

The Fraud Examiner



ACFESM

Association of Certified Fraud Examiners

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May / June 2009 Issue

Message from the President

My comments for this newsletter issue deal exclusively with the ACFE's 20th Annual Fraud Conference and Exhibition which will be held at the Bellagio Hotel in Las Vegas, Nevada (July 12-17, 2009).

First of all let me introduce some of the stars who will be representing our Chapter. Two members will be attending the ACFE Foundation Board of Director's meeting held in conjunction with the Conference (Marty Biegelman and myself). Norm Gierlasinski will attend the Chapter Representatives meeting on July 11, 2009, and will make a report to us about this event in a future issue of the newsletter. Two members will be speakers at the Conference (I'll be speaking about "A Computer Fraud Case Study: Fishing in Dangerous Waters!", and Marty Biegelman will be speaking about "The Evil That Men (and Women) Do: A History of Identity Theft"). Marty will also lead a panel on "Compliance Challenges During Financial Compression". I will also be receiving special recognition from the ACFE during the Conference because I am one of only a very few CFEs who have attended all 20 Annual Fraud Conferences. What an achievement! I have to admit that it's been a wild ride over the years; but I've always thoroughly enjoyed my participation, service, and education. And, the networking with fellow anti-fraud professional has always been exceptional.

Next, I'm very pleased to report that three Chapter members took advantage of the ACFE's discount offer to attend the 20th Annual Fraud Conference and Exhibition in Las Vegas, NV (July 12-17, 2009). They are: Julie Bollerud, Elaine Gregory, and John Tollefsen. Congratulations! This Conference is the premier anti-fraud training event in the world, and I know that each member will significantly benefit from their experience. I know I always have.

Finally, I also want to encourage you to support the ACFE Foundation's Silent Auction that will be held in conjunction with the Conference. All proceeds from the event go to support a great cause, the Ritchie-Jennings Memorial Scholarship Program. This year the Foundation's goal is to raise enough money to completely fund the annual student scholarship program. Students represent the future of our profession, and they deserve your support. Please visit the Silent Auction web-site between June 10, 2009 and July 10, 2009 to submit your bids.

<http://www.cmarket.com/auction/AuctionHome.action?auctionId=76455044>

Joe Dervaes
President

Upcoming Training

Type:
Annual Business Meeting and Fraud Seminar

Date:
June 24, 2009
(Wednesday).

Time:
12:00 noon
Luncheon, followed by brief business meeting. The fraud training seminar begins at approximately 1:00 p.m.

Topic:
Identity Theft

Speaker:
Dr. Robert E. Holtfreter, Professor of Accounting at the Ellensburg Main Campus of Central Washington University.

Where:
Bahama Breeze Restaurant; 15700 Southcenter Parkway, Tukwila, WA 98188. A separate building in the Southcenter parking lot near the I-5 and I-405 interchange.

Price:
The luncheon and seminar fee is free for Chapter members and \$15 for non-members.

Annual Business Meeting & Fraud Seminar—June 24, 2009

June 24, 2009 (Wednesday) is our Annual Business Meeting and Fraud Seminar in at Southcenter in Tukwila. Members will be able to order from a variety of menu selections offered by the Bahama Breeze Restaurant especially for our meeting.

The speaker will be Chapter Associate Member Dr. Robert (Bob) E. Holtfreter, Distinguished Professor of Accounting and Research at Central Washington University (Ellensburg Main Campus). Dr.

Holtfreter was the 2005 recipient of the ACFE's Outstanding Achievement in Accounting Award and the 2006 recipient of the ACFE's Educator of the Year Award. He is a member of the Editorial Board for *Fraud Magazine* and the *Journal of Forensic Accounting*. During the last decade, Dr. Holtfreter has authored over 20 professional articles in various accounting and fraud publications, and currently writes a by-line column in *Fraud Magazine* on Identity Theft entitled "Taking Back the ID".

