

CFE UPDATE  
July-August 2006

Chapter Board of Officers

President: Joseph R. Dervaes, CFE, CIA (360) 710-1545.  
Vice-Chair of ACFE Foundation Board of Directors, 2003 Cressey Fraud Lifetime Achievement Award Winner, ACFE Fellow, Regent Emeritus, prior Member of the Board of Review, and the Chapter Distinguished Achievement Award Winner for 1995, 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.  
Effective August 1, 2006: (253) 884-9303; [joandpeggydervaes@centurytel.net](mailto:joandpeggydervaes@centurytel.net), Vaughn, WA.

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

Secretary-Treasurer: Roger B. Gulliver, CFE, CPA, CISA, CBA  
President, Gulliver and Associates PS (253) 735-2392; the Chapter 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; the Chapter 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; the Chapter Distinguished Achievement Award Winner 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 2006 fraud training meetings on your personal schedule and plan to attend:

July 10-12, 2006 (Las Vegas, NV @ Venetian Hotel). Association=s 17<sup>th</sup> Annual Fraud Conference and Exhibition. Register for this conference at [www.cfenet.com](http://www.cfenet.com). The meeting times are from 1:00-5:00 p.m. on July 10, 2005, for the Pre-Conference; 8:30 a.m. @ 12:30 p.m. on July 13, 2005, and from 8:30 a.m. @ 4:30 p.m. on all other days during the Main-Conference and Post-Conference period. Main conference fees for members: Register by April 4, 2006, for \$795; Register by May 25, 2006, for \$845; and Register after May 25, 2006, for \$895.

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.

President Joe Dervaes will attend the ACFE private non-profit corporation=s Board of Directors Meeting held in conjunction with the Conference.

August 30, 2006 (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.

(Confirmed) John J. Tollefsen, CFE, Attorney at Law, is a Financial Fraud Litigator in Lynnwood, WA. His topic, Anatomy of a Civil Fraud Case, will deal with a 2006 civil fraud case study in King County, Washington, where the civil judgment was over \$1.4 million. It involves the transfer of most of the defendant=s assets to the victim.

October 16-17, 2006. Joint Chapter and ACFE Two-Day Fraud Training Class at the Doubletree Hotel, 18740 International Boulevard; SeaTac (across the street from SeaTac International Airport), (206) 246-8600.

(Confirmed) The topic is: Investigating by Computer. The ACFE has not yet announced the speaker for this two-day class.

Note: The Association will provide breakfast pastries, lunch, and mid-morning and mid-afternoon refreshments on each of these training days. The Chapter Board of Officers will assist with registration duties for this class.

December 1, 2006 (Friday). Joint Chapter/WSCPA=s 10<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 hotel telephone number is (206) 241-2000 or toll free at 1-800-228-9290. The registration fee for members of the WSCPA and the Pacific Northwest Chapter is \$195 (estimated) for this conference. There is also a \$10 (estimated) 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 7:30 a.m. The conference begins at 8:00 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.

(Confirmed) Colin Parcher, CFE, Manager, Investigative Services, Financial Institutions Commission, Surrey, British Columbia, Canada. Colin is the President of the Vancouver B.C. Chapter/ACFE. His topic is: Linking Mortgage Fraud, Identity Theft, and Marijuana Grow Operations.

(Confirmed) Brock Phillips, CFE, CPA, Senior Forensic Accounting, Financial Integrity Unit, Microsoft, Redmond, WA. Brock was a speaker on the topic of: The CFEs Job Security: Internal Controls and Employee Theft at the ACFE Annual Fraud Conference in Las Vegas, NV in July 2006. His topic at our Annual Fraud Conference will be: Internal Controls and Employee Theft.

(Confirmed) Patrick De Langis, CPA, CFFA, Director of Litigation and Forensic Accounting Services, Berntson Porter and Company, PLLC, Bellevue, WA. His topic is: Small Business Fraud B Creating the Self-Reliant Client.

(Confirmed) Tim Wood, Special Agent, U.S. Secret Service. His topic is: Counterfeit Currency B Know Your Money.

President Joe Dervaes and Vice-President Norm Gierlasinski will co-chair the 10<sup>th</sup> Annual Fraud Conference.

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) Links to ACFE and Chapters

The Board of Officers has identified the following CFE Chapter web-sites that may be useful to our Members. Here they are:

Association of Certified Fraud Examiners B [www.ACFE.com](http://www.ACFE.com)

Pacific Northwest Chapter/ACFE B [www.fraud-examiners.org](http://www.fraud-examiners.org)

Oregon Chapter/ACFE B [www.oregon-acfe.org](http://www.oregon-acfe.org)

Spokane Chapter/ACFE B [www.spokane-fraud.org](http://www.spokane-fraud.org)

Vancouver, B.C., Canada Chapter/ACFE B [www.cfevancouver@yahoo.cca](mailto:www.cfevancouver@yahoo.cca)

#### (2) Additional Fraud Links

The Board of Officers provides the following additional links to its Chapter Members as a public service. Here are just a few of them:

Complaints about Internet Fraud may be filed with the Internet Fraud Complaint Center ([www.ifccfbi.gov](http://www.ifccfbi.gov)).

Complaints about e-mail and mail fraud may be filed with the U.S. Postal Inspection Service ([www.usps.gov/postalinspectors](http://www.usps.gov/postalinspectors)). The primary use is for Nigerian (and other African countries) fraud e-mails or letters that are received. PS Form 8165 (Mail Fraud Report) lists many other uses as well. This form may be downloaded and then mailed to the U.S. Postal Inspection Service to file a complaint and submit the fraudulent document received. The mailing address is U.S. Postal Inspection Service, Inspection Service Support Group, 222 South Riverside Plaza, Suite 1250, Chicago, IL 60606-6100.

