



**Forensic & Investigative Accounting Section
American Accounting Association**

The Forensic Accounting Educator

Fall 2013

**Editor: D. Larry Crumbley
Louisiana State University**

Volume 5, No. 2

A MESSAGE FROM THE PRESIDENT

Dear Colleagues,

Welcome back to a new school year. I first want to thank all of those who stepped up to volunteer for section committee work. I know it is difficult to find more time in your busy schedules, so for all of you who have gone that extra mile, a big “thank you” for your service!

Annual Meeting:

Thanks to all who participated in making our AAA successful. In particular, **Debbie Sinclair** (USF-St. Petersburg) organized a very successful Basic and Advanced Forensic Accounting Boot camp. Participation is increasing each year as section members discover the valuable teaching and research ideas that come from attending. Debbie has volunteered to run next year’s Boot Camp as well. Also, thanks to all the teachers in the Boot Camp who volunteered their time and energy. Their sacrifice allowed all the money earned by the section for sponsoring the Boot Camp to go towards supporting our breakfast business meeting at AAA—which helped us keep the cost to members down. In addition to Debbie, special thanks go to **Cheryl Metrejean** (Georgia Southern) and **Sara (Melendy) Kern** (Gonzaga) who put together a great program for the AAA Annual Meeting. Huge thanks also to our sponsors: KPMG which sponsored our awards, and Caseware Idea (Audimation Services) which sponsored our networking opportunity (SNORT) and participated in the Boot Camp. Both have been loyal sponsors of our section and helped in so many ways. Finally, we had a record number of attendees at the Section’s Networking Opportunities for Research and Teaching (SNORT) and our section breakfast meeting. All in all, it was a very successful AAA Meeting in Anaheim.

Section Journal:

We are approaching an exciting milestone for the section. **Tim Louwers** (James Madison) set a goal for his presidency to get us a section journal. He will continue to work with the FIA Publications Committee to complete this task. The FIA Publications Committee, under the direction of **Chih-**



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Chen Lee (Northern Illinois)), completed a Section journal application and submitted it to the AAA Publications Committee which met in Anaheim during AAA. The journal application was met with enthusiasm and the only request the AAA Publications committee made was for us to start fresh with a new journal name. We are complying with this request by holding a “Name the Journal” contest. Names have been submitted, the FIA publication committee has picked the top names and now you can vote for the winning title on the AAA website. The individual who came up with the winning name will receive free registration at the upcoming FIA Mid-Year Meeting in San Antonio in March.

The two steps remaining to make the section journal a reality are (1) submitting a name to the AAA Publications Committee prior to their November meeting, and (2) selecting the first journal editor once our application is approved by the committee. The FIA Publications committee has submitted a list of potential editors, but if you know of someone or want to throw your hat in the ring, please submit the name to Chih-Chen Lee (cclee@niu.edu). Editor selection will be made by the FIA Publication Committee, and then submitted for Executive Board approval. Final approval comes from the AAA Publications Committee.

Finally, if all goes according to plan, there will be a first “call for papers” during 2014. We want our new journal to start off with a great first issue, so if you have a paper that will be completed next year, please consider submitting it to our new journal.

Upcoming Mid-year Meeting:

Mark your calendars for our mid-year meeting **March 28 and 29, 2014** in **San Antonio, TX** at the **Hilton Riverwalk**. **Dave Sinason** (Northern Illinois) and his committee (**Chris Skousen** (Utah State University), and **Jackie Moffitt** (Louisiana State University), **Doug Ziegenfuss** (Old Dominion University, **Kurt Schulzke** (Kennesaw State University) and **Blaise Sonnier** (Florida International University)) are hard at work on planning the mid-year meeting. The call for papers is coming shortly as is a call for volunteers to read the submissions. Remember, a full referee report is not needed from reviewers of the mid-year meeting papers—just thumbs up or down and a few suggestions for the author. Please submit research papers, panel discussions, case studies or teaching aids that you think the membership would benefit from sharing. Dave is lining up exciting speakers for our joint sessions and meals. For anyone who teaches and researches in the area of Forensic Accounting, the mid-year meeting is the most productive meeting you will attend all year, so save up some of that travel money for the occasion!

Once again, thank you to everyone who has volunteered to help with the section. If you have colleagues who teach in the area of forensic accounting who would benefit from all the educational and research opportunities the section provides, please spread the word. We’d love to have them come into our circle.

Sincerely,
Cindy Durtschi
President, FIA section 2013-2015

Raising the Bar. Setting the Standard.

Manuscripts and Fraud Detection Stories

Anyone wishing to submit short manuscripts, cartoons, fraud stories, letters to the editor, calls for papers, or other items to *The Forensic Accounting Educator* should send the material to the senior editor, D. Larry Crumbley, at the address below

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Call for Short Papers for the Next Issue

Playing Games in the Accounting Classroom

Do you utilize some form of game in your forensic accounting classroom? Describe your game, and how it is used, in a short manuscript. Your manuscript should be short (not over two to three pages single spaced). Submit your manuscript in Word or RTF format electronically to dcrumbl@lsu.edu.

Technology in the Classroom

In what ways do you use technology in the classroom? Do you use spreadsheets, videos, PowerPoint, or other technology in your teaching? What works and what don't work? Your manuscript should be short (not over two to three pages single spaced). Please submit your manuscript in Word or RTF format electronically to dcrumbl@lsu.edu.

How Oil and Gas Drillers Avoid Paying Royalties to Landowners

Abraham Lustgarten

Don Feusner ran dairy cattle on his 370-acre slice of northern Pennsylvania until he could no longer turn a profit by farming. Then, at age 60, he sold all but a few Angus and aimed for a comfortable retirement on money from drilling his land for natural gas instead.