As you might expect, the topic of this seminar will be "Identity Theft". Dr. Holtfreter will share his knowledge and life experiences with us as he tactfully deals with this subject during the fraud seminar portion of the meeting.

This is one of our best attended meetings of the year. So, don't miss it!

Door prizes will also be awarded; but, you must be present to win.

Highlights of April 2009 Fraud Seminar

April 29, 2009 (Wednesday) was the date of our last bi-monthly fraud seminar at our downtown Seattle training facility. Twenty-four anti-fraud professionals and students attended this seminar

Substituting for Chapter member Guido van Druenen (who was sick) was Chapter member Eugene (Gene) Gabrys, CFE, CPA, a manager in KPMG's Seattle Forensic Services Practice with more than eight years of audit, investigative and advisory experience.

During the seminar, Gene covered the Foreign Corrupt Practices Act (FCPA), starting with the background of the law and how we got to where we are today. He then provided an enforcement update, discussed the workings of the Act, as well as the main areas individuals and companies must deal with today. He also covered the FCPA risks attached to mergers and acquisitions, and then concluded the seminar by discussing various investigation methodologies.

The information presented during the seminar was definitely relevant to anyone that may have exposure to the FCPA.

If you were unable to attend this seminar, Gene has provided the Chapter with a copy of the PowerPoint file he used to make the presentation. If you would like to have a copy of this file, please request it from Chapter President Joe Dervaes at: (joeandpeggydervaes@centruyel.net).

Overview of August 2009 Fraud Seminar

August 26, 2009 (Wednesday) is the date of the next bi-monthly fraud seminar at our downtown Seattle training facility.

The speakers will be Jim Sugarman and Jake Bernstein, Assistant Attorney Generals from the Consumer Protection Division of the Washington State Attorney General's Office

in Seattle, WA.

The seminar will deal with fraud risks in real property transactions. The speakers will cover subjects such as foreclosure rescue scams, leasebacks, loan workout/or forebearance scams, predatory lending, and estate planning issues. These topics will definitely be of great interest to everyone.

Attend this session to find out more about the latest developments related to these topics and find out how they will invariably affect us all in our daily lives and/or in our anti-fraud practices. Here's another great training opportunity. Don't miss it!

Study on Occupational Fraud and the Impact on a Recession

The ACFE has recently released a “Study on Occupational Fraud and the Impact of a Recession”.

According to a survey of fraud experts conducted by the ACFE, intense financial pressures during the economic crisis have led to an increase in fraud.

Results of the survey also found that layoffs are pervasive and are leaving holes in internal control systems of all organizations.

Quoting from the Study:

“Of the 261 respondents who work as internal fraud examin-

ers, 59 percent stated that their employing organization has experienced layoffs or similar staffing restrictions in the past year. However, 44 percent of those who have encountered recent layoffs indicated that the workforce reduction has had no effect on the companies’ internal controls. Another 3 percent responded that their companies have actually increased internal controls in the wake of the layoffs.

But more than one-third of these organizations have had some controls eliminated as a consequence of the staff reduction. Paradoxically, it is these organizations — those that are trimming costs and strug-

gling to stay afloat — that most likely need a strong system of anti-fraud controls. Employees who remain after a round of layoffs often experience decreased morale, which — when combined with the added job responsibilities of former colleagues, fewer formal controls, and an increased pressure to perform — can lead to the perfect storm for fraud.”

Accordingly, the study becomes suggested reading for CFE’s everywhere. It certainly makes for an interesting read.

The study is available for download from ACFE’s website (www.ACFE.com).

New Chapter Members

Please welcome new members during the period March—May 2009:

CFE’s

- Michael Kinsley
- Tim Conway
- Ed Hewitt

Associates

- Amy Brock
- Reija Jantti

Students

- Lexa Henske
- Jill Kershaw
- Zhamal Harvey

Chapter Members in the News

Member Bob Albretsen of Grant Thornton collaborated with David Taylor of Perkins Coie by making a presentation to the Northwest Turnaround Management Association on the topic of “Fraud and Management” on March 19, 2009.