The U.S. Postal Inspection Service web-site lists additional links to the The Chamber of Commerce and the Better Business Bureau ([www.bbb.org](http://www.bbb.org)), county

or state Office of Consumer Affairs. In this state, that's the Washington Attorney General's Consumer Protection Division at [www.wa.gov/ago](http://www.wa.gov/ago), or nationally at [www.naag.org](http://www.naag.org). The Federal Trade Commission can be reached at [www.ftc.gov](http://www.ftc.gov).

Identity Theft links are at the Identity Theft Unit sponsored by the Washington State Patrol and the Washington State Department of Licensing at [www.dol.wa.gov](http://www.dol.wa.gov); [www.idtheftcenter.org](http://www.idtheftcenter.org); [www.consumersunion.org](http://www.consumersunion.org); and [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft).

John E. Reid and Associates, Inc. (Fraud Interview Training), Chicago, IL, [www.reid.com](http://www.reid.com). The Reid Preferred Group of Associations (RPGA) number for the Pacific Northwest Chapter/ACFE is A20-049. The RPGA number must be shown on the registration form in order to receive a discount on seminar registrations or to purchase products.

### (3) New Association President Announced

On May 29, 2006, Joe Wells, Chairman of the Board of Directors of the Association of Certified Fraud Examiners, made the following announcement:

After months of thought and deliberation, I have finally made an important decision. Jim Ratley has been selected as the new president of the ACFE and I have asked him to serve a maximum three-year term. He has agreed. The reason for the term limit is that, if we are on target, we will be a full-fledged non-profit by then and the new board can select its future leader.

Jim is the clear choice because he is universally recognized, admired and respected by the members. Now that we have divided the responsibilities of the CEO and the president, Scott Grossfeld can continue his excellent work running the operation, while Jim can be the face of the ACFE. Jim is a tireless road warrior who makes more than 50 trips a year on our behalf. By naming him president, we will enjoy the management continuity that is so vital to us at this juncture.

At one point, I thought it was vital that the new president be a CPA. I still believe it, but not for now. All things being considered, there is no better person for the job at this time than Jim Ratley. We'll make the formal announcement at the Annual Conference in Las Vegas. Thanks for your support.

The Chapter Board of Directors is pleased to make this announcement to the Membership. Jim Ratley is an exceptional anti-fraud leader and trainer and will represent ACFE well in this new leadership role. Jim has been the Program Director since the ACFE was formed in 1988 and is a part-owner. He is also the 2005 recipient of the Donald R. Cressey Award for his lifetime contributions to fraud detection, deterrence, and education. The Chapter wishes him well in this new and challenging position at ACFE. Congratulations Jim!

#### (4) Association Annual Awards Program

The Chapter was instrumental in supporting three nominations for the ACFE's 2006 Awards Program. The Board of Officers is pleased to announce that all three recommendations were approved by the ACFE. The awards will be presented at the Annual Fraud Conference in Las Vegas, NV, and are as follows:

(a) Pacific Northwest Chapter/ACFE B Chapter of the Year Award. President Joe Dervaes and Vice-President Norm Gierlasinski will be present at the Conference to accept this award.

(b) Dr. Robert Holtfreter, Associate Member B Educator of the Year Award. The Chapter will sponsor Dr. Holtfreter's travel expenses to attend the Annual Fraud Conference so that he will be present at the Conference to accept this award.

(c) Isabel Cumming, CFE B CFE of the Year Award. President Joe Dervaes nominated Isabel for this award for her outstanding fraud prosecutions this past year, as well as her long-standing service to the ACFE as Regent Emeritus and Chair of the Board of Review. Isabel will be present at the Conference to accept this award.

The Membership and the Chapter Board of Officers is proud to make this announcement that the Chapter and two dedicated anti-fraud professionals are being recognized for their outstanding achievements. Congratulations to all!

#### (5) Chapter Associate Member Makes Significant Contributions to the Association's Fraud Common Body of Knowledge and Anti-Fraud Program

The Chapter Board of Officers is pleased to announce that Dr. Robert E. Holtfreter, Distinguished Professor of Accounting and Research, Central Washington University (Main Campus, Ellensburg) has been making quite a few contributions to the Association's Fraud Common Body of Knowledge and anti-fraud program. Accordingly, we want to share some of them with you.

(a) As indicated above, Dr. Holtfreter will receive the ACFE's Educator of the Year Award at the Annual Fraud Conference in Las Vegas, NV in July 2006. The Chapter will sponsor Dr. Holtfreter's travel expenses to attend the Annual Fraud Conference so that he will be present to accept this award.

(b) In addition to two previous articles published jointly with members of the ACFE Research Committee in 2002, he has authored a number of new articles in the ACFE's international newsletter, *The Fraud Magazine*. They are:

July/August 2005, Topic: Fraudsters in Cyberspace: Growing Global Internet Menace B Part One with Craig R. Ehlen, DBA, CPA, CFE; John

Langione, CFE, CIA, CLU; and Anna M. Green (ACFE Research Committee Members).

September/October 2005, Topic: Fraudsters in Cyberspace: Growing Global Internet Menace B Part Two with Craig R. Ehlen, DBA, CPA, CFE (ACFE Research Committee Members).

July/August 2006 (to be issued), Topic: Latest Debit Card Fraud Schemes - Security System Breaches Allowing Cardholder Data Thefts.

September/October 2006 (to be issued), Topic: Debit Card Fraud and Related Identity Theft: Industry Innovations, Proposed Legislative and Preventative Measures to Control It.

(c) Earlier this year, he also authored an article with his daughter, Kristy L. Holtfreter, PH.d, in The Journal of Financial Crime, Volume 13, No. 1, Topic: Gauging the Effectiveness of Identity Theft Legislation.

