

# The Fraud Examiner



ACFE<sup>SM</sup>

Association of Certified Fraud Examiners

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## May/June 2010 Issue

### Message from the President

There are several major items of interest to the membership at this time.

- (1) Chapter Team Registrations for the Annual Fraud Conference. The ACFE again offered team registration pricing for the 21st Annual ACFE Fraud Conference and Exhibition at the Gaylord National Resort and Convention Center in Washington, D.C. (July 25-30, 2010). **I'm pleased to report that six Chapter Members joined our team and registered for the Conference at discounted rates saving at least \$150 each. They are: Julie Bollerud, John Tollefsen, Kathy Rupert, Ron Sells, Peter Tobin, and Luz Sears.** All applicants registered for the Conference directly through the Chapter. This will be a fantastic learning experience for all. Yea team!
- (2) ACFE Foundation Silent Auction. The ACFE Foundation is again taking donations for its 2010 Silent Auction. To participate, Members or Chapters may make either a monetary donation or contribute an item that reflects the uniqueness of their city, state, or country. The Foundation raised over \$20,000 last year to help fund 30 student scholarships, or two-thirds of its annual financial requirement for the Ritchie-Jennings Memorial Scholarship Program. Contributions may be made now at the auction site ([www.biddingforgood.com/auction](http://www.biddingforgood.com/auction)). The Silent Auction will officially open on June 23, 2010, and will conclude during the ACFE's 21st Annual Fraud Conference on July 27, 2010. Help support this most worthwhile program now. The Pacific Northwest Chapter/ACFE has already made its annual \$200 contribution for student scholarships this year.
- (3) John E. Reid and Associates, Inc.— Investigator Tips. John Reid and Associates publishes monthly articles in a series called "Investigator Tips". The Chapter receives all of these articles and has them on file. But, the articles are too long to be routinely distributed to you along with our bi-monthly Newsletter. If you would like to receive automatic distribution of these articles in the future, please let me know by e-mail at [joeandpeggydervaes@centurytel.net](mailto:joeandpeggydervaes@centurytel.net) or by telephone at (253) 884-9303. I'll be happy to send them along to you for your information and use for fraud education purposes or while preparing for interviews during your fraud investigations. The articles are quite valuable for reference purposes.

Joe Dervaes  
President

## Upcoming Training

**Type:**  
Annual Luncheon  
Business Meeting and  
Chapter Fraud  
Seminar.

**Date:**  
June 9, 2010 (second  
Wednesday).

**Time:**  
Noon—2:00 p.m.,  
including the  
luncheon, a brief  
business meeting, and  
the fraud seminar.

**Topic:**  
Title 31 Anti-Money  
Laundering  
Regulations and the  
Need for  
Comprehensive  
Internal Controls.

**Speaker:**  
Shelly Gueldenhaar,  
Compliance Officer,  
Clearwater Casino,  
Suquamish, WA.

**Where:**  
Bahama Breeze  
Restaurant, 15700  
Southcenter Parkway,  
Tukwila, WA,  
(Southcenter Mall).

**Price:**  
**The luncheon fee is  
\$10 for Chapter  
Members and \$15  
for non-members.**  
Student members may  
attend this event at no  
cost.

## June 9, 2010—Annual Luncheon Business Meeting and Chapter Fraud Seminar

June 9, 2010 (second Wednesday), is our Annual Business Meeting and Fraud Seminar held at Noon in the Bahama Breeze Restaurant at the intersection of I-5 and I-405 in the Northeast corner of the Southcenter Mall in Tukwila, WA.

This meeting begins with a luncheon where members will be able to order from a variety of menu selections offered by the restaurant especially for our meeting. **The cost of the luncheon is \$10 for members and \$15 for non-members.** Student Members may attend this event at no cost.

The luncheon will be followed by a brief Chapter Annual Business Meeting where the Board

of Officers intends to keep everyone informed about our fraud training mission and other Chapter activities.

Elections will also be held for open positions on the Chapter Board of Officers. See a separate article describing the biographies of candidates for various positions of leadership in the Chapter. Cast your ballot for your favorite Chapter leader!

