

CFE UPDATE
September-October 2000

Chapter Fraud Seminar Training and Meeting Dates

Future fraud training events for the remainder of the year 2000 are as follows:

November 2-3 - Joint Association of CFE's and Chapter 2-Day Fraud Conference, Hilton Hotel, SeaTac.

December 12 - Joint Chapter and WSCPA Fraud Conference, Marriott Hotel, SeaTac.

Be sure to mark these important dates on your training schedule and plan to attend.

Association and Chapter Scholarship Programs

On July 30, 2000, The Association's Board of Regents approved the award of 16 \$1,000 scholarships at its business meeting held in conjunction with the Annual Fraud Conference in New York City. The list of candidates for the 2000-2001 Ritchie-Jennings Memorial Scholarship Program was outstanding. The competition was so keen that the Regents approved a tie for the 15th scholarship. The candidates were that good. The Chapter sponsored Nikki L. Cantrell, a Junior at Seattle University, for the Association's scholarship program, and she was one of the winners. In fact, she was number two on the list of national winners, a marvelous achievement. The Chapter scholarship of \$500 was awarded to Anelise Brasch from Spokane. Both scholarship winners are audit interns with the Washington State Auditor's Office. So, congratulations to these fine Northwest students for their academic achievements. We are proud to have sponsored these future professionals in our field.

Thanks to President Norm Gierlasinski, Chairman of the Scholarship Committee, for his hard work in making the Chapter Scholarship Program a huge success.

Annual Association Fraud Conference

Well, the 11th Annual Fraud Conference has come and gone, and it was a huge success. There were over 2,000 participants at this year's conference, including three members from our Chapter. They were: Chapter Vice-President Joe Dervaes, and Members Linda Saunders and Jack Kent. Joe serves as a Member of the Board of Regents, and Linda attended the Chapter meeting on our behalf. Each Chapter Member represented us well.

The 2001 Fraud Conference will be held at Walt Disney World, Fantasy Island Hotel, Orlando, Florida. The 2002 Fraud Conference will be held at a hotel complex currently under construction in Los Angeles, California. Make your plans now to attend these premier fraud events. You'll be professionally glad you did.

Joe Dervaes received special recognition at the Conference, and the Chapter is excited to share some great news with you. Joe was elected Chairman of the Board of Regents at the July 30, 2000, Board meeting. He was previously elected by the Association's 25,000 members to serve on the Association's Board of Regents, and is about half way through his four-year term in this prestigious position. His duties include a wide variety of activities designed to safeguard the CFE professional certification, including membership, the CFE examination, discipline, and standards.

Joe Dervaes was also accepted by the Association, and approved by the Board of Regents, as the first ever Fellow. After two years in development, the Association recently implemented the Fellow Program to recognize senior expertise in the fraud examination field. Applicants must have ten years experience in the field, including five years as a CFE, present a written thesis of at least 15,000 words which makes an original contribution to the profession, be nominated by at least five CFE's, and be approved by the Board of Regents. Fellows serve a four-year term and may be re-nominated. The number of Fellows is limited to one-half of one percent of all active CFE's. Based on current membership of the Association, there can be no more than 75 Fellows at any one time. Joe was nominated by four Members of the Chapter Board of Officers and one Chapter Member.

During the Opening Ceremonies at the Annual Fraud Conference, each of the five Regents makes a five minute speech about fraud from their perspective. At the appointed time, Joe Wells, Chairman of the Association of CFE's, introduced Regent Joe Dervaes with the following remarks: "Yes, I know the requirements are rigorous. But, being a Fellow is not just an accolade; it's a commitment. That's because the Fellow has a serious responsibility to pass on his or her knowledge through teaching and writing to serve as our mentor and counselor....You may think this person had an inside track; but, you'd be wrong. He's actually one of the more experienced fraud examiners in the United States....Ladies and gentlemen, the first ever Fellow of the Association of CFE's, and Chairman of the Board of Regents, Joe Dervaes, Director of Special Investigations for the Washington State Auditor's Office."

Regent and Fellow Joe Dervaes made the following remarks about these events:

"During my first speech as a Regent at the 10th Annual Fraud Conference in Las Vegas, I encouraged CFE's to begin writing about their own area of expertise so that we might increase the fraud body of knowledge. While the Association's *Fraud Examiners Manual* is the cornerstone of this body of knowledge, we need to continually revise and expand this important data base. New information is developing daily, and we must capture it for educational purposes."