(d) Dr. Holtfreter has also been invited to make a fraud presentation at the 2006 Economic Crime Summit in Providence, RI in October 2006. This worldwide annual fraud summit is sponsored by the National White collar Crime Center (NW3C), which is a congressionally-funded, non-profit organization that works directly with the Department of Justice and the FBI. They provide a national support network for state and local law enforcement agencies involved in the prevention, investigation and prosecution of economic and cyber crimes. His presentation topic is titled: Credit Card Fraud - A Critical Analysis of Some Major schemes, Detection and Preventative Techniques.

Congratulations on these significant contributions involving the Internet and Identity Theft, two topics which affect not only fraud examiners, but all citizens of the world. As an Associate Member, Dr. Holtfreter is an exceptional representative of the Association of CFEs and the Pacific Northwest Chapter/ACFE. The Chapter is glad to have him as a valuable and contributing member of our two organizations. Keep up the fine work in the future!

(6) Pacific Northwest Chapter/ACFE President Retires

On June 6, 2006, Chapter President, Joe Dervaes, Audit Manager for Special Investigations, Washington State Auditor=s Office [officially gave notice to State Auditor, Brian Sonntag, that he plans to retire at the close of business on Monday, July 31, 2006. His first official day of retirement will be on Tuesday, August 1, 2006. At that time, Joe will have completed his professional audit career with 42.5 years of government service -- 20 years at the Federal level, Air Force Audit Agency, retired Lieutenant Colonel; and, 22.5 years at the State level, Washington State Auditor=s Office, Audit Manager for Special Investigations.](#)

Joe indicated that he is very proud of his professional accomplishments throughout his audit career, especially his service to the Association of Certified Fraud Examiners and the Washington State Auditor=s Office in the wonderful world of fraud examination and training. He has always stated that he currently has the best job in the world. His service over the years has been exemplary, and he will always look back upon his audit career as the best thing he could ever have done in his lifetime. Life has been good to him.

Of course, Joe will continue his volunteer work with the Association of Certified Fraud Examiners (Vice-Chair, ACFE Foundation Board of Directors; and Author of a By-Line Column on Frauds Finer Points in *The Fraud Magazine*, the ACFE=s bimonthly international newsletter), the Pacific Northwest Chapter/ACFE (Chapter President, and newsletter editor), Historic Vaughn Bay Church (Treasurer, Trustee, and Church Service Worship Leader), and the Vaughn Bay Cemetery Association (President). Service has been a middle name attributed to him throughout his entire adult life. This work will continue on into the future because it has meaning and value for him.

While his fraud work also has great meaning in my life, with fraud education being his passion, Joe does not similarly plan to continue working in a fraud consulting or educational role, except for his writing efforts discussed above, during his retirement years. All good things must eventually come to an end, and that time has now come for him. It=s the right thing to do.

Joe wants all of his professional colleagues to have his very best wishes for success in all that they do in the future. Great things can be done by all who aspire to service within the profession. Just do it. The rewards are legion.

The Membership and the Chapter Board of Officers congratulates Joe upon the completion of his long and illustrious professional audit career. We wish him long life and much happiness during his retirement years.

Joe will remain the contact point for our Chapter in the future. He may be reached through July 31, 2006, at the Washington State Auditor=s Office by e-mail at [dervaesj@sao.wa.gov](mailto:dervaesj@sao.wa.gov) or by telephone at (360) 710-1545. Beginning August 1, 2006, he may be reached at home by e-mail at [joandpeggydervaes@centurytel.net](mailto:joandpeggydervaes@centurytel.net) or by telephone at (253) 884-9303.

The Washington State Auditor=s Office will sponsor a retirement ceremony for Joe at the Marriott Courtyard Hotel in Tacoma on July 26, 2006, from 4:30-6:00 p.m. for those available and interested in saying farewell. The hotel is across the street and downhill from the new Tacoma Convention and Trade Center.

(7) Chapter Support of South Seattle Community College=s Fraud Training Program



The Chapter Board of Officers approved a gift of fraud training materials to Marla Lockhart, an instructor at South Seattle Community College. The fraud manual and DVD on the topic of Cooking the Books: What Every Accountant Should Know About Fraud was obtained from the Association of Certified Fraud Examiners. Ms. Lockhart will be using these fraud training materials as a part of the future fraud classes she teaches at the College. We know she will put these instructional materials to good use teaching students about anti-fraud measures so that they will be better prepared to address a myriad of future issues in the global battle against fraud. Keep up the great work, Marla. Our Chapter supports your educational efforts!

#### (8) Special Guest at the August 30, 2006 Fraud Seminar Meeting

Colin Parcher, CFE, Manager, Investigative Services, Financial Institutions Commission, Surrey, British Columbia, Canada will be our invited guest at the Chapter=s August 30, 2006 fraud seminar meeting in downtown Seattle. Colin is the President of the Vancouver B.C. Chapter/ACFE.

President Joe Dervaes was a guest speaker at the Vancouver B.C. Chapter/ACFE and IIA Annual Fraud Conference at the Century Plaza Hotel in Vancouver, B.C., Canada on April 5, 2006. His topic on that date was: Internal Controls and Fraud B Current Hot Topics and Fraud Risks About Employee Embezzlement in the Workplace.

President Colin Parcher, while attending this meeting as our invited guest, will be a guest speaker at the Pacific Northwest Chapter/WSCPA=s Annual Fraud Conference on December 1, 2006. His topic on that date will be: Linking Mortgage Fraud, Identity Theft, and Marijuana Grow Operations.

Both ACFE Chapters are pleased to have established a link in our training programs and hope to increase networking opportunities in the future. Come to the meeting and join with us in the festivities and this special networking opportunity. Your participation in our fraud training events is always welcome.

