

**AGA-Austin Chapter
Program & Luncheon Meeting Minutes
Meeting Date: March 8, 2012**



Regular Business

Debi Weyer opened the meeting with the following announcements:

- \$250 scholarship would be awarded by raffle at the end of the meeting. The winner was Eric Cruz from the Employees Retirement System.
- The speaker at the April event will be Doug Wilson, Office of Inspector General at the Health and Human Services Commission. Depending on the response to the registration flyer, the Chapter may move the meeting to a venue that can accommodate a larger audience.
- A big thank you to those who have volunteered for positions on the Executive Committee. Two positions are still open – President-Elect and Community Service co-chair.

Program Speaker

Debi Weyer introduced Osvaldo “Ozzie” Alaniz, Supervisory Special Agent in the White Collar Crime program of the San Antonio district office of the Federal Bureau of Investigation (FBI).

Ozzie graduated from New Mexico State University in 1986 with a Bachelors of Business Administration in Finance. in and is a member of the Naval Reserve. He is also a graduate of the Department of Defense Polygraph Institute.

Ozzie was previously employed at British Petroleum and served as an Officer in the U.S. Naval Reserve.

Ozzie has served in the San Juan, El Paso, San Diego and San Antonio Field Offices of the FBI. During these assignments, he investigated while collar crime, violent crime, drug trafficking, and public corruption matters. He has also served as Assistant Legal Attache at the U.S. Embassy in Bogota, Colombia.

Overview – Trends in White Collar Crime

The San Antonio district of the FBI covers the area from Waco to Brownsville.

Prior to 9/11/2001, the FBI was reactionary, meaning that if there was a bank robbery, they responded after the alarm went off, they interviewed witnesses, they collected evidence.

Since 9/11/2001, the FBI has become more proactive by implementing various process and methods such as:

- Trend Analysis
- Data gathering/data mining
- Human Intelligence (listening to/talking to people, providers, physicians, etc.)

Nationally, corporate fraud is by far the most prevalent. But for the San Antonio district, health care fraud, in both the Medicare and Medicaid programs, is the number one white collar crime.

The FBI works closely with its federal, state, and local law enforcement partners; the Centers for Medicare and Medicaid Services; and other government and privately sponsored program participants.

Types of Fraud

Medicare and Medicaid Fraud have been on the incline in recent years in the following areas:

- Home health care
- Long-term care and assisted living facilities
- Durable medical equipment
- Fraudulent billings and medically unnecessary services
- Pharmacy
- Ancillary Services

Ancillary services are commonly seen when a physician sets aside a corner of his/her office to set up shop for another person to provide a service that they bill Medicaid/Medicare for. The physician may review the bill and sign off on it. The provider is normally neither skilled nor educated in the services they are providing. The bill is then reimbursed by Medicaid/Medicare, and the physician receives a percentage of those reimbursement dollars.

Ancillary service charges are being seen at an increasing rate in allergy testing and sleep study services.

It is estimated that fraudulent billings to health care programs, both public and private, are between 3 and 10 percent of total health care expenditures.

Corporate fraud in the San Antonio district is occurring at a slower rate than nationally.

In the San Antonio district, corporate fraud is being seen in the following types:

- Accounting fraud – “cooking the books”; manipulation of financial data, share prices, or other valuation measurements
- Insider trading
- Embezzlement
- Ponzi schemes

And the following types of financial fraud are being seen:

- Mortgage fraud
- Bankruptcy fraud
- Credit card fraud
- Investment fraud

Unfortunately, just 7% of perpetrators (national average) are ever convicted. Over 85% of fraudsters are never even charged with a crime.

Beginning in March 2012, the Dodd Frank Act places equity managers managing up to \$100 million dollars under the purview of state securities boards. Until now, these managers were under SEC purview.

The single best deterrent to fraud is to “lead them out in handcuffs”, yet corporations are reluctant to do that. Depending on the amount of the fraud, corporations are just as likely to hide the fraud out of embarrassment, a fear of exposing the fraud to shareholders, or for other reasons.

Why and how does fraud occur?

There are many reasons why fraud occurs, and if the FBI knew all of them, fraud would probably be less prevalent!. Unfortunately, as they figure out one reason, fraudsters will always devise a new and grander fraud scheme.

Greed is the number one reason that fraud occurs. The fraud triangle is an age old theory and still holds true today. The theory states that three things must be present for fraud to occur:

- Motive/pressure – the need for committing the fraud – “I need the money”, etc.
- Rationalization – the mindset that justifies the person to commit fraud – “I didn’t get a raise this year”;
- Opportunity – the situation that enables the fraud to occur – often when internal controls are weak or non-existent, no separation of duties, no oversight

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Page 3 of 3**

Fraud Detection

FBI initiatives in fraud detection include:

- Corporate Fraud Response Team
- Operation Broken Trust – a multi-agency national initiative which coordinated the efforts of government agencies against various securities fraud threats
- Community Outreach

On a final note. . .

It is very interesting to note that an unbelievable number of fraud tipsters are ex-spouses and upset girlfriends!

Conclusion and Adjournment

Number attending: 44 (including the speakers)

Future CPE events:	April 12, 2012	1 CPE	Luncheon 11:50 a.m. – 12:50 p.m. Location: Corazon at Castle Hill
	May 10, 2012	4 CPE	Audio Conference 8:15 a.m. – 12:30 p.m. ERS Board Room 18 th and Brazos, Austin

The meeting was adjourned at 1:00 p.m.

Lynne Pfeffer
Secretary

Date: April 10, 2012