

## CFE UPDATE

May-June 2005

### Chapter Board of Officers

President: Joseph R. Dervaes, CFE, CIA (360) 710-1545  
Vice-Chair of ACFE Board of Directors, 2003 Cressey Fraud Lifetime Achievement Award Winner for 1995, ACFE Fellow, Regent Emeritus, and Distinguished Achievement Award Winner, Association of Certified Fraud Examiners; Audit Manager for Special Investigations, Washington State Auditor=s Office; and, Founding President, Pacific Northwest Chapter/ACFE.  
[dervaesj@sao.wa.gov](mailto:dervaesj@sao.wa.gov), Port Orchard, Washington

Vice-President and Training Director: Norman J. Gierlasinski, PhD, CFE, CPA, CIA  
2002 ACFE Outstanding Achievement in Fraud Education Award Winner, and Distinguished Achievement Award Winner for 1996, Association of Certified Fraud Examiners; Professor of Accounting, Central Washington University (SeaTac Center) (206) 439-3800, Extension 3825. [normang@cwu.edu](mailto:normang@cwu.edu), SeaTac, Washington

Secretary-Treasurer: Roger B. Gulliver, CFE, CPA, CISA, CBA  
President, Gulliver and Associates PS (253) 735-2392; Distinguished Achievement Award Winner for 2000; [rbg1@mindspring.com](mailto:rbg1@mindspring.com), Auburn, Washington

Director-At-Large: Bernadette McBride, CFE, CPA  
Senior Investigator/Financial Examiner, Washington State Department of Financial Institutions, Securities Division, (360) 791-8824; Distinguished Achievement Award Winner for 2004.  
[bmcbride@dfi.wa.gov](mailto:bmcbride@dfi.wa.gov), Olympia, Washington

Director-At-Large: Robert A. Goehring, CFE, CPA  
Audit Manager, City of Kent - Finance Department, (253) 856-5262; Distinguished Achievement Award Nominee for 2005; [rgoehring@ci.kent.wa.us](mailto:rgoehring@ci.kent.wa.us), Kent, Washington

### Association and Chapter Fraud Training and Meeting Dates

Be sure to mark the following calendar year 2005 fraud training meetings on your personal schedule and plan to attend:

June 29, 2005 (Wednesday). Annual Chapter Business Meeting and Fraud Training Seminar; Bahama Breeze Restaurant, 15700 SouthCenter Parkway, Tukwila, WA 98188, (206) 241-4448. For reference purposes, the restaurant is located on the Northwest corner of SouthCenter Mall nearest to the intersections of I-5 and I-405. Door prizes will be awarded; but, you must be present to win. The luncheon and continuing professional education for the fraud seminar is free to Chapter members and \$15 for non-members. The luncheon begins promptly at Noon, followed by a brief Chapter annual business meeting. The fraud training seminar begins at approximately 1:00 p.m. and lasts for one hour.

The speaker for this meeting will be Theresa A. McGill, Anti-Money Laundering Specialist from the Taxpayer Education and Communication Unit of the Small Business/Self-Employed Operating Division of the Internal Revenue Service (IRS), Downers Grove, Illinois. The topic will be: Money Laundering Prevention.

July 10-15, 2005 (Washington, D.C.). Association=s 16<sup>th</sup> Annual Fraud Conference and Exhibition. Register for this conference at [www.cfenet.com](http://www.cfenet.com). The Conference is being held at the Hilton Washington, 1919 Connecticut Avenue, Washington, DC 20009. Hotel rates for the conference are \$179 single and \$199 double. The meeting times are from 1:00-5:00 p.m. on July 10, 2005, for the Pre-Conference; 8:30 a.m. B 12:30 p.m. on July 13, 2005, and from 8:30 a.m. B 4:30 p.m. on all other days during the Main-Conference and Post-Conference period. The discounted registration fee for Association members is \$795 for the Main-Conference. The regular registration fee for non-members is \$895 for the Main-Conference. The discounted registration fee for Association Members is \$1,225 for the Full Conference. The regular registration fee for non-members is \$1,395 for the Full Conference.

Government Highlights of the Conference include:

General Session Speaker James B. Comey, Chair, Corporate Fraud Task Force, U.S. Deputy Attorney General.

General Session Speaker Brian Lamkin, Chief of the Financial Crime Section, FBI.

General Session Speaker, Tim Noonan, Former President, Rite Aid Corporation.

Break-Out Fraud Seminars on Protecting the Public Interest and Fraud Concerning Government:

- a. How to Detect Money Laundering, Don Semesky, Chief, Financial Operations, DEA.
- b. Cooking the Public=s Books, Kevin Sisemore, CFE, Fraud Audit Manager, University of Colorado
- c. Don=t Take Grant Fraud for Granted, Ken Dieffenbach, Special Agent, CFE, U.S. Department of Justice, Office of the Inspector General, Fraud Detection Office.
- d. Stealing from Big Steel: A vendor Fraud Case Study, Craig Greene, CFE, CPA, Partner, McGovern, Greene, LLP, and David Highlands, Former Director of Internal Audit, National Steel Corporation.
- e. Eleven educational tracks with more than 60 sessions to choose from.
- f. Exhibit Hall includes cutting edge anti-fraud tools and services, and highlights the Cyber Caf and Career Corner.

Vice-President Norm Gierlasinski will be the Pacific Northwest Chapter=s official representative at the Chapter Representatives Meeting held in conjunction with the Annual Fraud Conference. He will provide a report to the Chapter on the events of this meeting upon his return.

President Joe Dervaes will attend the ACFE private non-profit corporation=s Board of Directors Meeting held in conjunction with the Conference. He will provide a report to the Chapter on the events of this meeting upon his return.

Dr. Robert Holtfreter, Washington State University (Ellensburg), Chapter Associate Member, will attend the Annual Fraud Conference to receive the ACFE=s 2005 Outstanding Achievement in Accounting Award.

August 31, 2005 (Wednesday). Chapter Fraud Training Seminar; Downtown Seattle, at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street). We begin all meetings promptly at 2:30 p.m., hold a 30 minute networking session at 3:30 p.m., and then complete the seminars at 4:45 p.m. The seminar fee is \$20 for Chapter members and \$25 for non-members.

The speaker for this meeting will be: Frank Walker, CFE, PI, CEC, CBC, BSBE. Frank is a Chapter Member. The topic will be: Selling Fraud Prevention By Persuasion B What Can CFEs Do?

September 20, 2005. Joint Chapter and Seattle Chapter/WSCPA two-hour training meeting. The speaker will be Chapter President, Joseph R. Dervaes, CFE, CIA, Audit Manager for Special Investigations, Washington State Auditor=s Office. Joe is the 2003 Cressey Fraud Lifetime Achievement Award Winner, a Member of the ACFE Board of Directors, ACFE Fellow, Regent Emeritus, and Distinguished Achievement Award Winner at the Association of CFEs. The topic will be Accounts Receivable Fraud using a handout from writings in his By-Line Column, Frauds Finer Points, published in *The Fraud Magazine*. The meeting is held at the Washington Athletic Club in downtown Seattle from 7:30-9:30 a.m. Additional information on registration procedures will be provided as the information becomes available. Some training information may be available at the WSCPA web-site or by contacting them directly by calling 1-800-272-8273 (Bellevue, WA).