#### (9) Other Training Opportunities

John Reid and Associates, Inc. will be offering four 3-day training classes on the topic of The Reid Techniques of Interviewing and Interrogation during 2006. The dates of the classes are: August 1-3, 2006; and, November 6-9, 2006. All classes will be held at the Madison Renaissance in Seattle. This Chicago, Illinois, training sponsor can be reached at [www.reid.com](http://www.reid.com). The Reid Preferred Group of Associations (RPGA) number for the Pacific Northwest Chapter/ACFE is A20-049. The RPGA number must be shown on the registration form in order to receive a discount on seminar registrations or to purchase products. Registration for these classes must be handled directly with John Reid and Associates, Inc.

## (10) Job Opportunity

Qwest Communications International has advertised a lead corporate security investigator position in its Corporate Compliance Section of the Risk Management Department in Seattle. The investigator will support Qwest's compliance program by handling all aspects of investigations dealing with allegations of violations of Qwest's Code of Conduct and/or law. The job qualifications include three years of experience in the field and a bachelor's degree. An MBA or law degree, five years of related experience and a CFE are preferred job qualifications.

Interested applicants should submit resumes to Amanda Foster at [amanda.foster@qwest.com](mailto:amanda.foster@qwest.com) or visit our website at [www.qwest.com/careers reference number EK06060006](http://www.qwest.com/careers/reference%20number%20EK06060006). The application deadline is August 1, 2006. Any Offer of employment is contingent upon the results of a pre-employment drug test and background check.

## (11) Minutes of Semi-Annual CFE Chapter Board of Officer=s Meeting

(a) Call to Order. Chapter President Joe Dervaes called the semi-annual CFE Chapter Board of Officers meeting to order on June 28, 2006, at 10:00 a.m., at the McDonalds Restaurant in Tukwila, WA. Present were Joe Dervaes, Norm Gierlasinski, Roger Gulliver, Bernadette McBride, and Robert Goehring.

(b) Approval of Minutes. The Chapter Board of Officers held its semi-annual business meeting at the Downtown Seattle training location prior to the February 22, 2006, fraud training seminar (12:30-2:30 p.m.). By unanimous vote, the Board of Officers approved the minutes from this meeting.

### Old Business.

(c) Elections. All five Members of the current Board of Officers agreed to stay in their same offices for another two-year term (July 1, 2006 B June 30, 2008). The Board of Officers and the Nominating Committee (Morgan D. Jacobson, Clifford C. Whipple; and Kent Hansen) recommended a slate of the current Board of Officers for the June 2006 elections.

(d) ACFE Awards Program. President Joe Dervaes submitted three applications in the 2006 ACFE Awards Program. Category: Chapter of the Year B Pacific Northwest Chapter/ACFE. In addition, President Joe Dervaes submitted an application to nominate Isabel Cumming (Maryland Chapter) for CFE of the Year for her service to ACFE as a Regent and as Chairman of the Board of Review, and for her outstanding fraud prosecutions in 2005. Dr. Bob Holtfreter submitted a nomination application for himself in the Educator of the Year category. We're pleased to report that each nomination package was selected as a winner this

year. The winners of these awards will be officially announced at the Annual Fraud Conference in Las Vegas, NV (July 10-12, 2006). President Joe Dervaes and Vice-President Norm Gierlasinski will accept the Chapter of the Year Award, and Dr. Holtfreter will accept the Educator of the Year Award. The Board of Officers unanimously approved a payment of not more than \$500 by the Chapter towards Dr. Holtfreter=s expenses while attending the Conference to receive this award.

(e) Door Prizes. President Joe Dervaes purchased five gift certificates for \$25 each at a local book store as door prizes for the annual business meeting on June 28, 2006.

(f) Fellow Program. The Board of Officers wrote a recommendation letter providing the required five CFEs needed to sponsor Sydney Diamond, CFE, CISSP, to the ACFE as a candidate for the Fellow Program. She submitted her recent book to the ACFE entitled: Protecting Your Assets B Business Security for the Small Business Owner@ as her 15,000-word thesis for the Fellow Program. The Fellows Review Board will make a recommendation to the Board of Regents who will consider this application at their semi-annual meeting held in conjunction with the Annual Fraud Conference in Las Vegas, NV (July 9, 2006).

(g) ACFE and Chapter Scholarship Programs. Vice-President Norm Gierlasinski sent scholarship notification letters to Colleges and Universities in our geographic area of coverage. As a result, the Chapter received six applications from students with outstanding academic records and involvement in extra-curricular activities for these scholarship programs, and provided CFE recommendation letters to the ACFE for each student. Three were submitted to the ACFE for the United States program, and three were submitted to the ACFE for the International program. We=re pleased to report that five of these students were selected by the ACFE to receive \$1,000 scholarships. They are: U.S. Program: John M. Mc Donald, WWU; and, Emily Elizabeth Baird, UW (Tacoma Campus). International Program: Kristine Jurgena, Latvia, UW (Seattle Campus); Zhila M. Kazempour, Iran, UW (Seattle Campus); and, Esther Ho Ting Chan, Australia, UW (Seattle Campus), Chapter Representative.

The ACFE Scholarship Committee has reviewed all applications received and will make recommendations to the ACFE Foundation Board of Directors for the award of 15 scholarships of \$1,000 each within each category (U.S. and International) at its semi-annual meeting on July 9, 2006, held in conjunction with the Annual Fraud Conference in Las Vegas, NV.

The Chapter will make only one \$500 scholarship this year. By unanimous vote by e-mail subsequent to this meeting, the Board of Officers approved the award of a \$500 scholarship to the following student: Michael Roggenkamp, CWU.

Congratulations to all of the above students for their academic and personal achievements, and for their interest in fraud examination!