It seemed promising. Two wells drilled on his lease hit as sweet a spot as the Marcellus shale could offer—tens of millions of cubic feet of natural gas gushed forth. Last December, he received a check for \$8,506 for a month's share of the gas.

Then one day in April, Feusner ripped open his royalty envelope to find that while his wells were still producing the same amount of gas, the gusher of cash had slowed. His eyes cascaded down the page to his monthly balance at the bottom: \$1,690.

Chesapeake Energy, the company that drilled his wells, was withholding almost 90 percent of Feusner's share of the income to cover unspecified "gathering" expenses and it wasn't explaining why.

"They said you're going to be a millionaire in a couple of years, but none of that has happened," Feusner said. "I guess we're expected to just take whatever they want to give us."

Like every landowner who signs a lease agreement to allow a drilling company to take resources off his land, Feusner is owed a cut of what is produced, called a royalty.

In 1982, in a landmark effort to keep people from being fleeced by the oil industry, the federal government passed a law establishing that royalty payments to landowners would be no less than 12.5 percent of the oil and gas sales from their leases.

From Pennsylvania to North Dakota, a powerful argument for allowing extensive new drilling has been that royalty payments would enrich local landowners, lifting the economies of heartland and rural America. The boom was also supposed to fill the government's coffers, since roughly 30 percent of the nation's drilling takes place on federal land.

Over the last decade, an untold number of leases were signed, and hundreds of thousands of wells have been sunk into new energy deposits across the country.

But manipulation of costs and other data by oil companies is keeping billions of dollars in royalties out of the hands of private and government landholders, an investigation by *ProPublica* has found.

An analysis of lease agreements, government documents, and thousands of pages of court records shows that such underpayments are widespread. Thousands of landowners like Feusner are receiving far less than they

expected based on the sales value of gas or oil produced on their property. In some cases, they are being paid virtually nothing at all.

In many cases, lawyers and auditors who specialize in production accounting tell *ProPublica* energy companies are using complex accounting and business arrangements to skim profits off the sale of resources and increase the expenses charged to landowners.

Deducting expenses is itself controversial and debated as unfair among landowners, but it is allowable under many leases, some of which were signed without landowners fully understanding their implications.

But some companies deduct expenses for transporting and processing natural gas, even when leases contain clauses explicitly prohibiting such deductions. In other cases, according to court files and documents obtained by *ProPublica*, they withhold money without explanation for other, unauthorized expenses, and without telling landowners that the money is being withheld.

Significant amounts of fuel are never sold at all—companies use it themselves to power equipment that processes gas, sometimes at facilities far away from the land on which it was drilled. In Oklahoma, Chesapeake deducted marketing fees from payments to a landowner—a joint owner in the well—even though the fees went to its own subsidiary, a pipeline company called Chesapeake Energy Marketing. The landowner alleged the fees had been disguised in the form of lower sales prices. A court ruled that the company was entitled to charge the fees.

Costs such as these are normally only documented in private transactions between energy companies, and are almost never detailed to landowners.

“To find out how the calculation is done, you may well have to file a lawsuit and get it through discovery,” said Owen Anderson, the Eugene Kuntz Chair in Oil, Gas & Natural Resources at the University of Oklahoma College of Law, and an expert on royalty disputes. “I’m not aware of any state that requires that level of disclosure.”

To keep royalties low, companies sometimes set up subsidiaries or limited partnerships to which they sell oil and gas at reduced prices, only to recoup the full value of the resources when their subsidiaries resell it. Royalty payments are usually based on the initial transaction.

In other cases, companies have bartered for services off the books, hiding the full value of resources from landowners. In a 2003 case in Louisiana, for example, Kerr McGee, now owned by Anadarko Petroleum, sold its oil for a fraction of its value—and paid royalties to the government on the discounted amount—in a trade arrangement for marketing services that were never accounted for on its cash flow statements. The federal government sued, and won.

The government has an arsenal of tools to combat royalty underpayment. The Department of Interior has rules governing what deductions are allowable. It also employs an auditing agency that, while far from perfect, has uncovered more than a dozen instances in which drillers were “willful” in deceiving the government on royalty payments just since 2011. A spokesman for the Department of Interior’s Office of Natural Resources Revenue says that over the last three decades, the government has recouped more than \$4 billion in unpaid fees from such cases.

There are few such protective mechanisms for private landowners, though, who enter into agreements without regulatory oversight and must pay to audit or challenge energy companies out of their own pockets.

ProPublica made several attempts to contact Chesapeake Energy for this article. The company declined, via email, to answer any questions regarding royalties, and then did not respond to detailed sets of questions submitted afterward. The leading industry trade group, the American Petroleum Institute, also declined to comment on landowners' allegations of underpayments, saying that individual companies would need to respond to specific claims.

Anderson acknowledged that many landowners enter into contracts without understanding their implications and said it was up to them to do due diligence before signing agreements with oil and gas companies.

"The duty of the corporation is to make money for shareholders," Anderson said. "Every penny that a corporation can save on royalties is a penny of profit for shareholders, so why shouldn't they try to save every penny that they can on payments to royalty owners?"

GAS FLOWS UP THROUGH a well head on Feusner's property, makes a couple of turns and passes a meter that measures its volume. Then it flows into larger pipes fed by multiple pipelines in a process the industry calls "gathering." Together, the mixed gases might get compressed or processed to improve the gas quality for final sale, before feeding into a larger network of pipelines that extends for hundreds of miles to an end point, where the gas is sold and ultimately distributed to consumers.

