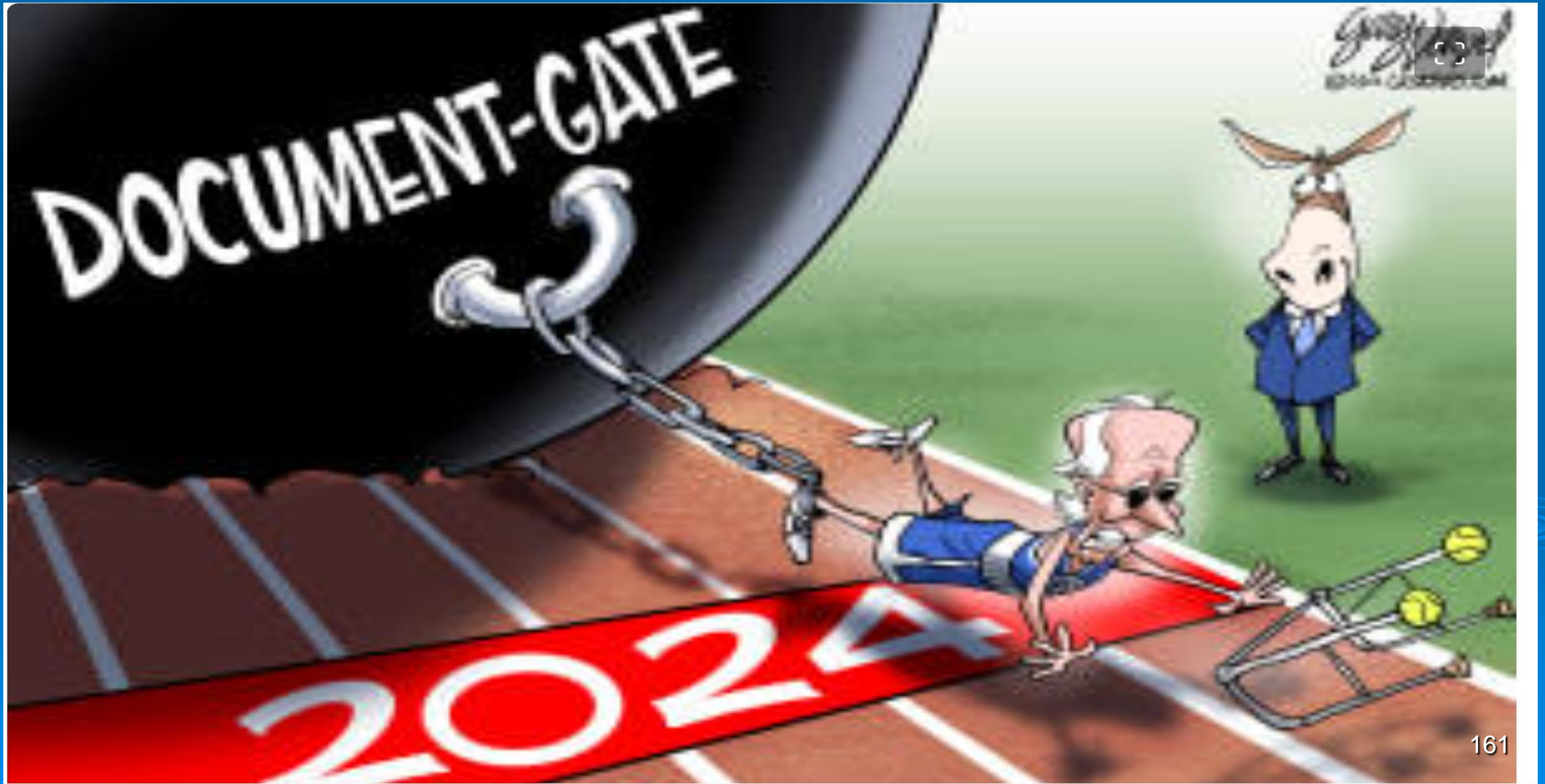
STEP 3 - Identify alternatives

STEP 4 – Apply ethical principles

STEP 5 – Make a final decision

STEP 6 – Communicate the decision

SAY IT AIN'T SO



Until We Meet Again “2024”