October 17-19, 2005. Joint Chapter and Association of CFEs Fraud Training Classes at the Doubletree Hotel, 18740 International Boulevard; SeaTac (across the street from SeaTac International Airport), (206) 246-8600.

The subject of a one-day class on October 17, 2005, will be Building Your Fraud Examination Practice. The registration fee for this class is \$249 for ACFE Members and \$299 for Non-Members.

The subject of the two-day class on October 18-19, 2005, will be Communicating the Results of Your Fraud Examination. The registration fee for this class is \$595 for ACFE Members and \$695 for Non-Members. There is also a \$95 savings for early registration.

Note: The Association will provide breakfast pastries, lunch, and mid-morning and mid-afternoon refreshments on each of these training days. Speakers are to be

announced at a later date. The Chapter Board of Officers will perform registration duties at these training classes.

December 2, 2005 (Friday). Joint Chapter/WSCPA=s 9<sup>th</sup> Annual Fraud Conference at the SeaTac Marriott Hotel; 3201 South 176<sup>th</sup> Street, SeaTac (across the street and up the hill a short distance from SeaTac International Airport). The estimated early registration fee for members of the WSCPA and the Pacific Northwest Chapter is \$175 for this conference. There is also a \$6 daily parking fee if you drive your car and park in the hotel parking lot. Car pooling is recommended to reduce the nominal cost of parking. Registration and continental breakfast is at 8:00 a.m. The conference begins at 8:30 a.m. and ends at 5:00 p.m. Register directly with the WSCPA by calling 1-800-272-8273 (Bellevue, WA). The conference includes eight hours of continuing professional education credit. The course registration form can also be obtained from the WSCPA=s web site at [www:wscpa.org](http://www:wscpa.org). You must call the WSCPA to actually register for the conference. Ask for Lisa Chin Iwata in the Education Department.

President Joe Dervaes and Vice-President Norm Gierlasinski will co-chair the 9<sup>th</sup> Annual Fraud Conference. The Chapter Board of Officers is currently scheduling speakers and topics for the annual fraud conference.

(Confirmed). The speaker for the 8:00 a.m.-10:00 a.m. session will be Ms. Sydney M. Diamond, CFE, CISSP. Sydney is the President of Diamond and Diamond, LLC. The title of her presentation has not yet been decided. But, she specialized in preventing, detecting, and investigating computer fraud. In fact, she=s just heading to the publishers with her book on small business security.

(Confirmed). The speaker for the 10:00 a.m. BNoon session will be Mr. Jim Cronin, CFE, MPA. Jim is a Specialized Investigator with Cronin and Associates in Mukilteo, WA. The title of his presentation has not yet been decided. But, Jim has lots of new investigative Atoys@ to share with those who attend the Conference. Internet searches are his investigative specialty.

(Confirmed). The speaker for the 1:00-3:00 p.m. session will be Ms. Linda L. Saunders, CFE, CPA, CGFM. Linda is the Owner and Fraud Manager of Forensic Accounting Consultants in Quilcene, WA. She is a former President and current Member of our CFE Chapter. The title of her presentation has not yet been decided. But, she will be presenting a cash disbursements fraud case study at the conference.

(Unconfirmed). The speakers for another two-hour session will be Ms. Suzanne Sarason and Ms. Leslie Pearson, Investigators/Financial Examiners from the Washington State Department of Financial Institutions. The topic will be: Ponzi Schemes. The presentation includes a discussion of a current case study about a recent Ponzi Scheme that was investigated in this state.

Important Chapter Fraud Training Meeting Information for Downtown Seattle  
Location

All fraud seminars conducted by the Chapter in downtown Seattle are held at this location.

We meet at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street).

Our host, the State of Washington Housing Finance Commission, controls the conference room where our meetings are held. In February 2005, the Commission revised its security for access to its training room. We are NO LONGER required to sign-in with the receptionist on the 27<sup>th</sup> Floor to obtain a visitor=s badge. Please report directly to the training room on the 28<sup>th</sup> Floor of the building.

We meet at the training room promptly at 2:30 p.m., hold a 30 minute networking session at 3:30 p.m. in the middle of the class, and then complete all fraud seminars at 4:45 p.m. sharp. The Commission has asked us to depart the training room promptly because their duty day ends at 5:00 p.m. We appreciate using this fine training facility for our fraud seminars, and respectfully request everyone abide by the Commissions rules.

If you=re looking for parking, Special Events parking rates (approximately \$6) usually apply for the parking garage at Benaroya Hall, just two blocks north of the training facility on Second Avenue.

#### (1) News from the ACFE Board of Directors

While the election for the Members of the Association of CFEs Board of Directors took place in Fall 2004, the Board was formally constituted at a conference call meeting on Friday, April 22, 2005. The primary business at this meeting was to approve the Bylaws and the Articles of Incorporation of the two private non-profit corporations, an IRS Section 501(c)(6) trade organization (ACFE Membership, Incorporated) and an IRS Section 501(c)(3) tax exempt organization (ACFE Foundation). But, the following positions of leadership positions and terms of office were also established at the meeting for both organizations. They were:

Chair/President: Nancy Bradford  
Vice-Chair/Vice-President: Joe Dervaes  
Secretary: Marilyn Peterson  
Treasurer: Marty Biegelman  
2<sup>nd</sup> Vice-President: Dennis Dycus

Nancy Bradford and Joe Dervaes will serve one-year terms in their leadership positions. Elections for Chair and Vice-Chair will be conducted annually, and Members may be re-elected to additional terms of office once their initial term has been completed.

Tenure on the Board of Directors, based upon the results of the Fall 2004 elections by the ACFE Membership, will be:

Joe Dervaes B 4 years

Nancy Bradford and Marty Biegelman B 3 years

Dennis Dycus and Marilyn Peterson -2 years.

Members on the Board may also be re-elected to a second term of office once their initial term has been completed.

The Members of the Board of Directors are strong leaders, and as the initial Board, will primarily be responsible for transitioning from the ACFE for-profit corporation to the ACFE non-profit corporations. This is a very complex and extremely demanding position for each Member of the Board. Wish them all great success as they work on behalf of the ACFE Membership to accomplish these important goals and objectives, and as they complete their service over time. Congratulations to all!

## (2) Award News from the Association

Dr. Robert E. Holtfreter from the Department of Accounting, School of Business and Economics, Central Washington University, Ellensburg, WA, will be awarded the Association of Certified Fraud Examiner=s ΔOutstanding Achievement in Accounting Award@ at the 16<sup>th</sup> Annual Fraud Conference in Washington, D.C., during the period July 11-13, 2005. The announcement of this award was made by the ACFE on April 20, 2005.

The Pacific Northwest Chapter Board of Officers nominated Dr. Holtfreter for this prestigious award, and is proud to announce this award. The Board of Officers voted to pay Dr. Holtfreter=s travel expenses to Washington, D.C., not to exceed \$500, to attend the Annual Fraud Conference and to receive this award in person. Dr. Holtfreter is an Associate Member of our Chapter and represents us well.

