



Dallas Area Chapter



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Chattin' with the Chief

Finally! A break in the weather and some rain. Before you know it, ice will cover the roadways and we'll all get some much deserved "work from home" time. I suppose it's time for me to send my sweaters to the cleaners, thereby waking them up from their long winter's nap. Surely it won't jinx the cooler weather, will it?

I also can't believe the holiday season is already upon us. Just when Halloween satisfies our chocolate fix, Thanksgiving shows up and ushers in a larger-sized wardrobe. You can get a leg up (no turkey

pun intended) by emptying your pantry at **our third annual food drive**, benefiting the Dallas Food Bank. It may make your spread a tad bit thinner (puns intended), but it will certainly provide benefits to families in dire need. See page 3 for more information on the North Texas Food Bank.

Our fraud summit is set for May 18, 2012. You may think to yourself that it's 6 months away, but I assure you that the board feels as if it's right around the corner. As such, this year promises to be the biggest and most exciting summit to date. We've committed quite a

capital outlay this year, and as a result we have already confirmed a major author/celebrity presenter and exceeded last year's sponsorship totals. I am hopeful that by January, I can provide you with the finalized agenda.

On page 6 of the newsletter, you'll find the names and addresses of your board members. Do you mind dropping us a line from time to time, letting us know your thoughts and providing suggestions on future meeting topics.

Jeff Matthews



Location:
CityPlace
2711 North Haskell
Dallas, Texas 75204

"Joint Meeting with IIA"

Join us for our next meeting
Tuesday, November 1, 2011

Register at www.dallasacfe.org

Faces in the Crowd

October Luncheon

We had tremendous turnout for our joint ISACA meeting. Ms. Amber Maniscalco provided an in-depth discussion regarding the use of CAAT tools in identifying fraud. Mr. Joseph S. Satagaj, Jr., from the Defense Contract Management Agency's (DCMA) Contract Integrity Center hosted lunch, entertaining us with a fun and alarming look at the agency's fraud cases. Keith Waddell from Bell Helicopter closed our session by focusing on the staggering economic cost of fraud.



Monthly Meeting November 1, 2011 Joint Meeting with IIA

CAST (10:30am)	<u>Ray Lindsay III</u> "How to Conduct a Fraud Investigation"
Pre Meeting (10:30am)	<u>Scott Clary/Dan Torpey, E&Y</u> "Integrating Anti-Bribery & Corruption Analytics into your Internal Audit or Compliance Program"
CAE Spotlight (12pm)	Kosmos Energy and the Energy Industry - Linh Truong
Lunch (12:30pm)	<u>Pam Verick, Protiviti</u> "Fraudulicious"
Post Meeting (1:30pm)	<u>Amanda McMurry, US Postal Inspector</u> "Corporate Mail Fraud Trends"

November Food Drive: Don't forget your food. People are depending on YOU!

The North Texas Food Bank (NTFB) is a nonprofit hunger relief organization that distributes donated, purchased and prepared foods through a network of 1,146 feeding programs in 13 North Texas counties. The NTFB supports the nutritional needs of children, families and seniors through education, advocacy and strategic partnerships. Close the Gap is the NTFB's 3-year initiative to unite the community to narrow the food gap by providing access to 50 million meals annually by 2011.

Founded in 1982, the NTFB is a member of Feeding America (feedingamerica.org). Last year, the NTFB provided access to 37 million meals through its efforts. Each month agency pantries distribute food to more than 53,000 families and on-site

- NTFB provided access to 44 million meals last fiscal year.
- NTFB provides food to almost 25,000 people each day.
- NTFB serves over 300 Member Agencies and 1,184 feeding and education sites.



T H E B U L L E T I N B O A R D

Oct 20, 7:11 AM EDT

Citigroup paying \$285M to settle SEC fraud charges

By **MARCY GORDON** and **DANIEL WAGNER**

AP Business Writers

WASHINGTON (AP) -- Citigroup has agreed to pay \$285 million to settle civil fraud charges that it misled buyers of a complex mortgage investment just as the housing market was starting to collapse.

The Securities and Exchange Commission said Wednesday that the big Wall Street bank bet against the investment in 2007 and made \$160 million in fees and profits. Investors lost millions.