Each section of pipeline is owned and managed by a different company. These companies buy the gas from Chesapeake, but have no accountability to Feusner. They operate under minimal regulatory oversight, and have sales contracts with the well operator, in this case Chesapeake, with terms that are private. Until Chesapeake sold its pipeline company last winter, the pipelines were owned by its own subsidiaries.

As in many royalty disputes, it is not clear exactly which point of sale is the one on which Feusner's payments should be based—the last sale onto the open market or earlier changes in custody. It's equally unclear whether the expenses being charged to Feusner are incurred before or after that point of sale, or what processes, exactly, fall under the term "gathering." Definitions of that term vary, depending on who is asked. In an email, a spokesperson for Chesapeake declined to say how the company defines gathering.

Making matters more complicated, the rights to the gas itself are often split into shares, sometimes among as many as a half-dozen companies, and are frequently traded. Feusner originally signed a lease with a small drilling company, which sold the rights to the lease to Chesapeake. Chesapeake sold a share of its rights in the lease to a Norwegian company, Statoil, which now owns about a one-third interest in the gas produced from Feusner's property.

Chesapeake and Statoil pay him royalties and account for expenses separately. Statoil does not deduct any expenses in calculating Feusner's royalty payments, possibly because it has a different interpretation of what's allowed.

"Statoil's policy is to carefully look at each individual lease, and to take post-production deductions only where the lease and the law allow for it," a company spokesman wrote in an email. "We take our production in kind from Chesapeake and we have no input into how they interpret the leases."

Once the gas is produced, a host of opaque transactions influence how sales are accounted for and proceeds are allocated to everyone entitled to a slice. The chain of custody and division of shares is so complex that even the country's best forensic accountants struggle to make sense of energy companies' books.

Feusner's lease does not give him the right to review Chesapeake's contracts with its partners, or to verify the sales figures that the company reports to him. Pennsylvania—though it recently passed a law requiring that the total amount of deductions be listed on royalty statements—has no laws dictating at what point a sale price needs to be set, and what expenses are legitimate.

Concerns about royalties have begun to attract the attention of state legislators, who held a hearing on the issue in June. Some have acknowledged a need to clarify minimum royalty guarantees in the state, but so far, that hasn't happened.

"If you have a system that is not transparent from wellhead to burner tip and you hide behind confidentiality, then you have something to hide," Jerry Simmons, executive director of the National Association of Royalty Owners (NARO), the premier organization representing private landowners in the U.S., told *ProPublica* in a 2009 interview. Simmons said recently that his views had not changed, but declined to be interviewed again. "The idea that regulatory agencies don't know the volume of gas being produced in this country is absurd."

Because so many disputes come down to interpretations of contract language, companies often look to courts for clarification. Not many royalty cases have been argued in Pennsylvania so far, but in 2010, a landmark decision, *Kilmer v. Elexco Land Services*, set out that the state's minimum royalty guarantee applied to revenues before expenses were calculated, and that, when allowed by leases, energy companies were free to charge back deductions against those royalties.

Since then, Pennsylvania landowners say, Chesapeake has been making larger deductions from their checks. (The company did not respond to questions about this.) In April, Feusner's effective royalty rate on the gas sold by Chesapeake was less than one percent.

Paul Sidorek is an accountant representing some 60 northeastern Pennsylvania landowners who receive royalty income from drilling. He's also a landowner himself—in 2009, he leased 145 acres, and that lease was eventually sold to Chesapeake. Well aware of the troubles encountered by others, Sidorek negotiated a 20 percent royalty and made sure his lease said explicitly that no expenses could be deducted from the sale of the gas produced on his property.

Yet now, Sidorek says, Chesapeake is deducting as much as 30 percent from his royalties, attributing it to "gathering" and "third party" expenses, an amount that adds up to some \$40,000 a year.

"Now that the royalties are flowing, some people just count it as a blessing and say we don't care what Chesapeake does, it's money we wouldn't have had before," Sidorek said. But he's filed a lawsuit. "I figure I could give my grandson a first-class education for what Chesapeake is deducting that they are not entitled to, so I'm taking it on."

Landowners, lawyers, legislators, and even some energy industry groups say Chesapeake stands out for its confusing accounting and tendency to deduct the most expenses from landowners' royalty checks in Pennsylvania.

“They’ve had a culture of doing cutthroat business,” said Jackie Root, president of Pennsylvania’s chapter of the National Association of Royalty Owners.

Chesapeake did not respond to questions on whether its approach differs from that of other companies.

Root and others report good working relationships with other companies operating wells in Pennsylvania, and say that deductions—if they occur at all—are modest. Statoil, which has an interest in a number of Chesapeake wells, does not deduct any expenses on its share of many of the same leases. In an email from a spokesperson, the company said “We always seek to deal with our lease holders in a fair manner.”

Several landowners said that not only do deductions vary between companies using the same gas “gathering” network—sales prices do as well.

On Sidorek’s royalty statements, for example, Chesapeake and Statoil disclose substantially different sales prices for the same gas moved through the same system.

“If Statoil can consistently sell the gas for \$.25 more, and Chesapeake claims it’s the premier producer in the country, then why the hell can’t they get the same price Statoil does for the same gas on the same day?” Sidorek wondered.

He thinks Chesapeake was giving a discount to a pipeline company it used to own. Chesapeake did not respond to questions about the price discrepancy.

Chesapeake may be the focus of landowner ire in Pennsylvania, but across the country thousands of landowners have filed similar complaints against many oil and gas producers.

In dozens of class actions reviewed by *ProPublica*, landowners have alleged they cannot make sense of the expenses deducted from their payments or that companies are hiding charges.