The Outstanding Achievement in Accounting Award is presented to an Association member who has made an outstanding contribution in the field of accounting. The recipient of this award must demonstrate that he or she has participated in a significant fraud investigation, developed and implemented a system of internal controls intended to prevent or deter fraud, or been instrumental in a large monetary recovery from the successful prosecution of a fraud or white-collar crime case.

Dr. Holtfreter is the CWU Distinguished Professor of Accounting and Research at CWU (1993-present), the Grant Thornton Distinguished Professor of accounting at CWU (1983-1989), and won the Washington Society of Certified Public Accountants Outstanding Educator Award (2001-2002). He can now add the ACFE Outstanding Achievement in Accounting Award to his resume.

Congratulations to Dr. Holtfreter on this fine achievement. The Chapter wishes him well in all of his future personal and professional endeavors.

Benjamin Romano, reporter for the Yakima Herald-Republic newspaper wrote a very nice article about Dr. Holtfreter=s award that was published on Monday, May 23,

2005. Chapter President Joe Dervaes was also quoted in the article. Reporter Benjamin Romano can be reached by phone at 577-7684, or by e-mail at [bromano@yakima-herald.com](mailto:bromano@yakima-herald.com). The article was entitled: Teaching Tomorrow's Financial Detectives, and is reprinted below.

### **Teaching tomorrow's financial detectives**

**By BENJAMIN ROMANO** YAKIMA HERALD-REPUBLIC

SANDY SUMMERS/Yakima Herald-Republic  
**Dr. Robert Holtfreter goes over an article with his research assistant, Tim Berge, in his office at CWU.**

ELLENSBURG c Robert E. Holtfreter is training the next generation of financial detectives to serve on the front lines of a growing battle against corporate and consumer fraud.

The Central Washington University distinguished professor of accounting has immersed himself in the field, drawing a prestigious award from the Association of Certified Fraud Examiners, the largest anti-fraud organization in the world. Holtfreter, 62, will be recognized with the ACFE's Outstanding Achievement in Accounting award in July.

From his tidy, third-floor office, the fast-talking Holtfreter generates reams of research and academic journal articles on the array of financial frauds that are sucking away businesses' profits and bilking consumers through the mail, over the phone and on the Internet.

"That's my passion right now," said Holtfreter, who has explored lots of accounting territory in 34 years of research and teaching.

By itself, occupational fraud, broadly defined as the misuse of one's position for financial gain, results in annual losses of 6 percent for the typical organization in the United States, according to an ACFE study. Extrapolated to the entire U.S. economy, that represents an estimated \$660 billion loss in 2003.

And while massive corporate meltdowns at Enron and WorldCom get the headlines, the study found that small businesses suffer disproportionately larger losses.

Investor outrage over the high-profile accounting scandals, and the Sarbanes-Oxley Act passed by Congress three years ago in response, have done much to drive up demand for forensic accountants and Certified Fraud Examiners.

"These frauds have been there for a long time, but the company hasn't had the resources, the IRS and the SEC haven't had the resources to get ahead of it," he said. "They've hired a lot of people in the last two to three years, which has helped out our students."

Central is one of 160 universities in the country to offer a course in fraud examination, designed by the ACFE. Six years ago only 15 institutions offered the class, said Holtfreter, who serves on the association's higher education and research committees, and sits on the editorial board of The Fraud Magazine.

That's just a fraction of his committee memberships, leadership positions and advisory roles in numerous professional organizations. An avid hunter, Holtfreter also serves on two Department of Fish and Wildlife committees and is co-chairman of a Yakima City Council budget strategy team. (He carpools to Ellensburg to teach classes three days a week.)

The fraud examination class is popular with accounting majors and criminology students. Holtfreter routinely has 65 students or more enroll each fall. Another 30 or 40 students are in classes at Central's Lynnwood and Des Moines campuses.

"The students are aware that this is an important course to put on their transcripts," he said.

Students pursuing a career in forensic accounting need to be sharp-eyed folk who don't take information at face value. They need to be analytical thinkers who avoid falling into routines.

"If you work in the fraud area," Holtfreter said, "you're dealing with someone that's a very clever person, and they've thought out of the box. You've got to basically think like they did."

Joseph R. Dervaes, audit manager for special investigations at the Washington State Auditor's Office and the man who nominated Holtfreter for the award, said his enthusiasm is passed on to his students, which is important for the advancement of the field.

"The college kids are a tremendous asset and they are the future," Dervaes said.

Holtfreter would like to see the university enhance its offerings in forensic accounting, perhaps creating a track for fraud examination professionals within its accounting degree program.

"We're the only school in the state that has that class, so I think we can capitalize on that and draw more students," he said.

Another college has gone a step further, offering bachelor's and master's degrees that incorporate both forensic accounting and criminology. Utica College in New York claims the only graduate-level program in economic crime management in the country.

Holtfreter has a good connection in the field of criminology: his daughter.

He's co-authored several papers with Kristy Holtfreter, assistant professor in the School of Criminology and Criminal Justice at Florida State University.

Daughter followed father into the academic world, and now, as research director of FSU's new Consumer Fraud Institute, is collaborating with him on research into topics such as identity theft.

"He's always been a role model as far as career accomplishments, research, and also valuing teaching and supporting students in the classroom," she said.

His students & some of whom refer to him as Dr. 007, according to Kristy, for his striking resemblance to Sean Connery & have rated his teaching at Central an average of 4.2 on a five-point scale. He was given the Washington Society of CPA's Outstanding Educator Award in 2002.

Kristy is one of Holtfreter's four children, all of whom have graduated from college as of this spring. His wife, Judy, is a teacher in the West Valley School District.



"I finally got them off of welfare," Holtfreter said with a laugh, directing his next comment to his kids: "Don't call again and ask for money because you're not going to get it."

He wants to buy a boat and take up salmon fishing. Any openings on the salmon commission?

### (3) CFE Chapter Scholarship Program

The Association of Certified Fraud Examiners sponsors 30 scholarships of \$1,000 each to deserving students in the accounting, business administration, or criminal justice fields. Each year, the CFE Chapter similarly sponsors two scholarships of \$500 each to these students.

(a) The Board of Officers voted to select Emily C. Beschen as our Chapter's primary representative in the 2005-2006 Ritchie-Jennings Memorial Scholarships Program. There were no alternates this year due to the limited number of students who applied for these scholarship programs. Here's some background information on Emily.

Emily is an absolutely outstanding candidate who has expressed a strong interest in the field of law. She is majoring in Sociology and Psychology at Western Washington University, and will obtain a special emphasis on law and the criminal justice program. Her future goal is to attend law school and become an advocate for privacy rights because she feels that the individual's rights are being compromised more and more as technology increases while regulations remain the same. She definitely recognizes the need for a high standard of ethics in the professional world and wants to be a player when it comes to making significant changes in this area in the future.