"My vision of the future is for an information explosion in the fraud body of knowledge, and CFE's are the key to making that happen. Fraud education and training have become an imperative for me, so much so that my mission in my professional life is to share the information I have learned about fraud with anyone who will listen. I began a cloning process, first with our audit staff, and then with government officials wherever and

whenever I could reach them. My philosophy about fraud prevention and detection is rather simple, really – learn from the crooks, and then educate auditors and managers to attack this menace wherever it lives and breathes within the organization. In this way, we will hopefully reduce fraud in the workplace.”

“I know CFE’s can make a big difference in the fight to both prevent and detect fraud. Therefore, regardless of where you are in your professional career, I urge CFE’s everywhere to begin your personal journey to expand the fraud body of knowledge today. Every CFE has something of unique value to add to the fraud body of knowledge, something important to share with the rest of us. The resulting information explosion would be heard around the world. You can do this by simply blooming where you’re planted. So, start your own quiet revolution. I did, and it works.”

“I continued this emphasis during my second speech as a Regent at the 11th Annual fraud Conference in New York City. In fact, I applied for the Fellow Program to demonstrate my commitment to the remarks I had made the previous year. I accepted my own challenge and achieved my goal of becoming the first Fellow. With this act, I now challenge other CFE’s to follow my lead. Becoming a Fellow is an important milestone in ones professional career. But, expanding the fraud body of knowledge is the ultimate goal. I am encouraged by what immediately happened at the Conference. Many CFE’s sought me out to talk about their desire to become a Fellow. That is the reaction I sought, and I hope each CFE does exactly what I encouraged them to do – write a thesis on some area of fraud. By next year, I hope to see many more CFE’s join me as a Fellow in the Association of CFE’s. Will you be one?”

Joe Dervaes represents the Washington State Auditor’s Office and the Pacific Northwest Chapter in an outstanding manner. The Chapter joins the Association in offering our congratulations to Joe for a job well done!

Chapter Representative Meeting at Annual Fraud Conference

Linda Saunders, CFE, CPA, was our representative at the Chapter Meeting held in New York City on July 30, 2000, in conjunction with the 11th Annual Fraud Conference. She provided the following report:

It was a privilege to be able to serve as the Pacific Northwest Chapter/ACFE representative this year. As a sole proprietor consultant, I have not felt I have enough time flexibility to take on an officer position with the Chapter. So this opportunity was a rare treat to mingle with other Chapters and hear what is going on throughout the world with Certified Fraud Examiners.

Yes, I said throughout the whole world. The chapter meeting had representatives from chapters in Canada, Central and South America, Europe, etc. The Saudi Arabian chapter’s big dilemma was that their country would not let them use the word “fraud” in the local chapter name. Gee, we take so many things for granted in our country.....

Malcolm Mills, the Director of Chapter Operations, lead off the Chapter Representatives meeting with introductions and ‘atta boys and girls for active chapter participation during the past year. The host chapters, NYC, Long Island, and New Jersey, also welcomed us to their neighborhoods.

Each chapter requires a chapter handbook and uniform chapter bylaws. Per Joe Dervaes, our Chapter is, as usual, ahead of the power curve. All of our chapter paperwork is in good order he says.

Another item of interest was Malcolm’s encouragement to get a diversity of members. If a chapter has mostly state employees, recruit more private sector members. Or if your chapter has many CPAs, get more private investigators interested. Encourage more participation by giving directors meaningful jobs, such as membership, newsletter, and speaker chairperson jobs. Individual chapters are developing web sites. Other chapters distribute their membership lists to law enforcement, CPA, and attorney organizations for better networking for their members locally. One chapter had a professionally printed roster with a glossy cover that they distributed to attorney and CPA firms. What a great networking idea!

The Montreal chapter has ten board members. Their officers must serve on the Board as stepping-stones to becoming officers. Officers ascend from Treasurer, Secretary, Vice-president, and finally become President. That offers continuity as well as new board members to keep the leadership alive with new ideas.

Sacramento CFEs held a Monte Carlo/Mardi Gras night as a fund-raiser and networking session. Proceeds were given to senior centers and other local charitable organizations. That sounded like fun!

Jim Wilson, who reported an active membership in Oregon, represented our neighboring chapter. They bring in chapter members by selling subscriptions to their newsletter to non-members. And, they promote the chapter to law enforcement. The chapter has been active in promoting the Identify Theft Bill by lobbying legislators to support law enforcement with this bill. Their focus is to look at repeat offenders. Chapter members got local TV stations to talk about the Bill and get information out to the public. Oregon’s chapter web site is www.oregon-acfe.org. I found it interesting that the Oregon chapter breaks up their monthly meetings into five lunch meetings and five breakfast meetings during the year.

The last item that impressed me was the emphasis that one chapter’s Board members put on meeting visitors at both chapter members and conferences. They stated the positive energy given by chapter leaders makes for good growth in new members with energy renewal for the existing chapter members. I will personally volunteer to do that in our future chapter meetings and conferences and encourage others to actively network as Pacific Northwest Chapter/ACFE members.

