

CFE UPDATE
November-December 2007

Chapter Board of Officers

President: Joseph R. Dervaes, CFE, CIA (253) 884-9303.
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, Chapter Distinguished Achievement Award Winner for 1995, and ACFE 2007 Award Winner for Achievement in Community Outreach and Service, Association of Certified Fraud Examiners; Founding President, Librarian, and WebMaster, Pacific Northwest Chapter/ACFE. joeandpeggydervaes@centurytel.net; Vaughn, Washington, Retired.

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; 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; 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; 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, Kent, Washington

The Pacific Northwest Chapter was the ACFE's CFE Chapter of the Year Award Winner for 2006. What a magnificent achievement! Congratulations and thanks go to all who have played a part in helping to develop the Chapter over the years. Great job!

Be sure to mark the following calendar year 2007 fraud training meetings on your personal schedule and plan to attend.

December 3, 2007 (Monday). Joint Chapter/WSCPA's 11th Annual Fraud Conference at the SeaTac Marriott Hotel; 3201 South 176th Street, SeaTac (across the street and up the hill a short distance from SeaTac International Airport). The registration fee for members of the WSCPA and the Pacific Northwest Chapter is \$195 (estimated) for this conference. There is also a \$8 (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. You must call the WSCPA to actually register for the conference. Ask for Rachel Ingalls, Conference Administrator.

There will be four sessions at the annual fraud conference, each lasting two hours. Confirmed information is as follows:

Session #1 (8:00 – 10:00 a.m.). The *Washington State Attorney General's Office, Consumer Protection Division*, will provide a panel discussion with four speakers and topics. They are: (a) Shannon Smith – issues of privacy and data security; (b) Rebecca Henderson – computer forensic investigations and technology trends and changes; (c) Kristin Alexander – the agency's media efforts and challenges to communicate to the public issues relating to its high-tech prosecution and education efforts; and, (d) Katherine Tassi – the Attorney General's Office litigation and enforcement efforts with respect to Internet fraud and spyware, as well as some enforcement actions throughout the United States.

Session #2 (10:00 a.m. – Noon). Chapter Member Guido Van Drunen will speak on the topic of *Traveling in Style on Your Company's Nickel*. He will also be presenting this seminar at the ACFE Annual Fraud Conference and Exhibition in Orlando, FL in July 2007. Travel fraud is always an interesting topic and has broad application to attendees who perform accounting services for others because this type of fraud occurs in all industries and organizations. Guido Van Drunen, CFE, CPA, is a Director at KPMG.

Session #3 (1:00-3:00 p.m.) Chapter Member Ken Wilson will speak on the topic of *The Dental Queen – A \$1.9 Million employee Embezzlement Disbursement Fraud Case Study*. He will focus on the reasons why the group of dentists in an Olympia Dental Clinic could have detected this \$1.9 million fraud over a 6.5 year period of time, but didn't. The bookkeeper (10 years) and her husband (17 months) will be sentenced in May 2007 under a preliminary plea bargaining agreement with the Thurston County prosecuting Attorney's Office. Ken Wilson performed the investigation for this disbursement fraud for the prosecutor. The bookkeeper spent \$200,000 on clothes, \$100,000 at restaurants, \$185,000 on hotels, \$74,000 on airline tickets, and \$32,000 at Starbucks. She forged company checks to pay off credit cards for herself and her husband and laundered some of the money through her husband's business. The couple also owned a boat, personal watercraft, expensive jewelry, and a BMW with a vanity license plate that read "Envy Us". This case was included in a new ACFE book published in July 2007 by John Wiley and Sons, Inc. The book includes fraud case studies from 62 authors who are members of the ACFE, and is entitled *Fraud Casebook: Lessons from the Bad Side of Business*. Ken Wilson, CFE, is the Owner of Wilson Investigative Services.