Emily has already experienced the consequences of fraud first-hand in her early adult life. She volunteers 10 hours per week in the Washington State Attorney General's Office where she acts as a consumer analyst mediating complaints between businesses and consumers. She has recently been assigned to be an outreach coordinator where she locates local community centers, senior centers, and other groups that may benefit from identity theft education and prevention tips. She has also performed extensive research on policies which attempt to reduce identity theft, especially Washington State Senate Bill Number 1386, which will require all businesses to notify consumers if there has been a breach in their security system and private information may have been compromised.

If Emily does not win a scholarship award from the ACFE, she will automatically win one of our CFE Chapter's \$500 scholarships. Since she was the only viable student applicant this year, the second CFE Chapter \$500 scholarship will not be awarded.

Congratulations to Emily on her fine professional and educational achievements in life thus far. She has done a fantastic job and represents the youth of tomorrow very well. It is our privilege to sponsor her in these scholarship programs. And, we wish her great success in the competition to come.

We expect the selections to be made and confirmed at the Annual Fraud Conference in July 2005 and announced sometime in early August 2005. The Board of Officers will

announce the results of these scholarship programs as soon as the ACFE makes its final determinations.

#### (4) National Fraud Awareness Week

The Pacific Northwest Chapter/ACFE once again has been listed as a supporter of National Fraud Awareness Week (July 10-15, 2005) sponsored by the Association of CFEs.

As you know, fraud affects businesses and government entities of all shapes and sizes, making the prevention and detection of it everyone's concern. Today fighting fraud is a challenge for all of us.

To further support the anti-fraud community, six years ago the ACFE created National Fraud Awareness Week, a week dedicated to increasing fraud awareness and advancing the global fight against fraud. The ACFE, along with official supporters from the public and private sector, are proactively taking the first step toward curbing fraud by promoting anti-fraud education and awareness. The ACFE encourages professionals around the world to explore ongoing anti-fraud efforts and get educated about the magnitude of fraud, its impact on the economy, how to report it and above all, the steps needed to prevent, detect and deter it.

As a past supporter, our CFE Chapter has established itself as a leader in the community. If any CFE wants to list his/her organization as a supported of National Fraud Awareness Week, simply complete the short online form at [www.FraudWeek.com](http://www.FraudWeek.com). The organization will send you an Official Supporter CD with valuable anti-fraud resources, and highlight your organization on the supporters page of the web site. There is no cost to participate in this initiative.

The National Fraud Awareness Week kick-off event is the 16th Annual ACFE Fraud Conference & Exhibition, held in Washington, D.C. July 10-16, 2005. Over 1,500 anti-fraud professionals are expected to attend making it the world's largest conference of its kind. Visit [www.FraudConference.com](http://www.FraudConference.com) for more information about the Conference..

#### (5) ACFE 16<sup>th</sup> Annual Fraud Conference

This is just a reminder notice about a fantastic training opportunity for Certified Fraud Examiners and others interested in the wonderful world of fraud. See complete details about the Conference in the Chapter training schedule listed at the beginning of this newsletter. Our CFE Chapter has been well represented in past years, and we want to continue that tradition again this year. Come join your fellow professionals at the premier fraud conference sponsored by the Association of CFEs. You'll be glad you did!

#### (6) ACFE Promotion for CFE Prep Course and Exam (2005)

On April 5, 2005, the Association of CFEs announced the following promotion by e-mail letter:

Dear Chapter President,

The ACFE will be launching a program this week to encourage completion of the CFE Prep Course and Exam in 2005. The ACFE Challenge® will provide continued encouragement including a timeline to keep members on track to successfully complete the CFE Exam by a date they've selected. There is a reward tied to completing the exam as quickly as possible.

Complete and submit by August 31, \$500 voucher for ACFE event or self-study  
Complete and submit by October 31, \$300 voucher for ACFE event or self-study  
Complete and submit by December 31, \$100 voucher for ACFE event or self-study.

The qualifications for this program are as follows:

- Must be a member in good standing.
- Must complete and submit all necessary documents and meet all requirements to become a CFE.
- Must purchase the CFE Exam Prep course or Fraud Examination Essentials Toolkit and pass the CFE Exam by chosen date.
- Cannot be combined with any other offers.

Chapter members who have purchased the CFE Exam Prep Course at the discounted price will be eligible to participate in the program.

Attached is an electronic PDF of the offer. If you have any other questions, please contact Lisa Schooley at [lschooley@CFE.net](mailto:lschooley@CFE.net) or Andrea Barrett at [abarrett@CFE.net](mailto:abarrett@CFE.net).

Many of you have chapter members utilizing the prep course to prepare for the exam or contemplating purchasing the prep course. This is a great opportunity for you to encourage these members to participate in the ACFE Challenge® program and become certified, and increase the number of CFEs in your chapter.

Thank you for your continuous efforts. Regards, Jeff Kubiszyn, Chapter Liaison Officer, ACFE.

#### (7) CFE Chapter Annual Luncheon and Business Meeting B Location Change

Special Notice: Due to popular demand, the location has been changed for our Annual Luncheon and Business Meeting. The restaurant we were using was unable to provide the space we needed for the meeting.

As a result, your CFE Chapter Board of Officers has selected a replacement restaurant for the June 29, 2005, meeting. It will be held at the Bahama Breeze Restaurant, 15700 SouthCenter Parkway, Tukwila, WA 98188, (260) 241-4448. For reference purposes, the restaurant is located on the Northwest corner of SouthCenter Mall nearest to the intersections of I-5 and I-405. Door prizes will be awarded; but, you must be present to win.

See complete details about this meeting in the Chapter training schedule listed at the beginning of this newsletter. Come join your fellow Chapter professionals and have fun as well. You=ll be glad you did!

#### (8) CFE Chapter Fraud Seminar Change in Procedures for Downtown Seattle Location

Special Notice: There has been a change in the access procedures for our downtown Seattle location. These changes are effectively immediately.

We meet at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street).

Our host, the State of Washington Housing Finance Commission, controls the conference room where our meetings are held. In February 2005, the Commission revised its security for access to its training room. We are NO LONGER required to sign-in with the receptionist on the 27<sup>th</sup> Floor to obtain a visitor=s badge. Please report directly to the training room on the 28<sup>th</sup> Floor of the building.

We meet at the training room promptly at 2:30 p.m., hold a 30 minute networking session at 3:30 p.m. in the middle of the class, and then complete all fraud seminars at 4:45 p.m. sharp. The Commission has asked us to depart the training room promptly because their duty day ends at 5:00 p.m. We appreciate using this fine training facility for our fraud seminars, and respectfully request everyone abide by the Commissions rules.

As a reminder for those looking for inexpensive parking for our fraud seminars at this location, Special Events parking rates (\$5) usually apply for the parking garage at Benaroya Hall, just two blocks north of the training facility on Second Avenue.

#### (9) Articles to be Published in *The Fraud Magazine*

The Chapter Board of Officers is pleased to announce that the Association will soon publish two articles co-authored by Associate Member Dr. Robert Holtfreter, CPA, Distinguished Professor of Accounting and Research, Central Washington University, Ellensburg, WA. They are as follows:

(a) Fraudsters in Cyberspace: Growing Global Internet Menace. This article is co-authored with Dr. Craig R. Ehlen, CFE, CPA, DBA; John Langione, CFE, CIA, CLU; and, Anna M. Green. It will be published in the July/August 2005 issue.