(h) National Fraud Awareness Week. President Joe Dervaes registered the CFE Chapter as a supporter of National Fraud Awareness Week ([www.FraudWeek.com](http://www.FraudWeek.com)). The kick-off for this event will be at the ACFE's 17<sup>th</sup> Annual Fraud Conference and Exhibition held in Las Vegas, NV (July 10-12, 2006). More than 2,000 anti-fraud professionals are expected to attend, making it the world's largest conference of its kind.

(i) Joint Chapter/ACFE Training Classes. The ACFE class (October 16-17, 2006) this year is Investigating by Computer. By e-mail vote, the Board submitted its request to the ACFE for the following topics in October 2007: Money Laundering-Tracing Illicit Funds (two-day), and Investigating Conflicts of Interest (one-day); How to Testify (two-day); and, Analyzing Written Statements (two-day). The selection of actual training topics has not yet been made by the ACFE.

(j) Dues for Retired Chapter Members. By e-mail vote, the Chapter Board of Officers approved a motion to grant retired Chapter Members free membership as long as they're not working. Retired Members would still have to pay for any training they might attend.

(k) Distinguished Achievement Award for 2005. The 2005 Distinguished Achievement Award was approved by ACFE based upon the Chapter's nomination. It was presented to Director-At-Large, Robert A. Goehring, at the Chapter's April 26, 2006, fraud training seminar. Congratulations!

(l) Chapter Representative. Vice-President Norm Gierlasinski will be the Chapter Representative for the annual meeting held in conjunction with the Annual Fraud Conference in Las Vegas, NV (July 9, 2006). The Chapter will pay not more than \$500 towards his expenses while attending the Conference. Norm Gierlasinski will prepare a report of the meeting after the conference that will be published in the Chapter newsletter.

#### New Business.

(m) Distinguished Achievement Award for 2006. The Board of Officers discussed the need to make a selection for the Distinguished Achievement Award to be submitted to the ACFE for Calendar Year 2006. The Board will pursue making a selection of an investigative reporter (newspaper/TV) from our area or a County Prosecuting Attorney. President Joe Dervaes will prepare the nomination package once the nominee has been selected and the biographical information for the individual has been received.

(n) Calendar Year 2006 Dues Report. Chapter Treasurer Roger Gulliver made a presentation to the Board of Officers on dues collections from Members in Calendar Year 2006. President Joe Dervaes has also been reminding the Members to make their payments in a timely manner. Lack of payment will eventually result in dropping the individual=s name from the roles of our Chapter Membership Directory.

(o) ACFE Chapter Brochure. The Vancouver, British Columbia, Canada ACFE Chapter issues a brochure on its operations. A copy of the document was circulated to the Board of Officers for review and discussion.

(p) Speaker Search. The Board discussed speakers for the remaining fraud presentations in Calendar Year 2006 and early Calendar Year 2007. Speakers have been confirmed for all meetings for the rest of the year, including the joint Chapter/WSCPA Annual Fraud Conference on December 1, 2006.

(q) ACFE Class Registration Duties. Chapter Board Members will perform registration duties at the joint Chapter/ACFE two-day training class to be held on October 16-17, 2006. The Association grants the Chapter two free participant registrations for this work and one free complimentary participant registration for each event. Chapter President Joe Dervaes attends these training classes for free because of his duties on the ACFE Foundation=s Board of Directors. Since all Board Members expressed a desire to attend the joint Chapter/ACFE training classes, one individual will have to pay a registration fee. In keeping with prior tradition and by unanimous vote, the Board of Officers approved payment of the ACFE registration fee one Board Member. Roger Gulliver will submit his registration form with a Chapter payment for this event.

(r) Joint Chapter/WSCPA Annual Fraud Conference. President Joe Dervaes and Vice-President Norm Gierlasinski perform co-chairman duties at the joint Chapter/WSCPA one-day Annual Fraud Conference on December 1, 2006. As a result, they attend the conference for free. Since all Board Members expressed a desire to attend the joint Chapter/WSCPA Annual Fraud Conference, three individuals will have to pay a registration fee. In keeping with prior tradition and by unanimous vote, the Board of Officers approved payment of the WSCPA registration fee for three Board Members. Roger Gulliver will provide Chapter funds to Bernadette McBride, Robert Goehring, and himself for this purpose and they will then be responsible for individually registering for the Chapter/WSCPA Annual Fraud Conference.

(s) Chapter Support of South Seattle Community College=s Fraud Training Program. By unanimous vote, the Board of Officers approved a gift of fraud training manual and DVD on the topic of Cooking the Books: What Every Accountant Should Know About Fraud to Marla Lockhart, an instructor at South Seattle Community College. The fraud manual and DVD on the topic of was obtained from the Association of Certified Fraud Examiners, and Treasurer

Roger Gulliver was authorized to pay the \$146 bill for this Chapter expense. Ms. Lockhart will be using these fraud training materials as a part of the future fraud classes she teaches at the College. We know she will put these instructional materials to good use teaching students about anti-fraud measures so that they will be better prepared to address a myriad of future issues in the global battle against fraud.

(t) Adjournment. The semi-annual Board meeting was adjourned at 11:00 a.m. by Chapter President Joe Dervaes, and members then attended the Annual Luncheon Business Meeting and Fraud Seminar at the Bahama Breeze Restaurant in Tukwila.

### **Agenda - Annual CFE Chapter Business Meeting**

(a) Call to Order. Chapter President Joe Dervaes called the Annual Luncheon Business Meeting of the CFE Chapter to order at 12:45 p.m. on June 28, 2006, at the Bahama Breeze Restaurant at SouthCenter in Tukwila, WA. The Board of Officers and a quorum of Members were present for the meeting.

(b) Appointing the Elections Committee. President Joe Dervaes appointed the following three Chapter Members to the Elections Committee: Peter Tobin, Rick Osborn, and John Steinhoff.

