

CFE UPDATE
May-June 1999

Chapter and Association Scholarship Programs

The Chapter received three applications for the Association's 1999-2000 Richie-Jennings Memorial Scholarship Program. All were strong candidates for the Association and Chapter scholarships. Ten \$1,000 scholarships will be awarded this year based upon academic achievement, letters of recommendation, and an original essay. The Association's Continuing Education Committee is reviewing all applications now and expects to make the announcement of scholarship award winners by June 30, 1999. Applicants must be full-time undergraduate or graduate students with a major in either accounting or criminal justice. The Chapter selects a primary and alternate candidate for the Association's scholarship award. If the primary candidate wins a national scholarship, the alternate receives the Chapter scholarship (\$500). If the primary candidate does not win a national scholarship, the individual receives the Chapter scholarship. The Chapter Board of Officers ranked the three applicants as follows:

Megan M. Boardway is a junior at the University of Washington, Tacoma Campus, and has a 3.81 cumulative grade point average. She is majoring in business administration and accounting and graduates in June 2000. Megan works as a college intern with the Washington State Auditor's Office in Port Orchard. She participates in a wide range of extracurricular professional and athletic endeavors. Megan is the Chapter's primary candidate for the Association's scholarship award.

Steven McDaniel is a junior at Eastern Washington University, and has a 3.33 cumulative grade point average. He is majoring in accounting, finance, and Management Information Systems, and graduates in June 2000. Steven works as an operations manager for Contractors Concrete Service in Spokane. He is active in many extracurricular activities, a member of the national honors fraternity for accounting students and a student tutor. Steven is the Chapter's alternate candidate for the Association's scholarship award.

Cheryl A. Reino is a junior at Saint Martin's College and has a 3.33 cumulative grade point average. She is majoring in accounting and graduates in May 2000. Cheryl is active in various clubs and committees at Saint Martin's College.

Thanks to President Norm Gierlasinski, Chairman of the Scholarship Committee, for his hard work in making the Chapter Scholarship Program a huge success, and to all members of the Chapter Board of Officers for the time they devoted to reviewing all scholarship nomination packages.

Distinguished Achievement Award

Dannie A. Hutcherson, CFE received the Association's Distinguished Achievement Award for 1998 in a brief ceremony at the April 28, 1999, Chapter Fraud Seminar. President Norm Gierlasinski made the presentation of behalf of the Chapter Board of Officers. Dan was recognized for his fraud awareness training and education contributions. Congratulations Dan!

The Chapter is looking for a Distinguished Achievement Award nominee for 1999. If you have any suggestions for this year's award, please contact Vice-President Joe Dervaes by telephone at (360) 337-7102 or by E-Mail at dervaesj@sao.wa.gov.

Chapter Membership Directory

The Chapter is in the process of updating its membership directory. If you have not sent in the required information about yourself, please do so promptly. If you are a chapter member or associate member and did not receive an announcement about this update process in the mail, we apologize for this oversight. Please send your name, employer, address, telephone number, fax number, and e-mail address to Vice-President Joe Dervaes by mail at P. O. Box 318, Vaughn, WA 98394, by telephone at (360) 337-7102, or by E-Mail at dervaesj@sao.wa.gov. Thanks for participating in this very important project.

News About Chapter Members

Vice-President Joe Dervaes was recently selected for two outstanding employee awards by the State Auditor's Office. Joe serves as an Audit Manager for Special Investigations and specializes in fraud cases involving employee embezzlement in state agencies and local governments in the state of Washington. Joe was cited as an Outstanding Audit Manager, and as the leader of an Outstanding Audit Team which performed a special audit for the Washington State Legislature. These awards will be presented by State Auditor Brian Sonntag on July 23, 1999, in Olympia. Congratulations on your outstanding employee performance Joe!

Tenth Annual Association Fraud Conference

The time for the annual fraud conference is rapidly approaching. We hope you've registered for this premier fraud training event and are making plans to attend. If not, now is the time to do this. The conference is relatively close to us this year, and we hope to have good representation from the Pacific Northwest. "The White Paper" magazine has all of the particulars about this years expanded learning opportunity at the Caesars Palace Hotel in Las Vegas, NV from July 25-30, 1999. There is a pre-conference session on Sunday titled "Recognizing Ponzi Schemes". The main conference is Monday through Wednesday, accompanied by a trade show hall with approximately 50 exhibitors. There is also a post-conference on Thursday and Friday with tracks for the auditors and investigators basic conference. The conference represents an opportunity for participants to receive up to 44 hours of continuing professional education credits.