Member Bob Albretsen, also participated with Jim Schmidt, and Jenny Sims of Grant Thorn-

ton by making a presentation to the Northwest Construction Consumer Council on the topic of “The Top Ten Construction Fraud Schemes” on April 16, 2009.

Associate Member Dr. Bob Holtfreter at CWU won the Distinguished Professor of the University-Service Award for 2009. He also published two

articles in the *Informant*, the journal of the White Collar Crime Center, on “Protecting the Security of Network Systems” (July/Dec 2008) and “Vulnerable Victims: Investment Fraud Targets Seniors” (Jan/Jun 2009).

Congratulations on these achievements in our Community Outreach Program.

New Book Now Available to Chapter Members

Homer Brickley is a retired newspaper reporter with over 40 years of experience. He previously published an E-Book of fraud cases through the American Management Association on the topic of “Master Manipulator” titled after the major case in the book. The Chapter recently purchased a copy of the E-Book for our library for \$10. But, the author has also graciously agreed to let

us give every member of our Chapter a copy of this book for free, with the understanding that if the document is further reproduced for any wholesale use by anyone, such as for classroom use or fraud seminars, etc., that he wishes to be paid \$5 for each such extra copy of the book reproduced. This is a reasonable request and one which the Chapter wishes to honor.

If you want to receive a copy of this E-Book, please send an e-mail message to Chapter President Joe Dervaes at “joeandpeggydervaes@centurytel.net”. He will then send the E-Book back to you by return message in a “.pdf” format.

New CFE’s

We have several Chapter members who are currently studying for the CFE Examination. So, we expect to see their names listed in this section of the newsletter in the near future. Let’s all wish them success in this most important professional matter.

Calendar Year 2009 Local Chapter Dues

Please Remit Your Local Chapter Dues Now!

Well, it's that time of year again. Time to submit your calendar year 2009 Chapter dues to our Treasurer, Roger Gulliver. Chapter dues are \$24 for CFE Members and \$30 for Associate Members. These categories

of membership may identify themselves as Chapter Members. Chapter fees are \$36 for Affiliates of the Chapter. This category of individuals may align themselves with us, but may not call themselves Chapter Members. Please remit your dues/fees to our Chapter Treasurer at the following address: Pacific North-

west Chapter/ACFE; C/O Roger Gulliver, Treasurer; P. O. Box 215; Auburn, WA 98071-0215.

Note: These dues are separate from the membership dues of the ACFE as listed below.

\$24 for CFE Members
\$30 for Associate Members
\$36 for Chapter Affiliates

Auto Dues Service for ACFE Membership

With the Auto Dues Service you can save time and set up your ACFE membership dues to be paid automatically each year quickly and easily. This automatic Dues Service will eliminate paper statements and postage. Pay your membership dues automatically each year and

receive a 5% discount on our dues payment for enrolling in the service.

To enroll in the new Automatic Dues Service, login to your account on the ACFE web-site. On the announcements page, click on the link to enroll. Go to the Join

tab. Then complete the enrollment form and enter your credit card billing information. Finally, select "Submit". This enrollment process is that easy. And, if you do not wish to continue participation in the future, you may choose to cancel participating by clicking the Cancel tab.

CPE Compliance for Certified Fraud Examiners

When you renew your annual dues you must certify your CPE compliance.

You are required to earn 20 hours of CPE from January 1, 2008 through December 31, 2008, 10 of which must be fraud related.

For 2009, your required CPE hours will be calculated and prorated based on your anniversary month.

Report your CPE Compliance for 2008 and 2009 in

your anniversary month in 2009 (online or call).

You may carry over 10 hours of CPE every twelve months. Hours earned before January 1, 2008 are not eligible for carry over.