(c) Elections. The Nominating Committee and the Board of Officers submitted a slate of the current Board of Officers. There were no nominations from the floor. The Elections Committee reviewed, validated, and counted the ballots by Chapter Members and made a report to the Membership announcing that the slate of officers was elected as proposed by the Board of Officers and Nominating Committee.

(d) Board of Officers Report to the Chapter. The Board of Officers reports the following major items of business for information to the Membership:

(1) The Chapter nominated the following for the 2006 ACFE Awards Program: The Pacific Northwest Chapter/ACFE for Chapter of the Year; Isabel Cumming, Maryland Chapter for CFE of the Year; and, Dr. Robert Holtfreter for Educator of the Year. We were pleased to report that the ACFE has selected all of our nominees for awards this year. The awards will be presented at the Annual Fraud Conference in Las Vegas, NV. President Joe Dervaes and Vice-President Norm Gierlasinski will accept the Chapter of the Year Award. Dr. Bob Holtfreter will accept the Educator of the Year Award. The Board of Officers approved payment of not more than \$500 towards Dr. Holtfreter's expenses to accept his award.

(2) We received six applications from students with outstanding academic records and involvement in extra-curricular activities for the ACFE and Chapter

scholarship programs, and provided CFE recommendation letters to the ACFE for each student. Three were submitted to the ACFE for the United States program, and three were submitted to the ACFE for the International program. Once the ACFE award recipients have been selected, the Chapter will select the winners of its two \$500 student scholarships. (Note: See the amended Board of Officers meeting minutes above for the results of this competition.)

(3) We are once again a supporter of National Fraud Awareness Week ([www.FraudWeek.com](http://www.FraudWeek.com)). The kick-off for this event will be at the ACFE's 17<sup>th</sup> Annual Fraud Conference and Exhibition held in Las Vegas, NV (July 10-12, 2006).

(4) Vice-President Norm Gierlasinski will be the Chapter Representative for the annual meeting held in conjunction with the Annual Fraud Conference in Las Vegas, NV (July 9, 2006). The Board of Officers approved payment of not more than \$500 toward his expenses to attend this meeting. He will prepare a report of the meeting after the conference that will be published in the Chapter newsletter.

(5) We have confirmed speakers for all of the remaining fraud seminars and the Annual Fraud Conference in Calendar Year 2006.

(e) Door Prizes. A drawing was held to select the winners of the five door prizes authorized by the Board of Officers. Each prize is a \$25 gift certificate to a local book store. The winners of the five door prizes were as follows: Dale Bond, Roger Gulliver, John Steinhoff, Margie Biliske, and Sharon Sandler.

(f) Adjournment. The Chapter's Annual Luncheon Business Meeting was adjourned at 1:00 p.m. by President Joe Dervaes. Director-At-Large Robert Goehring then introduced the speaker for the fraud seminar (Shannon Smith from the Attorney General's Office).

**PACIFIC NORTHWEST CHAPTER  
ASSOCIATION OF CERTIFIED FRAUD EXAMINERS  
(August 30, 2006)**

**SEMINAR TOPIC: ANATOMY OF A CIVIL FRAUD CASE**

The speaker, a Certified Fraud Examiner and attorney at law, will discuss a 2006 fraud case study in King County, Washington, where the Civil judgment in the case was \$1.4 million. The case will result in a transfer of most of the defendant=s assets to the victim. The court awarded four residences owned by the defendant to the victim after a lengthy trial. The victim is a hearing-impaired senior citizen who had her \$2 million estate liquidated and looted. Learn how the civil process can freeze assets and obtain recovery of funds even after the defendant has filed for bankruptcy.

**SPEAKER: JOHN J. TOLLEFSEN, CFE, ATTORNEY AT LAW**

John J. Tollefsen, CFE, Attorney at Law, is a Financial Fraud Litigator who maintains his practice in Lynnwood, WA. John graduated from the University of Washington business school with an emphasis on accounting and finance in 1971. In 1974, he completed his doctor of jurisprudence at Willamette University School of Law in Salem, Oregon, and began to practice in Salem and Portland. In 1982, the law firm he founded opened a Seattle office and he added Washington clients to his practice. For the first 20 years, he concentrated on business finance and litigation. He represented over 1,000 business startups and completed many private and public securities offerings.

As he observed the greed and fraud that occurred in the financial markets, John decided he was more comfortable representing victims that perpetrators. That led him to his current practice: Business, Bankruptcy, and Securities Litigation for Businesses, Fraud Victims, and Whistleblowers in Oregon and Washington. He became a Certified Fraud Examiner in 2005. John pursues financial fraud perpetrator in state and federal courts (including bankruptcy and appellate courts) from Salem to Bellingham. John has won numerous large judgments and settlements for his clients.

**DATE:** August 30, 2006    **TIME:** 2:30 B 4:45 p.m.    **CPE:** Two Hours  
CPE Credit

**Location of Training Facility and Parking:** 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). If you=re looking for parking, Special Events parking rates (\$6)



apply for the parking garage at Benaroya Hall, just two blocks north of the training facility on Second Avenue.