Publicly traded oil and gas companies also have disclosed settlements and judgments related to royalty disputes that, collectively, add up to billions of dollars.

In 2003, a jury found that Exxon had defrauded the state of Alabama out of royalty payments and ordered the company to pay nearly \$103 million in back royalties and interest, plus \$11.8 billion in punitive damages. (The punitive damages were reduced to \$3.5 billion on appeal, and then eliminated by the state supreme court in 2007.)

In 2007, a jury ordered a Chesapeake subsidiary to pay \$404 million, including \$270 million in punitive damages, for cheating a class of leaseholders in West Virginia. In 2010, Shell was hit with a \$66 million judgment, including \$52 million in punitive fines, after a jury decided the company had hidden a prolific well and then intentionally misled landowners when they sought royalties. The judgment was upheld on appeal.

Since the language of individual lease agreements vary widely, and some date back nearly 100 years, many of the disagreements about deductions boil down to differing interpretations of the language in the contract.

In Pennsylvania, however, courts have set few precedents for how leases should be read and substantial hurdles stand in the way of landowners interested in bringing cases.

Pennsylvania attorneys say many of their clients' leases do not allow landowners to audit gas companies to verify their accounting. Even landowners allowed to conduct such audits could have to shell out tens of thousands of dollars to do so.

When audits turn up discrepancies, attorneys say, many Pennsylvania leases require landowners to submit to arbitration—another exhaustive process that can cost tens of thousands of dollars. Arbitration clauses can also make it more difficult for landowners to join class action suits in which individuals can pool their resources and gain enough leverage to take on the industry.

“They basically are daring you to sue them,” said Aaron Hovan, an attorney in Tunkhannock, Pennsylvania, representing landowners who have royalty concerns. “And you need to have a really good case to go through all of that, and then you could definitely lose.”

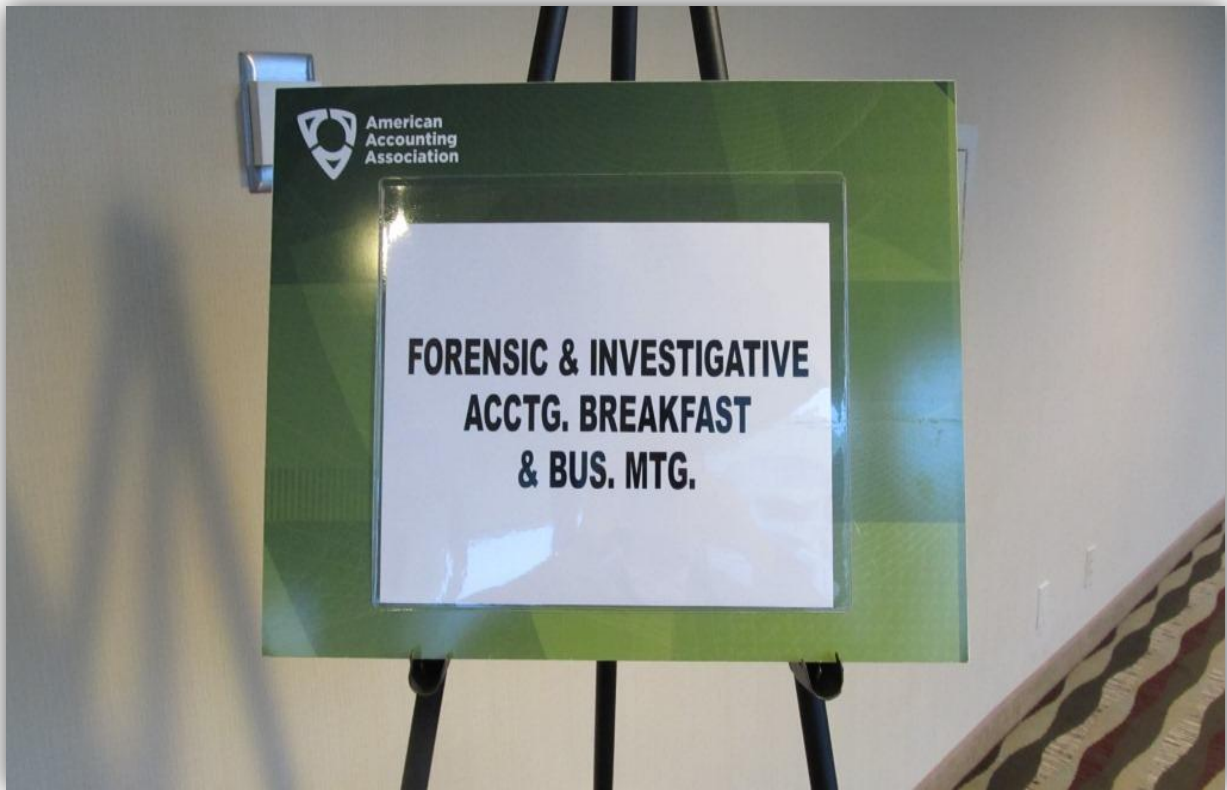
All of these hurdles have to be cleared within Pennsylvania's four-year statute of limitations. Landowners who realize too late that they have been underpaid for years—or who inherit a lease from an ailing parent who never bothered to check their statements—are simply out of luck.

Even if a gas company were found liable for underpaying royalties in Pennsylvania, it would have little to fear. It would owe only the amount it should have paid in the first place; unlike Oklahoma and other states, Pennsylvania law does not allow for any additional interest on unpaid royalties and sets a very high bar for winning punitive penalties.

“They just wait to see who challenges them, they keep what they keep, they give up what they lose,” said Root, the NARO chapter president. “It may just be part of their business decision to do it this way.”

