**THE VALE NEWS**

April 23, 2014

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MAGAZINE - a time to recognize the contribution made by THE ROTARIAN and 27 regional Rotary magazines

**Club Calendar & Speaker Assignments**

April 23 William Carrigan, Vt. Dept. of Financial Regulation - Fraud Prevention

    30 Jim Reagan re: Senior Housing

May   7 Will Flender, Exec. Dir. - MR Path Assn.

       14 Rob Williams - Vermont Public Bank

      21 Jeb Spaulding - VT. Sec’y. of Administration

      28 No meeting - Rotary Person of the Year Dinner

June  4 Susan & Karl Klein - exploring China

       11  open

       17 Changeover Night (new officers installed)                                                  18  no meeting

       25 open

**Birthdays**      Trish Hopkins    4/27,  Jim Leyton 4/25

**Anniversaries**  None this week

**Meeting News**

**Announcements**

Wayne Foster reminded us that the Rotary Father’s Day Golf Tournament will soon be coming up.  Clean up your clubs and get your 4some together.

Al Barillaro announced that the dinner in honor of the Rotary Person of the Year will be held on May 28th. Details will be published next week

**Megabucks**: Bruce had the opportunity, but drew a loser for $5

**Happy Bucks**

Ken A. - Back in the Valley - enjoying sun

Tom Byrne - Happy to be here for Golf Tour

Betty - Happy to host speaker

David K. - another one happy to return to MRV

Gene - Glad to be among all of us again

Ken F. - Happy but not sure why, at least had a handy buck

Dinsmore - Saw grandkids

Dave E. - Relieved to get lawnmower back

Bruce - Happy for Closing

J.Mansfield - Happy -  misses back

Al Barillaro - Lawn mower bus. back

Bob Holden - glad to see so many members back

Jack Miner - another returnee

Monk - kayaking

Today sounded like a reunion but we actually had a much smaller group than last week which included the exchange students and several guests.

**Program**

Today Betty introduced her friend, William Carrigan, Vt. Dept of Financial Regulation -  and  Fraud Prevention - ACFE (Association of Certified Fraud Examiners,Inc). William told us:

Fraud is a silent crime; it involves taking something from someone else through deception or concealment.

It can go from petty theft (stealing a few paper clips) to grand theft (stealing millions of dollars in a “Ponzi” scheme.  In any case occupational fraud is a hidden cost of business which all of us pay for.

The ACFE has classified occupational fraud into 3 main categories:

1)Asset Misappropriation (example - skimming cash from registers)

2)Corruption -A person using a fraudelent scheme for his benefit (bribery)

3)Fraudulent statement schemes (intentional misreporting of finances)

By comparing the 3 main schemes, the ACFE has identified common methods used by fraudsters and vulnerabilities within organizations that provide an opportunity for these thefts to occur. This data helps organizations to put in detection schemes with checks and balances.

Recently a state employee paid for a car for herself using a state govt. check.  This was possible because in her job she did everything: had the power to write the check, sign it, did the bookkeeping - all the basics enabling fraud  - as the state does not have a good system of checks and balances.

What causes people to commit fraud?  The Fraud Triangle -

According to this theory, occupational fraudsters rely on pressure, opportunity and rationalization to explain why they violated their trust.

Pressure - gambling habit, poor credit, a financial loss  etc.

Opportunity - chance to take the opportunity to get a few extra bucks

Rationalization - guilty person justifies his theft (employer “owes” him)

How Fraud Affects You and Your Organization

The ACFE estimates a typical organization loses 5% to 7% of their gross revenues each year due to occupational fraud and abuse.

Public losses due to fraud hurt not only the bottom line, but the reputation and good will of an organization.   It can cost the company - customers and investors as well as dollars.

Red Flags of Fraud:

Be aware of behavioral redflags which might indicage illgotten gains:  Living Beyond Means, Financial Difficulties, excess drinking, unwillingness to share duties, refusal to take vacations, family problems.

Even though reporting irregularities is difficult, the failure of employees to act, causes worse consequences.  Most companies have a “hot-line” to report suspicions without I.Ding yourself

Conclusion

Preventing fraud is not just the responsibility of management, but the BOD, inspector general, or audit team.  Everyone in an organization is responsible for preventing fraud.

Help the organization keep the revenue you have already helped it earn.

Be alert to potential fraud and report it to your organization.

                             THE FOUR WAY TEST

                        of the things we think, say or do:

1) Is it the Truth?

2) Is it Fair to all Concerned?

3) Will it Build Goodwill and Better Friendships?

4) Will it be Beneficial to All Concerned?

**The Vale News**

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