

UNIVERSITY OF ROCHESTER  
2015 FRAUD AWARENESS

About the guy at the front of  
the room who may or may  
not put you to sleep over the  
next hour...

# ARMY CID (MPFU) MISSION





What  
is  
*FRAUD?*

**FRAUD**



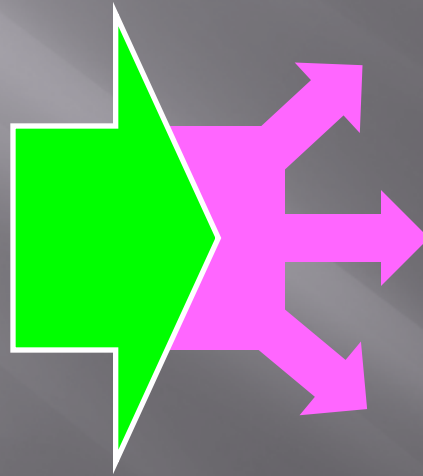
A material representation of fact

**FRAUD**



A material representation of fact which is FALSE and is known to be FALSE.

*Fraud  
Profile*



**Motivation**

**Opportunity**

**Rationalization**

# Who Commits Procurement Fraud?

- ▣ Grant Awardees
- ▣ Grant Officers
- ▣ Government Technical Reps
- ▣ Other Government Staff
- ▣ Grant Administration Officials
- ▣ Others...



# Fraud

## *Schemes and Crimes*

### Crimes

Bribery / Graft  
Conflict of Interest  
Theft  
False Statements  
False Claims  
Mail/Wire Fraud  
Major Frauds  
Price Fixing

### Schemes

Splitting  
Progress Payment Fraud  
False Certifications  
Cost Mischarging  
Product Substitution  
Defective Pricing  
Bid Rigging

**THIS DEAL SMELLS FISHY**



**WHERE DO I SIGN?**

# CASE STUDIES

- Bribery / Illegal Gratuities / Kickbacks

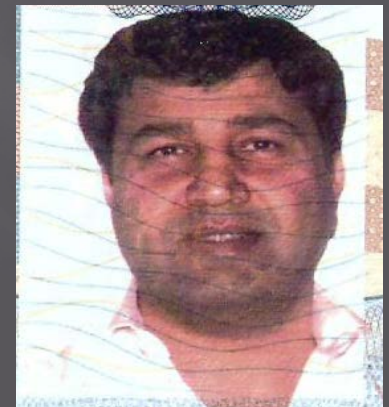
-Monies paid to someone in return for favorable consideration.

(US v. Cockerham et al)  
Bribery / Kickbacks - US Army  
Major plead guilty in US District  
Court for receiving \$9 million in  
bribes.



# CASE STUDIES

- Bribery / Illegal Gratuities / Kickbacks
  - ▣ Mr. Lodin and Mr. Forooqi (Afghan/US Citizens)
    - ▣ In an attempt to influence the award
    - ▣ of an \$18M road contract, attempted
    - ▣ to bribe to a US Army Captain –
    - ▣ as much as \$3 million



# CASE STUDIES

- Failure to Meet Contract Specifications
  - Contractor does not comply with contract requirements.
  - Absent or inadequate supporting documents from contractor.
  - Non-conforming product or service



# CASE STUDIES

- **False Statements and Claims**

- Submitting a claim for payment to the U.S. Government knowing it to be false.

(US v. Gorka)

False Claims--Retired US Army LTC plead guilty in US District Court for false claims related to official DoD travel.

- Inflated Progress Payment Claims for material or subcontract services not received

# CASE STUDIES

(US v. Whaley, US v. Nunez, US. Brown)

False Statements/Certifications--DoD contractor presents false asbestos abatement certifications for work done on DoD site. Uses undocumented employees at sensitive US Military installation.

# REMEDIES

- Felony Indictment & Conviction
- Imprisonment/Jail
- Criminal Fines
- Civil Fines
- Restitution
- Suspension
- Debarment
- Job Termination



# How can you help?

- ▣ Watch for indicators of Fraud.
  - White out on documents.
  - Out of tolerance test data or lack of test data variation.
  - Incomplete Awardee documentation.
  - Reports from employees of suspected fraud.
  - Invoices to not match the products delivered.
  - Bids come in from the same e-mail or fax number...

# How can you help?

- ▣ Watch for indicators of Public Corruption.
  - Awardees offering government officials money or gifts (it's how it all starts...)
  - Grant Awardees too cozy with Grant officials.
  - Soldiers/Civilians with Rolex watches and talking about that Lambo they ordered...
  - You routinely watch your roommate stuff wads of cash into envelopes and mail it home. (or Western Union/USPS Mail Order)
  - Just ask yourself: "Does this look right?"

# Best Practices

- ▣ Don't let your Awardees personally involved with Grant Officials(dinners, special favors, etc.)
- ▣ Don't hesitate to get CID involved if you suspect Public Corruption or Fraud.