Now you can find all your CPE information in one convenient place. Browse the [CPE Dashboard](#) for information and updates on:

- How CPE Works
- 2008-2009 CPE Transition
- Your anniversary month

and prorated CPE for 2009

You may access the [CPE Dashboard](#) from your [My Account](#) section or at ACFE.com/CPE.

It is understandable that you may have questions, so feel free to contact the ACFE's CPE Compliance Team or Member Services by calling (800) 245-3321 or +1 (512) 478-9000, or by e-mail at CPE@ACFE.com.

-Renew Membership and report CPE at the same time

-20 CPE required, 10 of which must be fraud related

-10 hours can be carried over every 12 months

The Tidbit—New Credit Card Scheme

A new credit card scheme is spreading through Canada and the United States. It's pretty slick since the source provides you with all of the information, except the one piece they want. Also note that the callers do not ask for your credit card number – they already have it!

The person calling says, "This is (name), and I'm calling from the Security and Fraud Department at (credit card company). My badge number is 12460. Your card has been flagged for an unusual purchase pattern, and I'm calling to verify. This would be on your (credit card) which was issued by (name of bank). Did you purchase an Anti-telemarketing Device for \$497.99 from a marketing company based in Arizona?"

When you say "No", the caller continues with: "Then we will be issuing a credit to your account. This is a company we have been watching and the charges range from \$297 to \$497, just under the \$500 purchase pattern that flags most cards. Before your next statement, the credit will be sent to (gives you your address). Is that correct?"

You say "Yes". The caller continues: "I will be starting a fraud investigation. If you

have any questions, you should call the 1-800 number listed on the back of your card and ask for Security. You will need to refer to this control number." The caller then gives you a six-digit number and asks if you need them to read it to you again.

Here's the important part on how the scam works. The caller then

says: "I need to verify you are in possession of your card. They'll ask you to turn your card over and look for some numbers.

There are seven numbers. The first four are part of your card number, and the last three are the security numbers that verify you are the possessor of the card. These are the numbers you sometimes use to make Internet purchases to prove you have the card. The caller will ask you to read the last three numbers to them.

After you give this information, they'll say: "That is correct. I just needed to verify that the card has not been lost or stolen and that you still have your card. Do you have any other questions?"

After you say "No", the caller then thanks you and states:

"Don't hesitate to call back if you do", and hangs up. You actually say very little, and they never ask for or tell you the card number. If you then contact your credit card company, shortly thereafter, you'll find a new purchase of \$497.99 has been charged to your card. You'll then need to make a real fraud report and close the credit card account.

What the scammers want is the three-digit PIN number on the back of the card.

Don't give it to them. Instead, tell them you'll call your credit card company for verification of the information. The credit card companies will tell you that they never ask for anything on the card because they already know the information since they issued the card. If you give the scammers your PIN number, you think you're receiving a credit. Instead, you'll find charges for purchases you didn't make on your next statement. By then it's almost too late and/or more difficult to actually file a fraud report. Don't talk to the scammers. Hang up instead and then file a police report on the incident for further investigation.

"Rather fail with honor than succeed by fraud."

-Sophocles

20th Annual ACFE Fraud Conference & Exhibition

100 Reasons to Attend the ACFE Annual Fraud Conference

12. Harry Markopolos, CFE, told the SEC about Bernie Madoff's fraud nearly 10 years ago and they didn't listen. Now he wants to tell you how he knew.

17. Attend award ceremonies and acknowledge those who are leading this fight every day.

38. Stay connected to the office or home at the Cyber Café, located in the Exhibit Hall.

92. Great giveaways at the Exhibitor Raffle.

98. Make an impact in the fight against fraud.

Attend a Pre or Post-Conference training and increase your knowledge and CPE credits!

Join us in Las Vegas for the world's largest anti-fraud conference & exhibition. This premier conference is attended by more than 2,000 professionals each year and produces more than 80 programs and training sessions in 11 topical tracks.