**Important Fraud Training Meeting Information for the Downtown Seattle Location is Included in the Bi-Monthly Chapter Newsletter.**

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

**SEMINAR REGISTRATION FORM (August 30, 2006 B 2:30-4:45 p.m.)**

NAME:

\_\_\_\_\_

—

TITLE:

\_\_\_\_\_

—

PHONE:

\_\_\_\_\_

FAX:

\_\_\_\_\_

EMPLOYER:

\_\_\_\_\_

—

ADDRESS:

\_\_\_\_\_

—

CITY:

\_\_\_\_\_

STATE:

\_\_\_\_\_

ZIP:

\_\_\_\_\_

**Please mail registration form with \$20 check for members or \$25 for non-members to: Pacific Northwest Chapter/ACFE; P. O. Box 215; Auburn, WA 98071-0215. Or, bring your registration form and payment to the Seminar for processing.**

**SEMINAR TOPIC: ANATOMY OF A CIVIL FRAUD CASE**

The speaker, a Certified Fraud Examiner and attorney at law, will discuss a 2006 fraud case study in King County, Washington, where the Civil judgment in the case was \$1.4 million. The case will result in a transfer of most of the defendant=s assets to the victim. The court awarded four residences owned by the defendant to the victim after a lengthy trial. The victim is a hearing-impaired senior citizen who had her \$2 million estate liquidated and looted. Learn how the civil process can freeze assets and obtain recovery of funds even after the defendant has filed for bankruptcy.

**SPEAKER: JOHN J. TOLLEFSEN, CFE, ATTORNEY AT LAW**

John J. Tollefsen, CFE, Attorney at Law, is a Financial Fraud Litigator who maintains his practice in Lynnwood, WA. John graduated from the University of Washington business school with an emphasis on accounting and finance in 1971. In 1974, he completed his doctor of jurisprudence at Willamette University School of Law in Salem, Oregon, and began to practice in Salem and Portland. In 1982, the law firm he founded opened a Seattle office and he added Washington clients to his practice. For the first 20 years, he concentrated on business finance and litigation. He represented over 1,000 business startups and completed many private and public securities offerings.

As he observed the greed and fraud that occurred in the financial markets, John decided he was more comfortable representing victims than perpetrators. That led him to his current practice: Business, Bankruptcy, and Securities Litigation for Businesses, Fraud Victims, and Whistleblowers in Oregon and Washington. He became a Certified Fraud Examiner in 2005. John pursues financial fraud perpetrator in state and federal courts (including bankruptcy and appellate courts) from Salem to Bellingham. John has won numerous large judgments and settlements for his clients.

Many organizations require the **Federal Tax Identification Number** of the Pacific Northwest Chapter/ACFE in order to pay for their employees to attend our fraud training events. The number is: **91-1592735**.

**Important Fraud Training Meeting Information for the Downtown Seattle Location is Included in the Bi-Monthly Chapter Newsletter. Check out our web-site at: [www.fraud-examiners.org](http://www.fraud-examiners.org).**

**John E. Reid & Associates, Inc.**  
**209 West Jackson Boulevard, Suite 400, Chicago, IL 60606**  
**800-255-5747 ! 312-583-0700 ! fax 312-583-0701**  
**May-June 2006 Investigator Web Tip**

**Eliciting A Subject=s Willingness to Submit to a Voluntary Interview**

In most instances, subjects will agree to answer an investigator=s questions if the conversation occurs at the subject=s home, place of business or over the phone. From an investigative perspective, however, it is far more productive to have the subject agree to come to the investigator=s office for the interview. Once the investigator is alone with the subject in a controlled environment a structured interview can be conducted to assess the subject=s probable involvement in the offense. If the subject=s statements and behavior are indicative of innocence, the person can be eliminated as a suspect in the case. On the other hand, if the results of the interview suggest probable involvement in the offense, the investigator can move directly into an interrogation in an effort to obtain evidence of the subject=s guilt in the form of a confession.

Legally, an investigator cannot compel a subject to submit to an interview. Therefore, persuasive tactics are often required to convince a subject to come to the investigator=s office to be interviewed. This article will identify a number of principles designed to increase the probability that a subject will agree to submit to a voluntary interview. The focus here will be on non-custodial interviews where the investigator has not taken the suspect into custody and, therefore, no Miranda waiver is needed prior to questioning the suspect.

**1. In general, be truthful about the purpose for the interview.** For the subject to make a knowing and voluntary decision to be interviewed, he must know what issue will be discussed during the interview. There are two exceptions to this guideline. We believe that it may be proper to establish a false pretense for a non-custodial interview if (1) *there is concern that the subject may destroy evidence* or, (2) *the subject represents a flight risk where the investigator would lose authority over the subject.*

Consider an investigation where a bookkeeper is suspected of embezzling funds by altering computer invoices. Further, the bookkeeper has already discussed her pending retirement. If the bookkeeper is asked to come to the manager=s office to be questioned about possible theft of company funds certainly she could delete the computer records of her embezzlement or resign from the company. It, therefore, may be advisable to arrange a private meeting with her under the false pretense of discussing how best to train her replacement when she retires. Once the interview begins the bookkeeper should be told that the true purpose for the interview is to discuss the results of an internal investigation that indicates diversion of company funds.

**2. The investigator=s description of the issue under investigation should be vague.** For a number of reasons, specific details of a crime should not be

revealed to the suspect. First, the investigator can assess the subject's possible involvement in the crime if, during the interview, the subject reveals information that only the guilty person would know. Second, details of the crime that only the guilty person would know can be used to corroborate a confession. For example, the following statement to a subject in a hit and run investigation contains too much information:

Harry, last Saturday evening at 10:50 a white male named Paul Stone was struck by a silver Pontiac Grand Am outside the B&B tavern. The vehicle left the scene going north on Jackson Street. Witnesses reported that the driver of the vehicle was wearing a yellow windbreaker like the one you're wearing.