The speaker for one hour of free fraud-related Continuing Professional Education is Shelly Gueldenhaar, Compliance Officer at the Clearwater Casino, Suquamish, WA.

Shelly has been employed at the casino since 1995, and pre-

viously served as Accounting Manager and Purchasing Agent. She is responsible for training all staff about the responsibilities of the seminar topic.

The topic of the seminar is Title 31 Anti-Money Laundering Regulations and the Need for Comprehensive Internal Controls. Part One deals with Title 31 regulations and record keeping. Part Two deals with internal controls for employees in this key area of operations.

This is one of our best attended meetings of the year.

Door prizes will also be awarded; but, you must be present to win. Register and pay at the door

## Highlights of April 14, 2010—Bi-Monthly Chapter Fraud Seminar

April 14, 2010 (second Wednesday) was the prior bi-monthly fraud training seminar at our downtown Seattle training location (1000 Second Avenue in the **Training Room** on the 28th floor of the Washington State Housing Finance Commission's offices).

The speaker was Guido van Drunen, the Managing Director of Forensics at KPMG LLP in Seattle. The topic was "Background Checks; and, Accounts Payable Fraud".

Guido is a chartered Accountant with over 25 years of combined experience in accounting, complex financial investigations, investing, and law enforcement. He has worked for law enforce-

ment agencies in Europe and the South Pacific. Born in the Netherlands, Guido is a graduate of the Dutch Customs Academy and holds an undergraduate degree in accounting and finance, a post graduate qualification in accounting, and a Masters Degree in Business Studies, all from Massey University in New Zealand.

Guido has been a popular speaker at previous bi-monthly Chapter fraud seminars, the Chapter's Annual Fraud Conference, and the ACFE's Annual Fraud Conference.

This seminar came in two parts:

(a) **Background Checks.** In

a nut shell, an "ounce of prevention is worth a pound of cure". The speaker covered what a good background check program does, and explained some of the key components of a good program.

(2) **Accounts Payable Fraud.** After dealing with this very key component of the hiring process, the speaker addressed the risk of accounts payable fraud in any organization. This threat is alive and real, and comes from both inside and outside the company. He covered some of the key controls that should be regularly reviewed in any organization. Finally, the speaker ended with a question and answer session at the conclusion of the presentation.

## Overview of August 11, 2010 - Bi-Monthly Chapter Fraud Seminar

August 11, 2010 (second Wednesday) will be the next bi-monthly fraud training seminar at our downtown Seattle training location (1000 Second Avenue in the **Training Room** on the 28th floor of the Washington State Housing Finance Commission's offices).

The speaker at this event will be Ms. Page Ulrey, Senior Prosecutor for Elder Abuse, Economic Crimes Unit, King County Prosecuting Attorney's Office, Seattle, WA.

The specific topic for this fraud seminar has not yet been an-

nounced; but it will deal with "Elder Abuse".

The speaker will conclude this presentation with a question and answer session on the topic.

Register and pay at the door.

### New Chapter Members

Please welcome new members who joined the Chapter during the period mid-March to mid-May 2010:

#### CFE's

- Gary Nystul
- Dustin Talbott
- Sandy Perkins

#### Associates

- Mark Crowley
- Kelly Minnaar

#### Students:

- Kristel Schmidt

## Ways to Complete New ACFE Ethics Training Requirement

The ACFE offers some ethics-related on-line self study courses to help members satisfy this new CPE requirement. They are: Ethical Theory for Fraud Examiners; and, Practical Ethics for Fraud Examiners.

Additionally, CFE's may use ethics CPE obtained to satisfy their CPA license if the training

falls within one of the following categories: (1) Regulatory Ethics; (2) Behavioral Ethics; or, (3) Professional Ethics.

Some of ACFE courses may be counted toward both fraud-related and ethics-related CPE requirements, such as: Ethics for Fraud Examiners; and, ACFE Code of Professional Ethics.

Read more about ACFE CPE requirements at: <http://www.acfe.com/career/maintaining-cfe.asp>.