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2013 AAA Annual Meeting Photos











































FIA 4th Annual Breakfast Meeting Minutes

American Accounting Association

August 7, 2013, Anaheim, CA

- Tim Louwers, Section President, called the meeting to order and gave the progress report of the FIA Section in the past two years (2011-2013) and announced that his two year term as the president of the FIA Section ends as of today. Tim appreciated the support and cooperation of all officers and members of the FIA during the past two years and made a commitment to assist in maintaining sustainability of our section. Tim will represent the FIA Section at the AAA Council.
- Tim gratefully acknowledged and appreciated the generous contributions of our sponsors (Audimation Services, Inc., Case Ware IDEA and KPMG.)
- Tim stated that the second Forensic Accounting Boot Camp was conducted on Sunday, August 4, 2013 to share members' best practices in teaching forensic accounting/fraud investigation classes. Thirty people participated and all proceeds were used to fund the FIA Section breakfast/business meeting at the 2013 AAA Annual Meeting in Anaheim CA.
- Zabi Rezaee, the FIA Section secretary requested approval of minutes of both 2012 Annual and 2013 mid-year meetings, and they were approved by members.
- Les gave the Treasury report of net inflows and outflows by FIA event which will be posted to the web site, suggesting the FIA Section is financially healthy.
- Ali Abdolmohammadi, the Chair of Awards Committee, acknowledged his fellow committee members and asked the audience to join him in thanking the KPMG Foundation for its generous financial support of the section awards. KPMG partner, Bette Kozlowski presented the awards. The committee received multiple submissions for the Teaching and Research Awards, but no submission for the outstanding dissertation award. The Research Awards winners were: Mary-Jo Kranacher of York College of CUNY and Jack Dorminey, Scott Fleming, and Richard Riley, Jr. of West Virginia University for their 2012 publication in *Issues in Accounting Education* called "The Evolution of Fraud Theory." The Teaching Award winner was Kelly Richmond Pope of DePaul University for her creation of "Crossing the Line" a white-collar crime documentary.
- Larry Crumbley, the Nominations Committee Chair introduced the incoming officers and reported that Les Heitger is elected as the Vice President of Academic, and Cindy Durtschi takes over as the President of the FIA.
- David Sinison, 2014 Mid-year Meeting Program Chair, announced that the 2014 midyear meeting is scheduled for March 28 -29 2014 in San Antonio, TX at the Hilton River walk. The meeting will start with the Friday afternoon plenary at 1:00 pm; there will be a Saturday morning Plenary with breakfast and Saturday lunch followed by Saturday afternoon research sessions.
- Cindy Durtschi, the elected president, acknowledged the effective leadership of the past two presidents of the FIA in setting an appropriate tone at the top for the sustainability of our FIA Section. She mentioned that while the membership is about 5% down this year, she will lead us to a more prosperous FIA Section.
- Cindy Durtschi adjourned the meeting at 8:00 am.

Respectfully submitted by Zabi Rezaee, FIA Section Secretary.

Minutes of the FIA Officers' Meeting

Forensic and Investigative Accounting Section

American Accounting Association

8:00am Wednesday, August 7, 2013 in Anaheim, CA

Present:

Cindy Durtschi – President

Tim Louwers – Past President

Larry Crumbly – Past President

Les Heitger – Vice President – Academic

Bill Dilla – Publications Committee

David Sinason – 2014 Mid-year Meeting Program Chair

Debbie Sinclair – 2014 Boot Camp Chair

Sara Melendy Kern – 2014 annual meeting Program Chair

Chris Skousen – 2015 Mid-year Meeting Program Chair

Jackie Moffitt – 2016 Mid-year Meeting Program Chair

David Boynton – AAA Segment Services Manager

Meeting called to order by Cindy Durtschi, President

Publications

- Bill Dilla reported on the next steps in the process to approve the new journal through AAA
- Potential editors have been contacted to serve
- The journal still needs an acceptable name before AAA will approve it. Voting mechanisms were discussed and it was agreed that a selection of potential names would be put into a survey for the membership to vote upon.

Boot Camp

- Ideas are needed to help keep the material fresh (possibly develop a rotational schedule so good speakers can be repeated)
- More advertising should be done through membership emails (ideally a flurry of emails should go out around April when people are registering for the annual meeting)
- Need good ideas for forensic-accounting related CPE (for example: Adrian project)

Program

- Difficulty with overlapping submission deadlines was discussed.
- Difficulty with recruiting volunteers (reviewers, moderators, etc.) was discussed
- Consider maintaining a “volunteer list” for the section

- Obtain lists of prior committee volunteers or contact Kathy Casper for list of meeting attendees/volunteers from section
- Set up a check-box form to send out to potential volunteers that indicates how much lighter a meeting review is compared to a journal review.

2015 Mid-year meeting

- Locations were suggested and discussed
 - St. Louis, Minneapolis, Kansas City, Denver were agreed as potential locations
 - Nashville and Memphis were eliminated as unpopular
- Timing of meeting was discussed
 - Last week in March is difficult due to overlap with other sections (also weather sometimes a problem for people traveling to/from the north)
 - Move to late May? Need to check timing of Georgia Southern meeting
- Try to connect with a university to save on meeting costs (especially audio visual)
 - Denver – Metropolitan is located close to downtown (convenient)
 - Buffalo – SUNY Buffalo is near hotels and public transportation
 - St. Louis –
 - Huntsville – Sam Houston University
- Potential doctoral colloquium (need corporate sponsor if fees are going to be waived)