(b) Fraud Schemes: Danger in Cyberspace. This article is co-authored with Dr. Craig R. Ehlen, CFE, CPA, DBA. It will be published in the September/October 2005 issue.

Chapter President Joe Dervaes continues to publish fraud articles in every bi-monthly issue of *The Fraud Magazine* under a By-Line Column entitled Frauds Finer Points. He currently is writing about skimming and cash larceny. Watch for these continuing articles as well.

The Chapter is proud to have its members frequently published in the Association's international magazine. Congratulations to all!

#### (10) Fraud News

(a) There was an interesting newspaper article on travel fraud in The Tacoma News on April 3, 2005. The key to it all is presented in the final sentence of the article (greed). The article said:

Avoid wave of fraudulent travel offers when surfing the Internet. An offer for a "free trip" isn't such a good deal after hidden fees are added. Travel fraud is growing thanks to online auctions and virtual travel agencies. By: Kimberly Morrison, Knight Ridder, Washington, D.C.

If you say yes to the telemarketer on the Internet pop-up ad offering a free trip for two to the Bahamas anytime in the next year, what happens next?

Often, veteran travel-fraud investigators say, fees and taxes add \$200 to the cost of the "free" trip. Still, it seems like a bargain. Then the hotel rooms set aside for the package are booked up when you want to travel? The agent offers an upgrade to another room that's available. That's another \$200.

Want electricity in that room? That's extra. And expect to attend an all-day high-pressure sales pitch for a time share. You won't have your companion to help you through it. The strategy is to separate couples and pitch to them separately, aiming to sell one party on the deal who then helps sell the other.

Travel fraud is dominated by these vacation certificates and is growing, experts say, often with help from online auctions, virtual travel agencies and pop-up ads.

"The Internet is fantastic, but also has created fantastic problems," said J.R. Kelly, the director of Florida's state Division of Consumer Services in Tallahassee.

Kelly should know. When it comes to travel scammers, Florida is Mecca. Complaints to his office doubled last year and he thinks they'll double again this year.

Vacation certificates made up three-quarters of Florida's 4,400 travel-fraud complaints in 2004, Kelly said. They involve Florida as a destination and as a place of business for scammers.

When people get tricked in travel scams, the average loss is about \$1,200, said the National Consumers League.

In one brick-and-mortar case, travel agent Casandra Littles of Roxbury, Mass., sold cruises and trips that she'd bought using stolen identities. Littles, who's now serving a 21-month federal prison sentence, racked up \$45,000 in charges on stolen credit cards before the Secret Service nabbed her in 2002.

Scammers offering vacations B whether free or as prizes in online raffles B sometimes obtain credit card numbers by saying they're needed for Averification@ or to guarantee payment of unauthorized charges. The scammers sometimes disappear after taking supplementary payments for Afree@ vacations.

The pitch can be very convincing, said Keith Bellows, the editor of National Geographic Traveler. Bellows was talked into a time share he couldn't afford.

ANo matter how much we thin we're experts B and I think I'm a pretty savvy traveler B we can get ripped off,@ Bellows said.

Kelly thinks he knows why: AWe're all greedy to some extent, and we all want the cheapest price for something,@ he said.

#### (b) Identity Theft Tips

Here's some interesting information from an anonymous corporate attorney that President Joe Dervaes received recently. The document gave some tips on reducing the risk of identity theft and how to mitigate this nightmare should it ever happen to you or someone you know. It said:

##### Checking Accounts:

1. The next time you order checks, have only your initials (instead of first name) and last name put on them. If someone takes your checkbook, they will not know if you sign your checks with just your initials or your first name, but your bank will know how you sign your checks.
2. When writing your checks to pay your credit card accounts, DO NOT put the complete account number on the AFor@ line. Instead, just put the last four numbers of your account. The credit card company already knows the rest of the your account number and anyone handling your check as it passes through all the check processing channels won't have access to it.
3. Put your work phone no. on your checks instead of your home phone. If you have a PO Box, use that instead of your home address. If you do not have a PO Box, use your work address. NEVER have your Social Security number printed on your checks. You can add it if it is necessary. But if you have it printed, anyone can get it.

##### Credit Cards:

In the event your credit cards are either lost or stolen -

4. Cancel your credit cards immediately. It is IMPORTANT that you have the toll free numbers and your card numbers handy so that you know whom to call. Keep this information in a location where you can find them.
5. File a police report immediately in the jurisdiction where your credit cards, etc., were stolen. This proves to the credit providers you were diligent, and this is a first step toward an investigation (if there ever is one).
6. Most Important thing TO DO: CALL the three national credit reporting organizations immediately to place a fraud alert on your name and Social Security number. This alert means that any company that checks your credit, knows your information was stolen and they have to contact you by phone to authorize new credit.

Critical Contacts:

Equifax: 1-800-525-6285

Experian (formerly TRW): 1-888-397-3742

Trans Union: 1-800-680-7289

Social Security Administration (fraud line): 1-800-269-0271

(c) In the Delta Airlines magazine for April 2005, the following interesting facts about Identity Theft were found in an advertisement for Fellowes, the world=s toughest shredders, [www.fellowes.com](http://www.fellowes.com). It said:

The world toughest shredders fight our fastest growing crime: Identify Theft.

Fact: Last year, nearly 10 million people were victims of identify theft.

Fact: On average, identity theft victims spend 175 hours of their personal time and over \$800 to clear their names.

Fact: The FTC estimates it takes victims 14-16 months to clear their names.

Be safe B Shred it. The best way to protect yourself is to shred all personal information before you throw it away.

(d) There was another interesting newspaper article on travel fraud in The Tacoma News on April 24, 2005. It=s an excerpt from the Motley Fool authored by Tom and David Gardiner that deals with the topic of Check Your Credit. The article said:

Thanks to Uncle Sam and the updated Fair Credit Reporting Act (FACTA), all Americans soon will be able to get a free, once-yearly look at the rundown of their borrowing and banking history. That=s right B free copies of our credit reports!

This privilege is rolling out across the nation but isn=t yet in effect in every state. Click over to [www.annualcreditreport.com](http://www.annualcreditreport.com) to see when free access to credit reports will be available in your state. There you=ll have the option of reviewing your

A consumer disclosure@ from one, two or all three of the major credit reporting bureaus B Equifax, TransUnion, and Experian.

As FACTA slowly works its way across the country, you might not want to let your file go unchecked while you wait for the federally mandated freebie. If you=re planning any banking maneuvers within the next three to nine months, ordering your credit report now may be well worth it. Consider going beyond the free reports thought. CNN/Money points out that beyond the free reports, it=s important to check your credit A score@ too. Each agency has a score for you, a number that lenders pay a lot of attention to, sometimes even bypassing the rest of your credit room. (Fool readers can get a single report with data from the three major credit reporting agencies, as well as three credit scores, for \$35. Details are at [www.truecredit.com/fool](http://www.truecredit.com/fool).