2011 CPE reporting requires all ACFE Members to complete 20 hours of training, two hours of which must be in the area of "ethics". Certify CPE when renewing ACFE membership.

### New CFE's

- Gary Nystul

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.

## Chapter Members in the News

Chapter President Joe Dervaes will be attending the ACFE Foundation Board of Directors meeting on July 25, 2010, and then will also be attending the ACFE's Main Conference later in the week. The annual Foundation meeting will be held in conjunction with the ACFE's 21st Annual Fraud Conference and Exhibition at the Gaylord Resort and Convention Center in Washington, D. C. (July 25-30, 2010).

Chapter Member Peter Tobin, Perkins Coie LLP, Seattle, was selected by the Chapter Board of Officers to be our representative at the ACFE Chapter Representa-

tives Meeting on July 25, 2010. This annual meeting is also held in conjunction with the ACFE's 21st Annual Fraud Conference and Exhibition in Washington, D.C. Peter will prepare a report on the activities of this meeting for us when he returns after the Conference. His report to the membership will be included in a future Chapter Newsletter.

The Board of Officers is proud to send our "Congratulations" to these Members for representing our Chapter so well in these key ACFE and Chapter leadership positions.

The following six Chapter members are also participating in the ACFE's team registration discount program while attending the ACFE's 21st Annual Fraud Conference in Washington, D.C. this year. They are:

Julie Bollerud, Member  
John Tollefsen, Member  
Peter Tobin, Member  
Kathy Rupert, Member  
Ron Sells, Member  
Luz Sears, Associate Member

All of these reported activities are an integral part of our Chapter's Community Outreach Program each year. Kudos to all for participating in these events.

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**“Whoever is detected in a shameful fraud is ever after not believed even if they speak the truth.”**

**-Phaedrus**

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**-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**

## ACFE Announcements

(1) As a part of the its 20th Anniversary, the ACFE has provided a free webinar exclusively for ACFE members entitled “Using the Report to the Nation to Enhance Your Anti-Fraud Efforts”.

(2) Use the new Fraud Risk Assessment Tool to assist your organization in identifying fraud risks and developing a fraud risk

response.

(3) Visit the ACFE’s Online Communities (Anti-Fraud Technology and Financial Institutions) to connect with other ACFE members, access shared documents, and blog or participate in discussion forums.

(4) Enroll in Auto Dues Service and receive a 5% discount

in addition to saving time by setting up your membership dues to be paid automatically each year.

Visit ACFE’s web-site ([www.ACFE.com](http://www.ACFE.com)) to find out additional information about these topics. All you have to do is click on “fraud resources” on the home page and follow the prompts. It’s easy to do.

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## ACFE’s 21st Annual Fraud Conference and Exhibition, Washington, D.C., July 25-30, 2010

The ACFE announces it’s 21st Annual Fraud Conference and Exhibition to be held at the Gaylord National Resort and Convention Center in Washington, D.C. (July 25-30, 2010). The Conference consists of three parts:

Pre-Conference Education: Sunday, July 25, 2010 (1-5:00 p.m.). Two sessions are offered (4 hours CPE): (1) Digital Foren-

sics: Obtaining, Managing, and Searching Electronic Evidence; or, (2) Understanding and Complying with the Foreign Corrupt Practices Act.

Main Conference Education: Monday-Wednesday, July 26-28, 2010. There are 11 educational tracks for breakout sessions (20 hours CPE). See a separate notice in this newsletter about the general ses-

sion Conference speakers.

Post Conference Education: Thursday-Friday, July 29=30, 2010. Three sessions are offered (16 hours CPE): (1) Financial Statement Fraud; (2) Contract and Procurement Fraud; or, (3) Auditing/ Investigating Fraud Seminar.

Hope to see you there for this outstanding educational event!

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## 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, 2010 through December 31, 2010, 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  
-2009-2010 CPE Transition  
-Your anniversary month and prorated CPE for 2010

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

## The Tidbit: (1) Bill Collectors Prey on Grieving Families (A Dead Debt?); and, (2) My Grandchild the Crook

(1) Scam Alert: By Sid Kirchheimer (Paraphrased from the March 2009 American Association of Retired Persons Bulletin).