2014 Mid-year meeting

- Dave presented survey results (nothing major)
- No Friday lunch (plan a Riverwalk lunch instead)
- The meeting will start with the Friday afternoon plenary at 1:00 (after lunch).
- There will be a Saturday morning plenary with breakfast
- Meeting will include Saturday lunch followed by Saturday afternoon research sessions
- May need to raise fees on 4-hr CPE from \$50 up to \$80 but will include lunch on Friday
 - Contact local ACFE chapter
 - Dave will reach out to a local CPA firm to see if they would do typical training class
- Potential sponsors need to be contacted. This should be separate from program chair
- Potential \$10 fee to cover dinner/theater on Friday night (whodunit mystery)

Networking reception (SNORT)

- \$500 was provided by Caseware IDEA (Audimation Services) (Dana Newman)
- Reception costs were \$516
- Extra \$16 will be covered by section (as voted). Tim Louwers will submit receipts

Meeting was adjourned at 9:30am

Minutes submitted by Sara Melendy Kern, 2014 Program Chair

CASH FLOW STATEMENT

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	TOTAL	BUDGET
														Prior Year
Beginning Cash Balance	41,367.92	43,572.48	48,301.81	44,655.50	44,833.95	45,438.63	45,751.20	46,051.74	46,537.15	48,019.72	49,910.80	49,910.80		FY 2012 Actual
INFLOW														
DUES														
	Dues payments are applied to deferred accounts and 1/12th is realized each month of the member year. Multiple months are realized when payments are received late (after September) to catch up.													
Deferred Dues-Assoc.	30.50	(17.50)	(17.50)	81.50	13.50	(17.00)	(4.00)	(22.50)	(15.50)	(30.00)	-	-	1.50	12.00
Deferred Dues-Full	1,185.00	(60.00)	(135.00)	461.25	118.75	(208.75)	(291.25)	(327.50)	(337.50)	(497.50)	-	-	(92.50)	(11.25)
Assoc. Member Dues Revenue	47.50	47.50	47.50	26.50	34.50	35.00	46.00	40.50	57.50	54.00	-	-	436.50	546.00
Full Member Dues Revenue	600.00	585.00	600.00	393.75	481.25	523.75	561.25	612.50	697.50	617.50	-	-	5,672.50	7,046.25
Total Dues Inflow	1,863.00	555.00	495.00	963.00	648.00	333.00	312.00	303.00	402.00	144.00	-	-	6,018.00	7,593.00
ANNUAL MEETING														
AM CPE Registration Fees	-	-	1,002.00	-	-	-	-	-	-	-	-	-	1,002.00	-
AM Contrib- Temp Restricted	-	4,250.00	-	-	-	-	-	-	-	-	-	-	4,250.00	5,000.00
AM Contrib- Temp Restricted Released	-	-	4,250.00	-	-	-	-	-	-	-	-	-	4,250.00	6,750.00
Temp Restricted Net Assets	-	-	(4,250.00)	-	-	-	-	-	-	-	-	-	(4,250.00)	(6,750.00)
AM Bk/Lunch Ticket Fees	-	-	2,020.00	-	-	-	-	-	-	-	-	-	2,020.00	1,110.00
Def Rev AM Lunch Tickets	980.00	160.00	(1,880.00)	-	-	-	-	-	-	-	-	-	(740.00)	(180.00)
Total Dues Inflow	980.00	4,410.00	1,142.00	-	-	-	-	-	-	-	-	-	6,532.00	5,930.00
Mid-year Meeting														
Registration Fees	-	(175.00)	-	-	-	-	-	-	-	-	-	-	(175.00)	13,060.00
Contributions	-	-	-	-	-	-	-	-	500.00	2,000.00	-	-	2,500.00	5,500.00
CPE Registration	-	(30.00)	-	-	-	-	-	200.00	640.00	120.00	-	-	930.00	1,530.00
Total Mid-year Meeting	-	(205.00)	-	-	-	-	-	200.00	1,140.00	2,120.00	-	-	3,255.00	20,090.00
Misc														
Contributions	-	-	500.00	-	-	-	-	-	-	-	-	-	500.00	5,500.00
Total Misc	-	-	500.00	-	-	-	-	-	-	-	-	-	500.00	5,500.00
Total Inflow	2,843.00	4,760.00	2,137.00	963.00	648.00	333.00	312.00	503.00	1,542.00	2,264.00	-	-	16,305.00	33,613.00
OUTFLOW														
ANNUAL MEETING														
Hotel & Other Expenses	-	-	4,900.77	-	-	-	-	-	-	-	-	-	4,900.77	5,873.12
AM Credit Card Fees	-	-	69.51	-	-	-	-	-	-	-	-	-	69.51	43.70
Supplies	-	-	18.25	-	-	-	-	-	-	-	-	-	18.25	-
Awards	573.00	-	750.00	750.00	-	-	-	-	-	-	-	-	2,073.00	1,695.50
Total Meeting	573.00	-	5,738.53	750.00	-	-	-	-	-	-	-	-	7,061.53	7,612.32
MIDYEAR MEETING														
Hotel-Rooms/Food/Bev	-	-	-	-	-	-	-	-	-	-	-	-	-	9,648.46
Hotel-Audio Visuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying/Printing	-	-	-	-	-	-	-	-	-	318.19	-	-	318.19	688.83
Speakers	-	-	-	-	-	-	-	-	-	-	-	-	-	217.44
Mtg. Coordinator expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	1,154.35
Postage	-	-	-	-	-	-	-	-	-	34.26	-	-	34.26	98.97
Credit Card Fees	-	-	-	-	-	-	-	7.44	47.85	4.34	-	-	59.63	495.99
Telephone	-	-	-	-	-	7.86	-	-	-	-	-	-	7.86	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Meeting	-	-	-	-	-	7.86	-	7.44	47.85	366.79	-	-	419.94	12,304.04
GENERAL/ADMIN.														
Postage	-	-	29.25	-	21.79	-	-	-	-	-	-	-	51.04	24.76
Misc.	-	-	-	-	-	-	-	-	-	11.24	-	-	11.24	49.77
Credit Card Fees for Dues	65.44	30.67	15.53	34.55	21.53	12.57	11.46	10.15	11.58	4.89	-	-	218.37	357.65
Total General	65.44	30.67	44.78	34.55	43.32	12.57	11.46	10.15	11.58	16.13	-	-	280.65	432.18
COMMITTEES/OFFICERS														
Hotel-Rooms/Food/Bev	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-	1,262.36
Total Committee	-	-	-	-	-	-	-	-	-	-	-	-	-	1,262.36
Total Outflow	638.44	30.67	5,783.31	784.55	43.32	20.43	11.46	17.59	59.43	372.92	-	-	7,762.12	21,610.90
Deposits														
Ending Cash Balance	43,572.48	48,301.81	44,655.50	44,833.95	45,438.63	45,751.20	46,051.74	46,537.15	48,019.72	49,910.80	49,910.80	49,910.80		