In addition, the investigator's description of the crime should avoid legal terminology. A husband who killed his wife during an argument is unlikely to voluntarily agree to meet with the investigator to be questioned about the *murder of his wife*. However, he may agree to be interviewed to provide further *details surrounding her death*. The following list offers non-descriptive terminology for various crimes:

Arson = to determine if the fire may have been intentionally started

Burglary = taking things from a car; entering a home

Fraud = discrepancies in paperwork; questions concerning a document

Murder= circumstances surrounding (victim's) death

Rape = had sex with; sex was not consensual

Robbery = took money from a clerk (liquor store)

Sexually touch = had contact with the child in a manner that upset her

Stolen deposit = missing deposit

Theft = shortages, mysterious disappearance

**3. The investigator should establish a non-threatening pretense for asking the subject to be interviewed.** The investigator must appreciate that neither innocent nor guilty suspects enjoy being interviewed concerning an act of wrongdoing and that some persuasion will be required to elicit a person's cooperation. In essence, the investigator must present the interview in a positive light. On the other hand, if the investigator approaches the subject as if there is little doubt that he committed the crime under investigation, the subject is unlikely to voluntarily agree to meet with the investigator for a session that essentially will be an accusatory interrogation.

A common non-threatening pretense is to bring up the interview as an opportunity to be cleared in the investigation. For example, when a group of employees each has access to a deposit that was stolen or a patient who was physically abused, it makes perfect sense to the employees that they all need to be interviewed in order to resolve the investigation. In essence, it is in the employee's best interest to agree to be interviewed as a means not only to be exonerated, but also to catch the guilty person.

Sometimes a non-threatening pretense will involve the subject's desire to obtain a specific goal. Consider a subject who submitted an insurance claim requesting \$25,000 replacement value for his stolen vehicle. The investigator may explain that there are a couple of questions about the theft and that the quickest way to settle the claim would be for the claimant to come in for an interview. Similarly, when a specific accusation has been made, such as a student who claimed that her teacher sexually touched her during recess, the investigator can present the interview as a means to obtain the desired goal of being exonerated.

Under some circumstances establishing a reasonable pretense for the interview is more difficult. For example, a confidential informant may have named the suspect as one of several people involved in a recent home invasion or, on a hunch, the investigator may want to re-interview a previous suspect in a twenty-year-old homicide. Under these circumstances it may be necessary to establish a false pretense to persuade the subject to agree to be interviewed. To protect the informant's name in the home invasion case, the investigator might tell the subject that one of the victim's neighbors saw the suspect outside of the victim's home on the night of the crime. In the homicide case the investigator might establish a pretense for the interview based on new forensic technology which places the suspect near the victim around the time of her death. Another pretense could be that an acquaintance of the victim recently came forward with a letter the victim wrote shortly before her death that mentions the suspect's name.

Establishing a false pretense for the interview will almost always involve reference to some fabricated or distorted evidence connecting the subject to the victim or crime scene. This is always a risky procedure in that the subject may either call the investigator's bluff and ask to see the evidence or be scared off and refuse to come in for an interview. For these reasons, the investigator should carefully abide by the next guideline.

**4. Do not overwhelm the suspect with evidence of his guilt.** Most criminal suspects know that the polygraph technique is quite accurate and yet every day guilty suspects voluntarily agree to take a polygraph examination and subsequently confess after failing the examination. Why would a person risk having their crime detected by taking a polygraph examination? The primary reason for this is that the suspect believes he can beat the polygraph examination and, if he is successful in doing so, he will avoid the consequences associated with his crime.

On the other hand, if a guilty suspect believed that the polygraph technique was 99.9% accurate it is highly unlikely that he would agree to take the examination. Similarly, if the investigator brings up evidence that strongly points to the subject's probable guilt, the subject may well decide that his best chance to get away with his crime is to refuse to be interviewed. Consequently, any evidence used to persuade a subject to submit to an interview should not directly incriminate the subject. Rather, the evidence should indirectly connect the subject to the victim or the crime scene..

With this principle in mind, the following would be an improper use of evidence to persuade a subject to agree to be interviewed, Jim, your DNA was found during the autopsy of the victim and we have your fingerprints from the inside of her apartment. I would like you to come in for an interview to determine whether or not you murdered her. Conversely, the following statement is much more likely to result in the subject agreeing to be interviewed, Jim, I am in the process of talking to people who knew Mary Smith and I got your name from her address book. I have some of her co-workers coming in this morning but I'm free at 2:00. Would that be a convenient time to meet with me?

The second statement offers a logical, yet non-threatening, connection between the subject and the crime. Because of this, the subject is more likely to agree to be interviewed not only because he believes that the investigator has no proof of his guilt but also because there are other subjects who have apparently agreed to be interviewed. This leads to the final principle.

**5. If credible, relate that other suspects will also be interviewed.** Another reason that guilty suspects agree to take a polygraph examination is that they do not want to stand out as being different from other suspects by being the only person not willing to take the examination. By surrounding a suspect with other real or fictitious suspects, it is much more likely that the person will agree to be interviewed.

If the investigator implies that the subject is one of many possible suspects in the case to be interviewed it reinforces the hope in the guilty person's mind that he may get away with his crime. To maintain the guise of innocence, the guilty suspect does not want to point the finger at himself by refusing to be interviewed.

In conclusion, it is generally not difficult to persuade innocent subjects to agree to be interviewed concerning someone else's crime. Generally innocent subjects agree to cooperate with an investigation in an effort to be exonerated and to help catch the guilty person. However, often finesse and even guile is required to persuade a guilty subject to agree to be interviewed.

A subject who is guilty of a crime must be convinced that it is in his best interest to submit to an interview at the investigator's location. Therefore, the investigator should present the interview in a positive light, perhaps as a means for the subject to be eliminated from suspicion. The investigator should make it appear that other subjects are being scheduled for interviews and not overwhelm the subject with incriminating evidence. The guilty subject agrees to be interviewed because he believes by doing so he will get away with his crime; the investigator should do nothing to dispel that hope.

(This article was prepared by John E. Reid and Associates, Inc. as their Investigator Web Tip and was reprinted on our web site with their permission. For additional Web Tips, go to [www.reid.com](http://www.reid.com) and click on Educational Information and Investigator Tip.)