Telephone calls come when people are most vulnerable, just days after a spouse or other family member has died. But the callers are neither friends expressing their condolences nor funeral home staffers – they're bogus bill collectors.

They struck last year in the state of Mississippi where at least half a dozen grieving families were telephoned with startling news — their dearly departed relatives had owed a large debt, and if it wasn't paid immediately, collection efforts would begin. The families notified the Better Business Bureau. The phone calls appeared to specifically target elderly folks when they're not in their best decision-making capacity.

This con is similar to one that prompted nationwide warnings from state officials in 2002. In those cases, families in at least 14 states received payment demands from a bogus collection services company within days of the death of a loved one. The demands came in phone call and invoices asking for up to \$700 to settle an alleged unpaid debt of the deceased family member. The company turned out to be nonexistent and rented a mail drop in the state of Delaware to collect "debt" money.

In the newer Mississippi calls, the callers named no specific collection agency. Besides trying to collect nonexistent debts, scammers looked for other ways to trick the grieving, such as using heavy pressure techniques to obtain personal information from

relatives over the phone. In most cases, the scammers chose their marks from newspaper obituaries. It's at this time when bereaved families may be in a rush to settle the matter, and may be more likely to let their guard down and pay the bill before they verify whether or not it's valid.

To protect yourself or your family against this scam:

- Know your obligations. Unless a family member is a cosigner, they're not responsible for the deceased's debt and under no obligation to repay it.

- Know the procedures. If you cosigned for a loan or a credit card with a balance, it is legal – but unethical – for legitimate collection agencies to contact you after the borrower's death. Bill collectors should go through the executor or probate court to attempt to collect a debt owed by the deceased. So provide that contact information and nothing else to the callers and never divulge your Social Security or bank account numbers.

- Get the facts. If curiosity gets the best of you, require the collection agency to furnish you some proof of the debt. Have the agency put in writing who is owed, how much, for what reason, when the debt was acquired, and why you are being contacted.

- Perform identity checks. When contacted by a bill collector – for your debts or those of a deceased loved one – check the company's authenticity by contacting the Better Business Bureau ([www.bbb.org](http://www.bbb.org)). If things don't add up, notify your state attorney general's office (go to [www.naag.org](http://www.naag.org) for a state list).

(2) Scam Alert: By Sid Kirchheimer (Paraphrased from the March 2010 American Association of Retired Persons Bulletin).

The pervasive "grandparent scam" is as dangerous as ever.

The bait is usually the same—someone claiming to be your grandchild calls, saying he has been arrested or hospitalized while visiting Canada and is afraid to call his parents. He needs quick cash in the form of a wire transfer.

In 2009, American grandparents admitted sending at least \$4.5 million after being duped in this way according to the Royal Canadian Mounted Police. English – speaking Canada is the scammer's favorite locale. Most victims never report the fraud because they're too embarrassed that they didn't recognize their own grandchild's voice.

Some victims respond to this telephone inquiry by providing the grandchild's name, such as by saying: "Bobby, is that you?" But in many cases, the fraudsters already know the grandchild's name.

How do the crooks get such information? They do online homework. One common thread in these cases is that there had been a recent death in the family and all of the family information needed was recorded in a newspaper obituary. Social networking and genealogy sites also provide similar information too.

To protect yourself:

- Ask: "Which grandchild?"
- Never give your bank or credit card account numbers to a caller.
- Be wary of requests for wire

**Scam (1):**  
**"It seems some scams never die—especially those that victimize families of the dead."**

**Scam (2):**  
**"Strangers can fool you by using your grandchild's name when asking for help in the form of cash."**



## News From the Trenches—May 2010—By John J. Tollefsen, CFE, JD, CCS

### The “Loan to Own” Scam

The idea behind this fraud is to make a loan to a financially stressed property owner who has significant equity in her property. The perpetrator finds a reason to foreclose within a few months after the loan is made and takes the property through foreclosure. Since the foreclosure is private, there is no court scrutiny. The police will consider this a “civil matter” because they do not know whether the victim really defaulted on the loan. Unless the victim has money to sue, the perpetrator gets away with the crime. Even if the victim has money, the perpetrator will transfer or encumber the property to make recover difficult or impossible.