Session #4 (3:00-5:00 p.m.). Chapter Member Gayle Seyl will speak on the topic of *How the Health Care Revenue Cycle Keeps Fraud alive, Well and Financially Sound*. She will focus on the perceived benefits to the provider, patient, and payer, as well as the economic costs of healthcare fraud to society. Actual fraud case studies will illustrate the key learning objectives for this session. This seminar topic will have board application to attendees who specialize in performing accounting services for all types of health care providers. Gail Seyl, CFE, is the Director of Corporate Integrity at Virginia Mason Medical Center.

President Joe Dervaes and Vice-President Norm Gierlasinski will co-chair the 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 27th Floor to obtain a visitor=s badge. Please report directly to the training room on the 28th 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.

(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

Pacific Northwest Chapter/ACFE B www.fraud-examiners.org

Oregon Chapter/ACFE B www.oregon-acfe.org

Spokane Chapter/ACFE B www.spokanefraud.org

Vancouver, B.C., Canada Chapter/ACFE B 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).

Complaints about e-mail and mail fraud may be filed with the U.S. Postal Inspection Service (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), 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, or nationally at www.naag.org. The Federal Trade Commission can be reached at 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; www.idtheftcenter.org; www.consumersunion.org; and www.consumer.gov/idtheft.

John E. Reid and Associates, Inc. (Fraud Interview Training), Chicago, IL, 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) Joint Chapter/ACFE Fraud Training Classes a Success

The Chapter jointly sponsored three days of fraud training with the Association of CFEs during the period October 17-19, 2007, at the DoubleTree Inn Hotel in SeaTac. The event was a huge success for everyone concerned – the ACFE, the Chapter, and the attendees. Steve Clark taught the one-day class on Investigating Conflicts of Interest. There were about 60 people who attended this class. Johathan Turner taught the two-day class on Professional Interviewing Skills. There were about 70 people who attended this class. The majority of the attendees came from all over the world, as has been our prior experience with our October training classes. But, there were nine CFE Chapter members who attended. They were: Victoria Kitts, Peter Miller, Ginger Turney, Sharon Sandler, Benita Cole, Dale Bonn, Gayle Seyl, Treasurer Roger Gulliver, and President Joe Dervaes. The latter three individuals represented our Chapter Board of Officers and provided all registration duties for these classes. The financial proceeds from this training event will more than cover all expenses from our annual student scholarship program. And, that's a real positive benefit. Thanks to all for your support of the

Chapter's fraud training mission. It is appreciated.

(4) Fraud Articles Published in GFOA Treasury Management Newsletter

President Joe Dervaes had two articles published on fraud in the Government Finance Officer's Association (GFOA) October 5, 2007, issue of the GFOA Treasury Management Newsletter. They were: Preventing Fraud in the Treasury Function; and Red Flags that Identity Employees at Risk for Fraud. The newsletter also referenced some useful resources on internal controls and fraud prevention, including Stop That Fraud Handbook, a fraud manual President Joe Dervaes authored for the Association of Public Treasurers. Congratulations Joe on your continuing commitment to fraud education and awareness!

(5) Board of Regents Elections Slated to Fill Three Positions

It's time to cast your vote because nine candidates have been selected for the Board of Regents' Ballot. The ACFE Nominations Committee has selected nine candidates to compete for the three positions on the 2008-2009 Board of Regents. Certified Fraud Examiners in good standing may vote anytime between now through December 31, 2007. Voting is fast and easy. Visit www.ACFE.com to view candidate information and then sign-in to cast your vote. If you encounter problems while logging-in or casting your ballot, e-mail the ACFE at www.membership@ACFE.com for assistance.

(6) Member Requests Healthcare Fraud Training Material

Chapter Associate Member Ethan Norris was unable to attend the ACFE's Healthcare Fraud Class on November 8-9, 2007, in San Francisco, CA. He is interested in networking with fellow professionals who might have attended this class, or another one similar to it at another place and time. He's particularly interested in reviewing the training material for this class if you are willing to share it. Is there anyone out there who can help Ethan?

P.S.: Ethan is currently on the unemployed list. If you, or someone you know, are aware of any job openings in your organization or elsewhere, please contact him directly at EthanJohnNorris@Yahoo.com. He currently lives in Seattle

Thanks for your assistance.