Citigroup neither admitted nor denied the SEC's allegations in the settlement.

"We are pleased to put this matter behind us and are focused on contributing to the economic recovery, serving our clients and growing responsibly," Citigroup said in a statement.

The penalty is the biggest involving a Wall Street firm accused of misleading investors before the financial crisis since Goldman Sachs & Co. paid \$550 million to settle similar charges last year. JPMorgan Chase & Co. resolved similar charges in June and paid \$153.6 million.

All the cases have involved complex investments called collateralized debt obligations. Those are securities that are backed by pools of other assets, such as mortgages.

Citigroup's payment includes the fees and profit it earned, plus \$30 million in interest and a \$95 million penalty. The money will be returned to the investors, the SEC said.

In the July-September quarter, Citigroup earned \$3.8 billion. CEO Vikram Pandit this year was awarded a multi-year bonus package that could be worth nearly \$23.4 million if performance goals are met.

At the height of the financial crisis in 2008, regulators worried that Citigroup was on the brink of failure. It received \$45 billion as part of the \$700 billion government bailout.

In the civil lawsuit filed Wednesday, the SEC said Citigroup traders discussed in late 2006 the possibility of buying financial instruments to essentially bet on the failure of the mortgage assets being assembled in the deal.

Rating agencies downgraded most of the investments that Citigroup had bundled together just as many troubled homeowners stopped paying their mortgages in late 2007. That pushed the investment into default and cost its buyers' - hedge funds and investment managers - several hundred million dollars in losses.

THE BULLETIN BOARD

Among the biggest losers were Ambac, a bond insurer, and BNP Paribas, a European bank. Ambac had sold Citigroup protection against losses on the investment, allowing Citigroup to bet against it.

Hedge funds had asked Citigroup to sell them investments that would decline if the housing market crashed. Citigroup did so, and wanted to get in on the action, the SEC said.

Citigroup bet that the investments would fail, but never told investors it had done so, SEC enforcement chief Robert Khuzami said in a conference call.

"Key facts regarding how the structure was put together were not made available to (investors), and they suffered losses as a result," he said.

Even though Citigroup designed the investment to fail, it told investors it had been designed by an independent manager, the SEC said. Citigroup's marketing materials said the investments were picked by Credit Suisse. In an email about the deal, one Citigroup banker asked another not to tell Credit Suisse that it was designed for Citigroup to profit.

Credit Suisse "agreed to the terms even though they don't get to pick the assets," the email said, according to the SEC's complaint.

Credit Suisse also reached a settlement with the SEC. Two divisions of the bank agreed to pay a \$1.25 million civil fine. It will also return \$1 million in fees and pay \$250,000 in interest. They didn't admit or deny the charges.

Credit Suisse declined to comment on the settlement.

The SEC also filed charges against Brian Stoker, a Citigroup employee it said was mainly responsible for putting together the deal. Stoker will contest the charges, according to a statement released by his lawyer.

Administrative note: Long time board member Dori Bohl has decided to step down as a Director. This was Dori's second term on the board and served as Chapter Secretary for the past two years. Dori's contributions will be greatly missed.

We are here to serve you!

UP-

Board of Directors Members Information

<u>Name</u>	<u>Position</u>	<u>Email</u>
Jeff Matthews	President	jmatthews@crai.com
Tali Ploetz	Vice President	Tali.Ploetz@americredit.com
Scott Bell	Secretary	sbell@retailsecuritytoday.com
Jim Villalon	Treasurer	Jim.Villalon@Rentacenter.com
Vickie Blair	Director	fraudsolutions@aol.com
Mike Rogers	Director	miker@plano.gov
Randall Brown	Director	rk.brown@verizon.net
Jason Arrington	Director	jason.arrington@ssa.gov

Dallas Area Chapter

ACFE
Dallas Chapter
P.O. Box 191776
Dallas, Texas 75219



The Dallas Chapter supports the international mission of the Association of Certified Fraud Examiners through its educational programs and seminars, which promote an enhanced awareness of fraud prevention, detection and investigation techniques among its membership and throughout the business and law enforcement communities. At the same time, program attendees are provided an opportunity to earn their annual continuing education credits and network with a diverse group of professionals in related fields.