Our office recently uncovered an application of the “loan to own” scheme in Washington State. In this case, the perpetrator was running a Ponzi scheme to obtain money to make “hard money” loans. The lending was advertised on a website targeting contractors. A contractor in Southern Washington was the victim. The numbers and facts in this illustration are simplified and slightly fictitious to make the scam easier to understand.

The contractor-victim owned land worth \$200,000 subject to a \$30,000 first deed of trust obligation to the seller of the property. He had a building permit for a new home on the property but could not find construction financing. The lender-perpetrator offered a \$300,000 loan at 12% interest-only for two years including funds to service the monthly interest due on the loan. The contractor believed he could build the house and make a reasonable profit on these terms.

The loan closed with the perpetrator

advancing \$50,000 to pay off the deed of trust (\$30,000), leaving \$20,000 for the contractor-victim. After closing the lender-perpetrator owned a first deed of trust for \$300,000 against the property. The contractor proceeded with the construction of the home, spent the \$20,000, and incurred obligations to subcontractors. The lender-perpetrator refused to advance any more money claiming interest was unpaid. He denied there was any agreement to fund the interest due on the loan. The contractor had no more funds and was dealing with angry subcontractors.

The lender-perpetrator foreclosed two months after closing and took title to the property, free and clear of any liens. He then transferred the property to a related entity that he claimed was arms-length. The related entity divided the property among other related entities including the perpetrator’s pension plan. The victim did not have money to pursue the case and lost the property.

One of the victims of the Ponzi scheme brought action against the perpetrator for fraud and Criminal Profiteering. After almost two years of litigation, when the plaintiffs were about to obtain judgment, the perpetrator filed a Chapter 13 bankruptcy petition. He had placed almost \$1 million in his pension plan and claimed the money exempt from claims of his victims and other creditors. The Ponzi victim moved to dismiss the petition, pointing out that the perpetrator had creditor claims exceeding the limit in Chapter 13. The perpetrator voluntarily dismissed his Chapter 13 case.

The plaintiff-Ponzi victim proceeded to obtain a \$4 million Criminal Profiteering judgment which including provisions that deeded property owned by the perpetrator to the plaintiff. Unknown to the plaintiff, the perpetrator

filed a Chapter 7 bankruptcy petition the day before the judgment was entered.

The Ponzi victim sued the perpetrator in bankruptcy court. This type of case is known as an “adversary proceeding” and follows the federal rules of civil procedure. An adversary proceeding is essentially a federal civil case filed in bankruptcy court.

The Ponzi victim asked the court to have the perpetrator’s petition denied for fraud. In the alternative, the Ponzi victim sought a nondischargeable judgment against the perpetrator. The bankruptcy code has three provisions which are primarily used to obtain nondischargeable judgments against perpetrators of fraud.

The first is 11 USC § 529(a)(2) which covers fraud as defined by bankruptcy law.

The second covers misappropriation of funds in the possession of a fiduciary (11 USC § 529(a)(4)).

The third was enacted with the Sarbanes Oxley act and makes violation of securities laws nondischargeable (11 USC § 529(a)(19)).

It is yet to be determined if the perpetrator will profit from his schemes.

### The next installment will cover how to break through trusts and other asset protection schemes.

John J. Tollefsen is the founder of Tollefsen Law PLLC, an attorney, Certified Fraud Examiner, and Certified Controls Specialist. For additional information, he may be reached as follows: john@tollefsenlaw.com.

## Chapter Elections - June 9, 2010 - Slate of Officers - Annual Business Meeting

The Chapter holds elections for open positions on its Board of Officers every other year. Members elected at the Chapter's Annual Business Luncheon Meeting at the Bahama Breeze Restaurant at the Southcenter Mall in Tukwila will serve terms beginning July 1, 2010, and ending June 30, 2012.