I definitely got the “enthusiasm bug” from folks at this meeting. I hope we can infuse these other good ideas brought back from the Chapter Meeting into our chapter as well. Thanks again for inviting me to represent you at the Chapter Representative Meeting at the Annual Fraud Conference. This was the third Conference I’ve attended, and the great speakers and networking opportunities were definitely worth the price of admission! I highly recommend you attend a future Association Fraud Conference.

Association Board of Regents Meeting

Joe Dervaes, Chairman of the Board of Regents, provided the following report for the July 30, 2000, Board of Regents Meeting:

The Regents reviewed and approved prior meeting minutes, held elections, and received reports from all Association standing committees. The Regents also approved Joe Dervaes as the first ever Fellow.

The Regents approved 16 scholarships this year, and acknowledged that the candidate pool was outstanding again this year. Nikki Cantrell, our Chapter representative, was included on the list as a scholarship winner.

The Regents will conduct a final review of the proposed CFE Code of Professional Standards. Hopefully, these standards will be ready for final approval and issuance when the Regents meet in Austin during the February/March 2001 time frame.

Upon recommendation from the Board of Review, the Regents took final disciplinary actions in two CFE professional conduct cases. These cases represent difficult decisions, and are not taken lightly by the Regents. The Board of Review and Board of Regents will be further defining and refining procedures to be used in future CFE disciplinary cases.

Approved a revision to Regent terms that will provide more continuity of Members from one Board to another.

Annual Two-Day Fraud Conference With the Association

Each year, the Chapter jointly sponsors a two-day fraud seminar with the Association of CFE’s. This year’s conference is titled: “Conducting Fraud Examinations”. It will be held at the Hilton Hotel, SeaTac, on November 2-3, 2000. The hotel is directly across the street from SeaTac International Airport on “Old Washington Highway 99/New International Boulevard”. This is the same location as last year. The hotel has gated parking on the premises. While the hotel charges for parking, you will receive complimentary parking when you attend the conference. Remember to bring your parking ticket to the registration table for validation.

If you want to attend this years Conference, contact the Association of CFE's and ask to speak to the Conference Coordinator. The number is 1-800-245-3321. The Chapter does not arrange for Conference registration.

To encourage Chapter Members to attend the Conference, the Chapter Board of Officers agreed to pay for the cost of lunch for each day you attend. Of course, we encourage everyone to attend this conference, whether there is a free lunch in your future or not. We would still love to have you.

So, what are some of the advantages of Chapter membership? Well, for openers, the annual dues are only \$24, and we consider that a real bargain. But, when you throw in a \$20 cost of lunch for both days of this Conference, and the additional \$5 savings you receive when you register for our Chapter fraud seminars, there is nothing around which compares in value. So, come join us for an educational event and expand your horizons.

Contact Joe Dervaes by telephone at (360) 902-0368 or by electronic mail at Dervaesj@sao.wa.gov for a Chapter membership form. You still have time to join the Chapter before the conference, and then get almost all of your money back in benefits. Such a deal!

Annual One-Day Fraud Conference With the WSCPA

Our next Chapter newsletter will announce this conference. We have four outstanding speakers lined-up to fill your day with fraud facts which will help you do a better job. Watch for the Washington Society of CPA's "flyer" on this Conference for additional details on the contents. We will also give you more information in the newsletter. We'll be covering e-Commerce and e-Government in the State of Washington, documenting a fraud risk assessment (Statement of Auditing Standards Number 82), currency counterfeiting and fraud schemes the Secret Service encounters, and much more. This will be another fine Conference for your training agenda. Your Chapter Board of Officers has worked hard to bring you the latest and greatest information from the finest instructors. So, stay tuned for additional information.

Job Announcement

Harborstone Credit Union announced that they have an opening for a Loss Prevention Specialist II. This position provides leadership and initiative in identifying areas of policy and procedural exposure to fraud, develops recommendations for enhancement of fraud risk management, and develops and provides training to staff for the prevention of fraud. Responsible for conducting investigations and coordinating the processing and tracking of results pertaining to share draft forgeries, ATM/VISA debit unauthorized use, endorsement forgeries, member account embezzlement, and suspicious account activity. Three years experience working in a financial institution in the area of customer service and fraud investigation preferred. Two-year degree and/or vocational training in accounting, financial management, or

related field preferred. Interested applications should submit resume to: HR Dept., Harborstone Credit Union, P.O. Box 4207, Tacoma, WA 98438. The contact point is Alvarita Allen in Human Resources (Alvarita.Allen@Harborstone.com).