Anti-fraud professionals from around the world gather at the ACFE's Fraud Conference and Exhibition to learn the latest on how to detect and prevent fraud in their organizations. The keynote speakers, panel discussions and educational workshops all provide valuable, ready-to-implement ideas that help put their companies in a better position to eliminate fraud from their workplace. In addition, attendees build new relationships with their peers and discover business tools to help their

companies succeed.

The ACFE's Annual Fraud Conference hosts the foremost experts in the anti-fraud field. These leaders in their fields share their insights and address the key anti-fraud issues.

This year's conference is no exception. The 2009 lineup of keynote speakers is a diverse group of influential leaders and practitioners that will both inform and inspire you.

- **Michael Chertoff**
2nd U.S. Secretary of Homeland Security

- **James H. Freis, Jr., J.D.**
Director, Financial Crimes Enforcement Network (FinCEN)

- **Robert Rudloff, Jr., CFE, CIA**
Vice President of Internal Audit, MGM MIRAGE

- **Harry Markopolos, CFE, CFA**

Fraud Investigator and Madoff Securities Whistleblower

- **Aaron Beam**
Convicted Fraudster & Former HealthSouth Chief Financial Officer

For more information or to register visit www.FraudConference.com for continually updated information.

Hotel:
Bellagio

Location:
Las Vegas, NV

Dates:
July 12-17, 2009

Links to

ACFE Chapters

Pacific NW Chapter
www.fraud-examiners.org

Oregon Chapter
www.oregon-acfe.org

Spokane Chapter
www.spokanefraud.org

Boise Chapter
www.boiseacfe.org

Big Sky Chapter (Montana)
kathy.arata-ward@josepheve.com

Vancouver, B.C.
www.cfevancouver.com

Edmonton Chapter
www.acfe-edmonton.com

Calgary Chapter
www.acfecalgary.com

International ACFE Headquarters

www.acfe.org

*Do you have ideas for our
next newsletter?*

*Want to write the review for
the last fraud training you
attended?*

*We would love your
feedback!*

Contact Joe Dervaes at
joeandpeggydervaes@centurytel.net



Other ACFE Fraud Training Opportunities

- Principles of Fraud Examination, Austin, TX, June 1-4, 2009.
- 20th Annual ACFE Fraud Conference and Exhibition, Bellagio Hotel, Las Vegas, NV, July 12-17, 2009.
- How to Testify, Washington, D.C., August 27-28, 2009.
- CFE Examination Review Course, Chicago, IL, August 24-27, 2009.
- Advanced Fraud Examination Techniques, Austin, TX, September 14-16 2009.
- Advanced Interviewing Techniques, Austin, TX, October 5-7, 2009.
- Legal elements of a Fraud Examination, New York City, NY, October 21, 2009.
- Interviewing Techniques for Auditors, New York City, NY, October 22-23, 2009.
- Pacific Rim Fraud Conference, Melbourne, Australia, Dates to be determined.
- Principles of Fraud Examination, Austin, TX, December 7-10, 2009.

The ACFE contact point for all course offerings is Dianne Lloyd, Marketing Specialist, Events, by phone at 1-800-245-3321, or at the web-site www.ACFE.com for registration procedures.

Other ACFE Chapter Annual Fraud Conferences

- Joint Annual Fraud Conference, Big Sky Chapter and Montana Society of CPAs, September 15-16, 2009.
- Annual Fraud Conference, Calgary Chapter, October 20, 2009.
- Annual Fraud Conference, Boise Chapter, November 13, 2009.
- Annual Fraud Conference, Spokane Chapter, November 19-20, 2009.
- Joint Annual Fraud Conference, Pacific Northwest Chapter and Washington Society of CPAs, December 7, 2009. To register for our Chapter's Annual Fraud Conference, contact the WSCPA's Education Operations Manager, Rachel Ingalls, by phone at 1-800-272-8273, or register on-line at the WSCPA's web-site at www.WSCPA.org.

The Chapter Board of Officers

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