The primary qualifications for membership on the Chapter Board of Officers are: members or associate members who are in good standing with the ACFE and the Chapter (i.e., payment of dues); active participation in regular Chapter meetings, classes, and conferences to the extent permitted by personal job requirements; and a genuine interest in serving the membership in a key leadership role.

The primary mission of the Chapter Board of Officers is to provide overall direction and guidance for all Chapter activities, including: selecting speakers and topics for our annual fraud training

seminars, classes, and conferences.

Chapter Vice-President Norm Gierlasinski has decided not to continue serving on the Board of Officers when his current term expires in June 2010. He will, of course, continue to serve the Chapter as Training Director and member of the Scholarship Committee, among other things in retirement.

Appointed by Chapter President Joe Dervaes, the 2010 Nominating Committee, comprised of Chapter Members Kent Hansen, Jake Jacobson, and Cliff Whipple, presents the following slate of individuals for positions on the Chapter Board of Officers:

Joe Dervaes, President (current position).

Bernadette McBride, Vice-President (change from current Director-At Large position).

Roger Gulliver, Secretary/Treasurer (current position).

Robert Goehring, Director-At-Large (current position).

Julie Bollerud, Director-At-Large (replacing Norm Gierlasinski).

Each Chapter Member eligible to vote in the June 9, 2010, Chapter members will be sent a ballot by electronic mail prior to the election date. **Please cast your vote** and bring your ballot to the meeting (or mail it to the Chapter at: P. O. Box 215, Auburn, WA 98071-0215 prior to the election date).

The results of the Chapter's Board of Officer elections will be announced at the June 9, 2010, annual business meeting.

## 2010 Chapter Student Scholarship Award Winners

Each year our Chapter awards a maximum of two scholarship awards of \$500 each to deserving college/university students from the Pacific Northwest.

The winners of 2010 scholarship awards are as follows:

(1) Lori Gileno, Criminal Justice Program, ITT-Technical Institute, Seattle, WA.

Lori is a student member of our Chapter. She is a freshman in the Criminal Justice Program with a 4.0 grade point average in the classes she has taken so far. She has additional credits from other universities, including computer forensics studies at the University of Washington—Tacoma Campus, and network and Internet security studies

at the CDI College of Business and Technology. She plans to graduate with a Bachelors Degree in December 2013. We previously introduced Lori to the Chapter in the March/April 2010 Chapter Newsletter.

(2) Kyle J. Blessinger, Accounting Department, Montana State University, Bozeman, MT.

Kyle is a senior majoring in Accounting with a 4.0 grade point average. He plans to graduate with a Bachelors Degree in Accounting in May 2010.

He is employed as an intern for a firm that specializes in accounting services for professional athletes, and is involved in the student body government at Montana State University where he is an off-campus senator acting on behalf

of the students that live off campus.

His is also involved in the Accounting Club, Beta Gamma Sigma, and Alpha Lambda Delta. His faculty advisors praised his outstanding performance in class, course examinations, quizzes, and other assignments, indicating that he possesses impressive qualities beyond his academic skills. He is definitely at the top of his class and will be successful in all he does in his future career.

The Board of Officers is pleased to be able to assist these outstanding students achieve their academic goals and to prepare them for a career in the fraud examination career field. Congratulations to these fine students on their educational achievement so far!

## ACFE's 21st Annual Fraud Conference and Exhibition —Gaylord National Resort and Convention Center — Washington, D.C. — July 25-20, 2010— Working Lunch, General Session, and Closing Session Speakers

The ACFE's Annual Fraud Conference hosts the foremost experts in the anti-fraud field. These leaders share their insights and address key anti-fraud issues. Previous conference speakers have included: Senator George J. Mitchell, Senator Paul Sarbanes, former Secretary of Homeland Security Michael Chertoff, the Honorable Michael Oxley, Ben Stein, Rudy Giuliani, Harry Markopolos, Sherron Watkins, David M. Walker, Cynthia Cooper, William Barr, and many others.