Vice-President Joe Dervaes, as a member of the Association's Board of Regents, will be a part of the Introduction and Welcoming Session and will make some brief opening remarks about his view of fraud in the future.

President Norm Gierlasinski will also represent us at the Chapter Meeting held on Sunday in conjunction with the conference.

Fraud Article

NOTE: The following fraud article was published in The News Tribune, Tacoma, WA on Sunday, March 28, 1999. It was an article by News Tribune columnist Jim Szymanski. The Chapter decided to distribute this timely information to the membership. We hope this information will be helpful to you.

Title: Latest scam preys on fears about Y2K.

It's usually considered rude to hand up the phone.

But, that might be the best advice regarding a Y2K-related scam cropping up in the Tacoma area.

It involves callers trying to get people to tell them their bank account information. The pretense is that the bank's computers will be unable to comprehend the zeros when 2000 arrives and will endanger accounts by malfunctioning.

Under one scenario outlined by Sumner Police Chief J. Ben Reisz, **the scammer mentions transferring funds from savings and checking accounts into an account invested in safe government bonds.** The idea, which is bogus, is that you can later withdraw your funds after expected Y2K wrinkles get ironed out by your bank.

Another version has **a scammer representing himself as a bank employee who needs to verify the customer's account numbers so the funds can be transferred to a protected account free of possible Y2K complications.**

One target of such a scam reported to Pierce County officials that the caller hung up when she asked which bank he represented.

"Do not give out bank account, credit card or other personal information to people who telephone you," Reisz advises. "If you're unsure of the call's validity, get the caller's telephone number and tell them you will call them back.

"If you don't want to talk to people soliciting this kind of information, just hang up the telephone. Don't make excuses. **Simply hang up.**

John Bley, director of the state Department of Financial Institutions, compliments banks and credit unions around the state for their Y2K compliance efforts to date.

"There's been a massive compliance effort, a near heroic one," Bley said. "The industry is in very fine condition."

But Bley stopped short of guaranteeing no computer problems come January 1.

So far, word of such a scam has been reported in almost an underground fashion through e-mail reports to police departments and Pierce County's Office of Emergency Management. Spokesmen for the state Department of Financial Institutions and the attorney general's office say they have not received complaints yet about this scam.

"Is it urban myth? I don't know," said Hope Tuttle, director of consumer services for the attorney general's office. "We know it's something that can happen."

Reisz goes further. He and other law enforcement officials know this scam has begun operating, even if it has not yet become obvious to consumer groups or the media.

"There's a lot of rumor around about it, but I think we're better off warning people that this is possible," said Steve Bailey, director of Pierce County's emergency management office. "We've also heard about callers trying to get people to transfer their 401(k) accounts due to fears about Y2K."

Though a lot about Y2K still must be sorted out, here's what Tuttle, Reisz and Bailey advise regarding the bank-scare scam:

- If you're unsure whether to transfer funds from your bank, call your branch and ask about how the bank is preparing to be Y2K compliant.
- Start gathering paper records of your accounts that you can use to verify balances in January.
- If you consider giving personal account information out over the phone, only do it during a phone conversation you initiated to a trusted person, such as your stockbroker or bank branch manager.
- Try to get the phone number of a person attempting such a solicitation. Most Caller Ids will display "out of the area" or "information not available" for most telemarketers. But, you can try to trap the caller's number by using the last call return feature of your telephone service. Such services are activated by lifting the receiver and dialing *69. You then hear a recording of the number of the last person who called you.

Write down that number and share it with police.

FRAUD DETECTION AT THE U. S. CUSTOMS SERVICE

Fraud associated with international commerce is a way of life for the U.S. Customs Service. Covert operations and intrigue are key words that immediately come to mind. And, in one way or another, this type of fraud eventually affects us all. Do you know any of the ways it impacts your personal and professional life? Attend this fraud seminar to learn more about fraud schemes at the U. S. Customs Service.

The speaker will put this all into perspective for us as he describes the overall operations of the U. S. Customs Service. He will also present an overview of the types of fraud cases investigated by the U. S. Customs Service in the recent past. His presentation will be enhanced by the use of personal experiences involving fraud cases at the agency.

This will prove to be an enlightening presentation. Don't miss it.

BIOGRAPHY **JAMES (JIM) GORMAN**

Jim Gorman is a Supervising Agent for the U. S. Customs Service in Seattle. He has extensive experience enforcing the laws of the United States as they pertain to fraudulent imports. Prevention and detection of fraud schemes in this environment is his business.