A Special Thank You to the Forensic and Investigative Accounting Section Mid-Year Sponsors...



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* “Hockey great Wayne Gretzky advises that we need to go where the puck will be, rather than going to where the puck is now. Similarly, to become a great forensic accountant, you need to join and participate in the many valuable FIA activities.”

D. Larry Crumbley
Louisiana State University

Forensic accounting issues are important to everyone in the AAA, for we all have a vested interest in enhancing the quality of the forensic and fraud education of accounting students. This section provides a forum that cuts across disciplines, specialty areas and geographic boundaries. As Gordon Brown said, “What the use of finger prints was to the 19th century and DNA analysis was to the 20th, forensic accounting will be to the 21st century.” The FIA Section enables members to share their experiences, providing opportunities for linkage between large and small schools, educators and practitioners, and members worldwide. Use the attached form to apply for membership in the FIA (you must also be a member of the AAA). Mail your application to AAA headquarters (5717 Bessie Drive, Sarasota, FL 34233-2399). Join today and become better connected to your colleagues and your profession.

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	Secretary	Zabi Rezaee	<i>University of Memphis</i>	zrezaee@memphis.edu	2nd year (of 2)
	Treasurer	Les Heitger	<i>Missouri State University</i>	lesheitger@missouristate.edu	2nd year (of 2)
	Editors				
	Newsletter Editor	Larry Crumbley	<i>Louisiana State University</i>	larrycrumbley@att.net	
	Webmaster	Patricia Johnson			
	AAACommons Editorial Board Member				
	AAA Council Representative	Timothy Louwers	<i>James Madison University</i>	louwertj@jmu.edu	1st year (of 2)
Welcome & charge	Committee				
Review	Membership Acquisition and Retention	Lynn Clements	<i>Florida Southern University</i>	lclements@flsouthern.edu	Chair
		Kristina Demek	<i>University of Washington</i>	demek@u.washington.edu	

Mission &		Carol Yu	<i>Northern Illinois University</i>	shaokunyu@niu.edu	
		Lori Fuller	<i>West Chester University</i>	Lfuller@wcupa.edu	
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Plan Action Steps		Charles Malgwi	<i>Bentley University</i>	cmalgwi@bentley.edu	
Talked with	2013 Program (AAA Annual Meeting (Anaheim, CA))	Cheryl Metrejean	<i>Georgia Southern University</i>	cmetrejean@georgiasouthern.edu	
Sara		Sara Melendy	<i>Gonzaga University</i>	melendy@jepson.gonzaga.edu	
	2014 Program (AAA Annual Meeting (Anaheim, CA))	Sara Melendy	<i>Gonzaga University</i>	melendy@jepson.gonzaga.edu	
		Siew Chan	<i>Nova Southeastern University</i>	schan1@nova.edu	
Intro to Sara		Curtis Nichols	Bucknell University	cmn006@bucknell.edu	
	2015 Program (AAA Annual Meeting)	Siew Chan	<i>Nova Southeastern University</i>	schan1@nova.edu	
Intro to Sara		Curtis Nichols	Bucknell University	cmn006@bucknell.edu	
	2016 Program (AAA Annual Meeting)	Curtis Nichols	Bucknell University	cmn006@bucknell.edu	
Welcome &	Bylaw Review/Strategic Planning	Priscilla Burnaby	<i>Bentley University</i>	pburnaby@bentley.edu	Chair
asked to update		Kathy Best	<i>Mount Olive College</i>	Kbest@moc.edu	
objectives		Lori Fuller	<i>West Chester University</i>	lfuller@wcupa.edu	
		Larry Crumbley	<i>Louisiana State University</i>	larrycrumbley@att.net	
		John Waters	<i>University of Indianapolis</i>	watersj@uindy.edu	
	Nominating Committee	Natalie Tatiana Churyk	<i>Northern Illinois University</i>	-	Chair

