

## **Leading Advisory Firms Freeborn & Peters and Rally Capital Services Share Secrets for Tackling Fraud**

**CHICAGO**, February 01, 2013 – Leading advisory firms Freeborn & Peters LLP and Rally Capital Services, LLC hosted more than 100 financial services professionals at an event addressing the apparently ever-present problem of large-scale financial fraud. During the reception, presentation and panel discussion held at Fulton’s on the River, in downtown Chicago on the evening of January 30, 2013, speakers from Freeborn and Rally described the many characteristics and motivations that are common to all fraudsters. They also explained what steps financial institutions, such as banks, insurers and private equity investors, can take to protect themselves against fraudulent activity and to recover assets when fraud has occurred.

Speakers from the two firms included:

- **Neal H. Levin**, a Partner at the law firm of Freeborn & Peters LLP, who heads the Fraud and Internal Investigations Team within its Litigation Practice Group;
- **Howard B. Samuels**, who has served as President of Rally Capital Services, LLC since co-founding it with the late James J. Zec in 1995; and
- **Craig R. Graff**, a Commercial/Industrial Project Manager for Rally Capital Services, LLC, who has recently established a presence for the firm in St. Louis.

Richard S. Lauter, Chair of Freeborn’s Bankruptcy and Financial Restructuring Practice Group acted as a moderator for the event. The discussions were wide-ranging, addressing multiple elements of fraud prevention, detection and recovery. Some of the high points of the evening included:

- “The Evolution of the Fraudster: From Neanderthal to Madoff,” which explains that, to understand fraud, it is essential that you first understand the mind of its perpetrators, presented by Mr. Levin.  
  
“Fraudsters are driven by a basic instinct to conquer,” he told those present. “They are not motivated by money: it’s all about showing that they are smarter than the next guy!” By sharing his knowledge of a fraudster’s all-too-frequent flaws, Neal explained how corporations, banks, insurers, attorneys, indeed anyone with a need to prevent losses and recover assets from fraud, can outplay cheats and tricksters.  
  
“The trick,” he said, “is to find the thing in the world that they must covet – when you do that you have a point of leverage.” Indeed, in a recent case, Neal explained how he was able to legitimately recover more than \$900K over six months from a fraudster, simply by finding and then pressuring that leverage point.
- Howard Samuels also has experience with flawed fraudsters. He has recently been involved in administering the case of Rita Crundwell, formerly the comptroller and treasurer of Dixon, Illinois, who perpetrated the single largest municipal fraud in the United States by stealing more than \$50 million from the small town of Dixon over two decades.

Howard explained that there were too many red flags in Crundwell’s situation that were simply ignored by other local officials. For example, Ms. Crundwell had sole responsibility for almost all of the town’s financial functions, whether it was picking up bills from the post office, writing checks or preparing the accounts. Such a situation gave her the perfect

opportunity to commit fraud over period of several decades – and it was only discovered when she took an extended 12-week vacation and her mail was inadvertently delivered to the wrong destination.

- Craig Craff knows fraud when he sees it. He was recently part of an investigation into a case of systemic mortgage fraud, based in part on an extensive prostitution ring in and around Milwaukee. He shared many ideas about very specific precautions a corporation can take to protect its assets. For example, he highlighted irregularly scheduled collateral audits as an important way in which lenders can ensure that their assets are still secure. He also pointed out that when companies avoid or delay ordinary accounting procedures, such as external audits of accounts, this can sometimes be a very bad sign. “Companies may claim they are trying to avoid ‘going concern qualifications’ or loan covenant issues – but they may also be simply trying to hide the fact that they are cooking the books,” he explained.

The evening’s event was one of many organized and hosted by Freeborn and Rally. For more information about the firms’ capabilities and for details of future events, please visit their respective websites.

**About Freeborn & Peters LLP:** Freeborn & Peters LLP is a full-service midwestern law firm with national and global capabilities headquartered in Chicago, Illinois. Freeborn is always looking ahead and seeking to find better ways to serve its clients. It takes a proactive approach to ensure its clients are more informed, prepared and able to achieve greater success – not just now, but also in the future.

While the firm serves clients across a very broad range of sectors, it has also pioneered an interdisciplinary approach that serves the specific needs of targeted industries, including food, transportation, insurance and reinsurance, and real estate.

Freeborn is a firm that genuinely lives up to its core values of integrity, caring, effectiveness, teamwork and commitment, and embodies them through high standards of client service and responsive action. Its lawyers build close and lasting relationships with clients and are driven to help them achieve their legal and business objectives.

For more information, please visit <http://www.freebornpeters.com>.

**About Rally Capital Services, LLC:** Rally Capital Services, LLC provides analytical, advisory and operational services to financially distressed businesses, and their lenders. Rally is focused on advising, assessing the operations and conducting analysis and due diligence of troubled companies and working closely with its advisors to determine the best available remedies. Rally Capital has deep expertise in accounting, finance, law and investment banking and is able to devise and implement effective solutions for companies experiencing financial and operational challenges

In addition to working with financially distressed operating companies, Rally currently serves as the court appointed receiver, consultant or REO advisor on over 80 problem real estate projects throughout the country and provides limited scope auditing, financial analysis/due diligence and collateral review for a variety of commercial lenders and investors.

The firm was founded in 1995 by Howard Samuels. Today, Rally is National in scope and has 16 professionals, with offices in Chicago and St. Louis. Under its current leadership of Howard B.

Samuels, Steven H. Baer and Daniel T. Lee, Rally provides services tailored to address the complex and unique needs of each client in order to achieve the optimal outcome.

For more information, please visit <http://www.rallyllc.com>.