Interested third parties will be checking your credit if you want to finance a car, buy a home, refinance, apply for a credit card B sometimes even if you=re applying for a job! Your credit report will reveal who=s been doing a background check on you.

One more reason to check your report is to look for errors. Some blemishes might be of your own making, but studies show that up to 25 percent of reports contain serious errors that can cost you a lot. Errors can be fixed, though. Get credit info and tips at [www.fool.com/cc](http://www.fool.com/cc) and [www.cardweb.com](http://www.cardweb.com).

#### (e) Nigerian (or Similar) Letters

One of the most recent Nigerian (Sierra-Leone, actually) letters that President Joe Dervaes received is forwarded for your information B not your action!

Normally the sender asks for your personal bank account information so that you can receive an enormous sum (\$15-30 million) that has limited access within their country. The sender promises that you=ll be able to keep 25-30% of the money for the use of your bank account for this purpose. If you reply to one of these e-mail letters, all that arrives in return is identity theft and financial nightmares. But, this latest letter has an interesting twist B the sender wants you to adopt them, arrange for their passage to the United States, raise them until they become an adult, and then claim the fortune promised. These letters scream: WARNING, WARNING, WARNING! Never respond to them!

Send these letters to the U.S. Postal Inspection Service, Inspection Service Support Group, 222 South Riverside Plaza, Suite 1250, Chicago, IL 60606-6100. Obtain USPS Form 8165, Mail Fraud Report, from their web-site at: [www.usps.gov/postalinspectors](http://www.usps.gov/postalinspectors). REMEMBER: If a deal sounds too good to be true, it probably is!

Here=s the latest Nigerian/Sierra Leone chain letter:

Subject: Greetings from Patricia Goma. Good Day.



I know that this mail might be a surprising to you but do consider it as an emergency. In a nut shell, my name is Miss Patricia Goma from the republic of Sierra-Leone in West Africa, now seeking for refugee in Dakar BSenegal under the (UNHCR).

The only child of the late Dr. Solomon Goma, I am looking for someone who can take me as child. I promise to be obedient to you and I will bring happiness to your life, I prayed over it and selected your name among two names due to it=s esteeming nature.

I want you to assist me in this transaction. My late father was the managing director of Rainbow Gold and Diamond Mine company in (KENEMA) Sierra-Leone.

But he was poisoned to death along side with my month by his business associate, On one of their outing to discuss a business deal in oversea, However, after their death I managed to stay alone and when the war broke out in my country. I escape to refugee camp in Senegal by the help of the UN with every important files of my father.

He has the sum of (US\$15.2M) Fifteen million two hundred thousand U.S Dollars only. This amount was deposited by my late father in one of the leading Security Company in outside Sierra-Leone. The deposit documents indicate me as the next of kin. Presently, I am saddled with the problem of securing a trust worthy foreign personality to help me. I will map out 15% for you.

(a) You will Stand on my behalf as the beneficiary for the claim of the inheritance from the Security Company since the management of the Company advised that I should solicit for an individual or corporate organization to claim the deposit for me as they cannot release it directly to me due to my refugee status in Senegal.

(b) Transfer the money over to your own country and into your possession pending my arrival to meet with you.

(c) Invest and manage the money for me in a good business pending my maturity.

(d) Help me secure my traveling documents to meet you as soon as my money is released to you.

Furthermore, you can contact the Security Company for confirmation and I will issue a letter of authorization on your name. That will enable the Company to correspond with you on my behalf.

I am giving you this offers as mentioned with every confidence on your acceptance to assist me or adopt me as your Child if possible and manage the money for me.

Conclusively I wish you send me a reply immediately you receive this proposal.

Until then, I remain with the best, regards, Miss Patricia Goma.

(f) There was another interesting newspaper article on viruses in The Tacoma News on May 15, 2005. Its citation goes to Newhouse News Service. The title of the article was The Viruses are coming! The article said:

Have you been hacked?

If you own a computer, you're at least getting spammed. Some of the latest ploys being used by hackers:

Phishing: Official-looking e-mails and Web sites try to dupe people into giving passwords and financial information.

Pharming: Web addresses are hijacked. In other words, you type a legitimate address into your browser but get diverted to a hacker's site.

Drive-by downloads: Malicious code is planted on a legitimate or shady Web site. When you visit the site, this code can infect your machine.

Evil twin attacks: Hackers impersonate a Wi-Fi hotspot, jamming the legitimate signal with their own. You think you are logging onto a genuine service, but instead are linked to hackers who can snag personal data you transmit.

Search engine poisoning: You do a search, say, for anti-spyware software. But hackers rig the search results to include an authentic-looking site that might infect your machine.

Spyware: Pop-up ads trick people into downloading software they don't want. These programs gum up computer performance and might monitor your online activity.

## 10 Security Tips

Windows XP users should install Service Pack 2 and enable automatic security updates.

Install Internet firewall software to block intruders.

Set your e-mail to automatically delete attachments with Aexecutable@ (.exe) files.

Consider switching to the Firefox browser or Apple computers. They are targeted less often by virus writers than Microsoft applications.

Turn off your laptop's wireless card until you need it.

Avoid Wi-Fi hotspots in busy places such as airports and hotel where many others could be connected.

Avoid using instant messaging via Wi-Fi networks

If your mobile phone has Bluetooth technology, deactivate it until you need it.

Be wary of file-sharing programs like KaZaA. They can bundle lots of spyware.

Don't click any links in pop-up ads. Close them by clicking the AX@ icon in the title bar.

Sources: Richard Smith, Ben Edelman, F-Secure; Federal Trade Commission; IBM Global Business Security Index Report, and Anti-Phishing Working group.

#### (11) Other Training Opportunities

The Tacoma Chapter of the American Society of Women Accountants will hold its 22<sup>nd</sup> Annual Accounting Seminar at Fort Worden in Port Townsend, WA during the period June 2-5, 2005. Twenty CPE hours are available, featuring a wide range of topics of interest to those in private industry and public accounting. Registration is \$395 for the total 3-night, 4-day package. Contact them directly to register for this training. Speakers include the following:

Clayton Mattson B New Manufacturing Tax Deduction

Margie Liliske (Member, Pacific NW Chapter/ACFE) B Beware B Anyone Could be a Fraudster

Stephanie Clake B Fighting Identity Theft

N. Elizabeth McCaw B How the Sarbanes-Oxley Act Affects the Roles and Responsibilities of Nonprofit Board Members

Susan Arland B Fund Raising for Nonprofit Organizations

Wayne Borkowski B State of Washington Ethics Requirement

Mark Dauberman B Hot Issues in the World of GAAP and The Art of Entrepreneurship B Planning for a Successful Business.

Kristen Hoiby B Everything=s Electronic B Communicating Electronically with the IRS and What=s New at the IRS B Exam and Collection Reengineering

## **ANNUAL CHAPTER LUNCHEON AND BUSINESS MEETING**

Wednesday, June 29, 2005 -- Noon - 2:00 p.m.