		Brigitte Muehlmann	<i>Suffolk University</i>		
		James A. DiGabriele	<i>Montclair State University</i>		
		Ronald Daigle	<i>Sam Houston State University</i>	-	
Welcome	IFRS & International Fraud	Norbert Tschakert	<i>Salem State University</i>	ntsachkert@salemstate.edu	chair
objectives		Valerie Li	<i>University of Washington</i>	vl12@uw.edu	
Welcome	Electronic Evidence & Fraud	Salem Boumediene	<i>Montana State University Billings</i>	salem.boumediene@msubillings.edu	
elect chair		Kevin Dow	<i>University of Alaska Anchorage</i>	kevinericdow@gmail.com	
objectives		Nazik Roufaiel	<i>SUNY Empire State College</i>	Nazik.roufaiel@esc.edu	
		Sidney Askew	<i>Borough of Manhattan Community College</i>	SAskew@bmcc.cuny.edu	
Welcome	Litigation Support	William Black	<i>Emory University Fall 2013</i>	whblack@illinois.edu	Chair
create		James A. DiGabriele	<i>Montclair State University</i>	jim@dmcpa.com	
objectives		Blaise Sonnier	<i>University of Colorado - Colorado Springs College of Business Administration</i>	bsonnier@uccs.edu	
		Dennis Huber	<i>University of Sarasota</i>	wdhuber@hotmail.com	
contacted	2014 Mid-Year Research Conference (San Antonio)	Dave Sinason	<i>Northern Illinois University</i>	dsinason@niu.edu	Chair
		Chris Skousen	<i>Utah State University</i>	chris.skousen@usu.edu	
Dave		Doug Ziegenfuss	<i>Old Dominion University</i>	dziegenf@odu.edu	
abt next yrs		Kurt Schulzke	<i>Kennesaw State University</i>	kschulzk@kennesaw.edu	
meeting		Blaise Sonnier	<i>Florida International University</i>	BLAISESONNIER@comcast.net	
	Education Committee (2014 FIA Bootcamp)	Debra Sinclair	<i>University of South Florida</i>	dsinclair@mail.usf.edu	

		Pat Johnson	<i>Canisius College</i>	<u><i>Johnson, Patricia A</i></u> <u><i><johnsonp@canisius.edu</i></u> <u><i>></i></u>	
	Professional Association Liaison	Dennis Huber	<i>University of Sarasota</i>	<u><i>wdhuber@hotmail.com</i></u>	
	2015 Mid-Year Meeting (Location TBA)	Chris Skousen	<i>Utah State University</i>	<u><i>chris.skousen@usu.edu</i></u>	Chair
		Jackie Moffitt	<i>Louisiana State University</i>	<u><i>jsmoff22@lsu.edu</i></u>	Program Chair
		Dave Sinason (prior yr chair)	<i>Northern Illinois University</i>	<u><i>dsinason@niu.edu</i></u>	
	2016 Mid-Year Meeting (Location TBA)	Jackie Moffitt	<i>Louisiana State University</i>	<u><i>jsmoff22@lsu.edu</i></u>	Chair
		Robert Dosch?			Program Chair
		Chris Skousen prior year chair)	<i>Utah State University</i>	<u><i>chris.skousen@usu.edu</i></u>	
Thanks	Tax Fraud/Underground Economy	Carl Pacini	<i>University of South Florida</i>	<u><i>cpacini@mail.usf.edu</i></u>	Chair
Mission		Brigitte W. Muehlmann	<i>Suffolk University</i>	<u><i>bmuehlmann@suffolk.edu</i></u>	
update		Charles Richard Baker	<i>Adelphi University</i>	<u><i>baker3@adelphi.edu</i></u>	
		Mae Chapman	<i>North Carolina</i>	<u><i>ncusa@live.com</i></u>	
Thanks	Publications	Chih-Chen Lee	<i>Northern Illinois University</i>	<u><i>cclee@niu.edu</i></u>	Chair
for cont		John Sennetti	<i>Nova Southeastern University</i>	<u><i>sennetti@huizenga.nova.edu</i></u>	
Service		Dana R. Hermanson	<i>Kennesaw State University</i>	<u><i>dhermans@kennesaw.edu</i></u>	
		Ena Rose-Green	<i>University of Alabama-Huntsville</i>	<u><i>Ena.Rose-Green@uah.edu</i></u>	
		Dan Stone	<i>University of Kentucky</i>	<u><i>dstone@uky.edu</i></u>	
		Bill Dilla	<i>Iowa State University</i>	<u><i>wdilla@iastate.edu</i></u>	

Intro	Awards	Carol Dee	<i>University of Colorado, Denver</i>	carol.dee@ucdenver.edu	Chair
Mission		Jeanne David	<i>University of Detroit Mercy</i>	jeanne.david@udmercy.edu	
		Lori R. Fuller	<i>West Chester University</i>	Lfuller@wcupa.edu	
		Mary Mindak	<i>DePaul University</i>	mmindak1@depaul.edu	
Intro	Syllabus Exchange	Helen Pruitt	<i>University of Maryland</i>	helen_pruitt@yahoo.com	Coordinator
create goals		Tim Pearson	<i>Georgia Southern</i>	tpearson@georgiasouthern.edu	
		Sandra Shelton	<i>DePaul University</i>	sshelton@depaul.edu	
	Regional Coordinators				Assistant Coordinator
	Mid-Atlantic	James A. DiGabriele	<i>Montclair State University</i>	jim@dmcpa.com	
	Midwest	Meghann Cefaratti	<i>Northern Illinois University</i>	mcefaratti@niu.edu	
	Northeast	Don Kent	<i>The College at Brockport State University of New York</i>	dkent@brockport.edu	
	Ohio	Amal Said	<i>University of Toledo</i>	Amal.Said@utoledo.edu	
	Southeast	Maria Leach	<i>Auburn Montgomery</i>	mleach@aum.edu	
	Southwest	Matt Pickard	<i>University of New Mexico</i>	mpickard@unm.edu	
	Western	Ted Takamura	<i>Eastern Oregon University</i>	ttakamur@eou.edu	
	International	Dominic Peltier- Rivest	<i>Concordia University</i>	drivest@jmsb.concordia.ca	

