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BACKGROUND

• Born and raised in Indy
• ISP beginning in 2001
• Law School Grad
• FBI Task Force Officer beginning in 2009
• State Board of Accounts 2015
• Notable cases with FBI:
  • William Conour
  • Indy Land Bank
  • Daniel Rodden
**My Role**

- Hold people accountable
- Liaison with law enforcement
  - Local, State, Federal
- Liaison with Prosecutors
  - State
  - Federal
- When criminal conduct is suspected, take SBOA audits from accounting products to criminal convictions

**Authority**

- IC 5-11-1-27: Requires all local units to report “material” losses, thefts, or shortages directly to SBOA
- What is material?
- Err on the side of caution. If you have a materiality question, be safe and report it
- Check with your general counsel
- We need to know immediately about malice, not mistakes
Requests

• Be honest!
• Expect honesty from everyone you work with
• Require honesty from everyone you work with
• Use your intuition — if something seems strange over and over again...
• Two elements of most successful cases:
  • Honesty
  • Courage to stand up to dishonesty

How to Detect

• No one knows your processes better than you
• Anomalies
  • Things work better when one person is on vacation
  • Deposits are larger on one person’s days off
  • Public bills being sent to someone’s home
• Overly protective of their job responsibilities
• Living beyond their means
  • Gambling
  • Drugs
  • Cars
  • Trips
  • Clothing

A combination of these signals
What to Report

• Thefts
  • Simple
  • Complex
• Pay to Play/Kickbacks/Bribes
  • Contracting
  • Inspections
  • Employees to do their Jobs
  ◦ The “old guy” rule

Problems

*It isn’t the original scandal that gets people in the most trouble - it’s the attempted cover-up.*

*Tom Petri*
How to Report

• **Call/email me!**
• **Your first instinct may be to tell local law enforcement**
  • Not a bad idea, but can be a problem in itself:
    ○ **Small towns/counties: Everyone knows everyone. Element of surprise lost.**
    ○ **Larger towns/counties: Law enforcement has more pressing problems. Can get lost in the shuffle.**
• **By telling SBOA early, we can construct a plan to determine extent of potential fraud**

What Can Happen if You Don’t Report

• In violation of statute
• If you are aware and do not report, the perception can be that you are just as guilty
  • Or were involved as a co-conspirator…
  • Or condoned…
  • Or were asleep at the wheel…

None of Which Are Good!

• Always better to confront issues before they explode than clean up mess afterwards
• Joint and Several Liability
Problem Areas

• Credit Cards
• Cash, Cash, Cash
• Anywhere one person has sole responsibility for a duty
  • Adjustments
  • Purchasing
  • Logging Payments
  • Reconciling Accounts
  • Invoicing

How to Prevent

• Cross-train and rotate job functions
• Benefits beyond fraud prevention/detection
• Pay closer attention to potential problem areas
• Monthly random sample of cash transactions
  • Compare incoming to deposits
• Scrutinize credit card statements
  • No lump sum/full balance payments
• Deterrence: Talk to your employees
  • They will be held accountable
• Follow the Rules
The Aftermath

- Hindsight is always 20/20
- Don’t kick yourself
  - The thief was consciously trying to evade detection while you rightfully assumed they were honest
- Learn from your mistakes
- Take it a step further
  - Policies
  - Procedures
  - Look for weaknesses
  - Think like a criminal

What Is Not Criminal

- Mismanagement
- Sloppiness
- Negligence

- All of these things should be avoided, but do not warrant a criminal investigation
- We investigate those enriching themselves, not those who are just bad at their jobs
Case Studies

- Speedway
- Owen County
- Indy Land Bank

Contact Info

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