The annual Chapter luncheon business meeting will be held at the Bahama Breeze Restaurant, 15700 SouthCenter Parkway, Tukwila, WA. For reference purposes, the restaurant is located on the Northwest corner of SouthCenter Mall nearest to the intersections of I-5 and I-405. Directions to the restaurant follow. When driving North on I-5, take exit number 153 indicating the SouthCenter Mall and SouthCenter Parkway and just before reaching the I-405 interchange. Take an immediate right at the traffic light on SouthCenter Parkway. Then, take an immediate left at the traffic light and proceed to an entrance to SouthCenter Mall (on your left). Drive through the Mall parking lot until you reach the restaurant location. There is plenty of parking at the restaurant.

Members will be able to order from a variety of menu selections offered by the Bahama Breeze Restaurant especially for our meeting. There is no cost for the meal or fraud training for Chapter members and associates. The cost of the meal and fraud training is \$15.00 for non-members.

**Even though the cost of the meal is free for Chapter members and associates, we still need your registration forms so that we can get an accurate head count on all attendees. Thanks for your assistance in this important matter.**

Last minute registration will be held just prior to the luncheon that starts at Noon. A brief Chapter business meeting follows. Our fraud seminar will then begin at 1:00 p.m. Networking with Chapter members follows the seminar.

Thanks for your early registration to attend this meeting. If applicable, make your checks payable to the Chapter, and mail this registration form to the following address:

Pacific Northwest Chapter of ACFE  
P. O. Box 215  
Auburn, WA 98071-0215

**Speaker: Theresa A. McGill, Anti-Money Laundering Specialist from the Taxpayer Education and Communication Unit of the Small Business/Self-Employed Operating Division of the Internal Revenue Service (IRS), Downers Grove, Illinois.**

**Topic: Money Laundering Prevention.**

**Note:** We have entered into an agreement with the Washington State Board of Accountancy to meet its continuing professional education requirements.

SEMINAR REGISTRATION FORM

NAME: \_\_\_\_\_  
\_\_\_\_\_

TITLE: \_\_\_\_\_ PHONE: \_\_\_\_\_  
\_\_\_\_\_

EMPLOYER: \_\_\_\_\_  
FAX: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_  
\_\_\_\_\_ ZIP: \_\_\_\_\_

**Seminar Description**

**Money Laundering Prevention**

As a member of the Anti-Money Laundering (AML) team, the speaker provides education to non-bank financial institutions on the registration, reporting, and record keeping requirements of Title 31, the Bank Secrecy Act and Title 26, Internal Revenue Code Section 60501. This is an educational outreach program to combat money laundering activities.

The International Monetary Fund estimates that money laundering, the process of moving funds generated from illicit activities to disguise their ownership or origin, is approximately a 3 trillion dollar industry worldwide. People launder money to conceal their involvement in criminal activity, such as terrorism, drug trafficking, or illegal tax avoidance.

Businesses with cash transactions over \$10,000 must report these transactions to the Department of the Treasury.

**Biography: Theresa A. McGill**

Theresa A. McGill has worked for the Internal Revenue Service (IRS) for 23 years in various positions, such as taxpayer service representative, tax auditor, revenue agent, and employment tax specialist. She is presently the Anti-Money Laundering (AML) Specialist for the Taxpayer Education and Communication (TEC) Unit of the Small business/Self-Employed Operating Division of the IRS.

She is located in Downers Grove, Illinois, and her territory includes ten states (West Virginia, Ohio, Kentucky, Michigan, Indiana, Illinois, Minnesota, Wisconsin, Iowa, and Missouri).

We are very fortunate that Ms. McGill was able to take time from her busy travel schedule to visit our CFE Chapter and share this exciting message with us at this meeting.

John E. Reid and Associates, Inc.; 250 South Wacker Drive, Suite 1200; Chicago, Illinois 60606-5826; telephone: (312) 876-1600 or (800) 255-5747; web-site : [www.reid.com](http://www.reid.com); Fax (312) 876-1743.

(1) April 2005 Monthly Web Tip: Do you invite people to lie to you?

No one wants people to lie to them. Yet, I have encountered numerous parents, teachers and investigators who regularly invite deceptive answers from people they question. I am certain they do not do this intentionally. Rather, these individuals have little understanding of the psychology of deception. This web tip is written for individuals who are not dealing with rapists and murderers everyday. Rather, it is written for those of us who face everyday issues about a person=s credibility.

### ***The Importance of Privacy***

Many years ago when my oldest son was in middle school he witnessed an incident of sexual harassment in the hallway near his locker (reaching under the blouse of a student to touch her breast). The victim had filed a complaint and asked my son to come forward as a witness, which he agreed to do. The vice principal conducted the investigation. He asked all parties involved (two suspects, the victim and my son) to sit together in a room and relate their accounts in the presence of each other. This arrangement produced the predicted results. The two suspects stuck with their story of non-involvement, the victim related her account of the incident which my son corroborated. The vice principal ruled that since neither of the two accused offenders acknowledged putting their hand under the victim=s blouse, there was insufficient evidence to act on the complaint!

It is expecting a great deal to ask anyone to make admissions against self-interest. Asking them to make these admissions in the presence of others is clearly inviting deception.

### ***Judgmental Attitudes***

The city I live in has a recycling center which I occasionally visit. The person who oversees the center is a crabby old man who believes it is a Federal offense if you mix colored and clear glass and that failure to remove a ballast from a florescent fixture is a capital crime. He has all of the regulations memorized and I learned long ago not to ask him what was proper procedure because he would spend three minutes citing regulations and make me feel stupid for not knowing them. While I am a very law-abiding citizen, this man is such a jerk I would lie in a heartbeat to him and not feel any guilt whatsoever.

While it is true that some timid individuals will change their answers when they feel threatened or intimidated, there is no guarantee that information learned through coercion is truthful. The "tough-guy" approach during an interview certainly does not encourage truthfulness. Rather, the more authoritative or judgmental the questioner becomes, the more motivated a person is to lie to that person. Part of the reason for this is that a judgmental attitude serves to remind the person of the consequences he faces if he tells the truth. The other reality is that it goes against human nature to cooperate with somewhat whom we do not respect. To reveal the truth to another person often requires a significant level of trust and understanding toward the confidant with whom we decided to share our "secret".

## **Question Formulation**

If an individual is interested in learning the truth from another person, it is unreasonable to expect the other person to volunteer the truth. The truth must be elicited by asking the right questions. If my son comes home from a party and I ask him how the party was is he likely to answer, "Well dad it was a pretty good party. I smoked some marijuana and got really high." Absolutely not. He's much more likely to say, "The party was fine dad." It would be totally unreasonable for me to be upset with my son for not volunteering this incriminating information. If I want to learn if he used illegal drugs at the party I need to ask him that question.

Many people, including criminal investigators, are uncomfortable asking questions that may elicit an incriminating response, so they soften the impact of the question. This, of course, makes the question easier to lie to. One way to soften the impact of a question is to include qualifying language. Consider the following examples:

"Ryan, did you happen to see any illegal drugs at the party?"

"Do you recall using any illegal drugs at the party?"

Ryan knows whether or not he used illegal drugs at the party. The use of qualifying language makes the question easier to lie to. The question should be simply phrased, "Ryan did you see any illegal drugs at the party?" and, "Did you use any illegal drugs at the party?"

The easiest question to lie to, however, is one that expects agreement to an assumption within the question. This is called a negative question. Examples of negative questions include:

"You were good for the baby sitter, weren't you?"

"There weren't any drugs at the party, were there?"

"You don't know anything about the fire in your neighbor's garage, do you?"

As these examples illustrate, it is highly improbable for a person to correct the implication within a negative question, and tell the truth, e.g., "No mommy you're wrong. I was a holy terror with the baby sitter."

## **Patience**

An interesting paradox exists within most human beings when it comes to deception. The average person who is properly socialized does not enjoy lying. This is especially true when the person they are lying to is someone they respect. Counteracting this influence is that fact that no one wants to suffer the consequences of telling the truth. Thus, almost every person who has done something wrong or who is ashamed of something they did is caught in a conflict between these two drives. Most people resolve this conflict by telling the truth a little bit at a time. It is a very naïve parent, teacher or investigator who expects a person to all of a sudden decide to tell the full and complete truth.

In most instances, the truth is learned in small steps and only after a reasonable period of time. In the previous example of illegal drug use at a party, the questions asked to develop this information should be designed to gradually commit the person to more incriminating information. For example:

Elicit an admission that drugs were present at the party

Elicit an admission that people were using drugs at the party



Elicit an admission of being offered drugs at the party

Elicit an admission of experimenting with drugs at the party

Frequently investigators fail to appreciate how difficult it is for a suspect who is facing significant consequences to tell the truth. After failing to elicit a full confession when initially asking the suspect if he committing the crime, the investigator breeze over the rest of the interview questions and quickly jumps to the interrogation. Similarly, the parent or teacher offers the child one chance to tell the truth and if the child does not completely come clean, the parent goes into the punishment mode and forgets about learning the truth.

This article is not intended to imply that if an investigator uses proper techniques that most criminal suspects will offer a full confession through the interviewing process. Because of the significant consequences facing most criminal offenders, under that circumstance, interrogation is often the only means to learn the truth. However, there are many issues that can be resolved through the interviewing process.

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(1) May 2005 Monthly Web Tip: Use caution when expressing the urgency for a suspect to confess.

It is human nature to put off unpleasant decisions. Being in my 50's, I know that I need to eventually get long-term care insurance. Even though I fully intend to do this, I can come up with all sorts of reasons why I do not have to do it today. Many guilty suspects experience the same thought process during an interrogation. The suspect accepts the fact that the investigator knows that he committed the crime and the suspect is fully aware that the right thing to do is to tell the truth. However, because telling the truth will result in adverse consequences, the suspect decides to put off the unpleasant task of confessing. To counter this tendency of human nature, it is a common interrogation tactic for the investigator to express an urgency for the suspect to tell the truth now.

Stressing the urgency of making a decision is hardly unique to criminal interrogation. One of the cornerstones of successful sales is to persuade the consumer to make a buying decision at the present time. Some of these tactics reward immediacy in making a decision. For example, temporary price reductions for a product or making the product unavailable after a particular time period, e.g., "These will never be sold at this price again, and there are only 25 left!". If compliance is the objective, a very effective persuasive tactic is to punish delayed behaviors. For example, if a utility bill is not paid on time the consumer must pay a higher rate. Similarly, for each day a student is late turning in an assignment, the grade is decreased by one letter. These common-place examples illustrate that the persuasive tactic of urgency can shape behaviors either through rewards or punishments.

During an interrogation, the investigator is restricted from engaging in certain types of rewards or punishments, but certainly there is no blanket prohibition banning any type of reward or punishment. While it is not permissible to reward a suspect with a promise of leniency in exchange for a confession, but it is certainly permissible to reward a suspect who confesses by expressing understanding toward their decision to commit the crime and even complementing them on their decision to tell the truth. Also, it is not permissible to punish the suspect who maintains his innocence by slamming his head against a wall but it is permissible to punish continued denials by looking away from the suspect and remaining silent until the suspect stops talking.

In a similar manner, there are certain interrogation statements relating to expressing the urgency to confess that are not permissible and others which are permissible. An example of an improper application of this technique occurred during the interrogation of a suspect who was accused of murdering his girlfriend's two-year-old child. In this case the investigator told the suspect that the interrogation represented his only chance to let the jury and court know the circumstances surrounding the death of the child. The court ruled the suspect's subsequent confession involuntary because the "Now or Never" interrogation technique represented an impermissible extrinsic falsehood (existing outside the realm of the police investigation) in that the suspect certainly could have later presented a defense in court explaining the circumstances of the child's death to a judge or jury.

There are other occasions where an investigator's expressed urgency for the suspect to confess may lead to a suppressed confession. For example, the investigator who tells the suspect that if he does not confess right now he will face an additional charge of obstruction of justice, or telling the suspect that if he confesses now he will be given a reduced sentence. There is nothing revolutionary in these examples, as threats and promises have always been prohibited during an interrogation. This is true whether the threat or promise is introduced in the interrogation by expressing the urgency to confess or through another tactic.

On the other hand, there is nothing inherently illegal about expressing an urgency for the suspect to tell the truth during an interrogation. However, the tactic cannot be tied to a promise of leniency or threat of physical harm or more severe consequences. In our opinion, the following statements are all legal ways to express an urgency for a suspect to tell the truth during an interrogation:

"Jim, I'm turning my report in at 5:00 this afternoon with or without your explanation. If you want your explanation included in my report this is your last chance to do it."

"Dan, it is human nature to believe whoever talks first. You know that eventually Bill is going to tell us what happened. I wouldn't be at all surprised if he tries to make this whole thing look like it was your idea and that he was an innocent bystander. It's your choice. Do you want people to believe your version of events or what Bill says?"

"Mary, you know as well as I do that eventually you're going to tell the truth about this. You may tell a parent or friend or someone else. The point is that eventually I'm going to learn the truth about this. I can learn it from someone else or I can hear it from you today. The choice is yours."

"Julie, don't kid yourself and think that if you say nothing this whole thing will somehow magically disappear and go away. If you leave here without getting this thing clarified you're going to allow people to think that you do this sort of thing all

the time and that you can never be trusted again. If you want people to ever trust you again, you=ve got to tell the truth now."

"Mike, I don=t want to get a call from you next week where you tell me that you=ve decided to tell me what happened. Next week I=ll be working on another case. If you want to tell me the truth, you have to make that decision now."

In conclusion, guilty suspects are strongly motivated to put off the decision of telling the truth during an interrogation. To counter this tendency, it is a common interrogation tactic to stress the urgency to tell the truth now. When using this tactic (or any other interrogation tactic) the investigator cannot make false statements relating to legal issues such as possible charges, the length of sentence, what a judge or jury is likely to do or comment on possible legal defenses. Legally permissible statements that address the urgency of telling the truth can relate to logic, human nature or intrinsic facts about the investigation (turning in a report, being assigned another case.)

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