This year's conference is no exception. The 2010 lineup of keynote speakers is a diverse group of influential leaders and practitioners that will both inform and inspire you. They are:

(1) Working Lunch  
Monday July 26th  
11:40 a.m.—1:10 p.m.

### **Neil Barofsky** **Special Inspector General, SIG-TARP**

**Background:** Prior to assuming the position of Special Inspector General, Mr. Barofsky was a federal prosecutor in the US Attorney's Office for the Southern District of New York for more than 8 years. In that office, he was a Senior Trial Counsel who headed the Mortgage Fraud Group which investigated and prosecuted all aspects of mortgage fraud, from retail mortgage fraud cases to investigations involving potential securities fraud with respect to collateralized debt obligations. Mr. Barofsky also led white collar prosecutions during his tenure as a member of the Securities and Commodities Fraud Unit which included the case that led to the conviction of former Refco President Tone Grant, and the guilty plea of Phillip Bennett, Refco's former CEO. Mr. Barofsky received the Attorney General's John

Marshall Award for his work on the Refco matter.

(2) General Session  
Tuesday July 27th  
8:30 a.m.—9:50 a.m.

### **Irving Picard** **Partner, Baker Hostetler and Madoff Trustee**

**Background:** Irving Picard is currently serving as the court-appointed trustee under the Securities Investor Protection Act (SIPA) in the liquidation of Bernard L. Madoff Investment Securities LLC where he is centrally involved in the recovery of funds for victims of the fraud. He also serves as a court-appointed trustee in securities brokerage house liquidations under SIPA. He focuses his practice primarily on representing unsecured and secured creditors, commercial landlords, bankruptcy trustees, and other parties in interest in bankruptcy reorganization cases, as well as in out-of-court restructurings. Mr. Picard has extensive litigation experience including investigating the financial affairs of debtors and seeking to recover property, objections to confirmation of Chapter 11 plans, substantive consolidation and preference and fraudulent transfer issues.

(3) Working Lunch  
Tuesday July 27th  
11:40 a.m.—1:10 p.m.

### **James T. Reese, Ph.D.** **Author, lecturer, Consultant**

**Background:** Dr. Reese is an internationally known, award-winning authority in the specialty areas of ethics, criminal profiling, stress management, leadership, and motivation. Weaving his powerful

anecdotes of 25 years of experience as an FBI criminal personality profiler together with 10 years as CEO of James T. Reese and Associates, Dr. Reese brings the latest information on the topic to the podium and provides "life-changing" presentations. His expertise and reputation as a speaker has found him presenting before more than 350 Fortune 500 companies. He has provided expert testimony before the United States Congress and addressed the president of the United States' Council on Integrity and Efficiency.

(4) General Session and Closing Session  
Wednesday July 28th  
11:40 a.m. - 12:30 p.m.

### **Justin Paperny** **Convicted Fraudster and Former Investment Executive**

**Background:** Justin Paperny was released from federal prison in 2009 after serving an 18-month sentence as a consequence of a single count of conspiracy to commit securities fraud. After graduating from the University of Southern California as a student athlete in 1997, Justin had built a thriving career as a stockbroker at Bear Stearns and UBS. Interactions with his senior partner and a client who operated a Ponzi scheme were at the nexus of his conviction. Since his release in August 2009, Justin has built a career as a public speaker, author, and consultant.

**Please note: The ACFE does not compensate convicted fraudsters to speak at conference events.**



## Pacific Northwest Chapter Committee Assignments (2010)

The Chapter Board of Officers is proud to announce the following Chapter assignments for 2010 (and the future):

### Board of Officers:

President: Joe Dervaes  
 Vice-President and Training Director:  
 Norm Gierlasinski  
 Secretary/Treasurer: Roger Gulliver  
 Director-At-Large: Bernadette McBride  
 Director-At-Large: Robert Goehring  
 ACFE Chapter Meeting Representative:  
 Peter Tobin

### Web-Site and Newsletter Committee:

Chair and Editor: Joe Dervaes  
 Member and WebMaster: Julie Bollerud  
 Member: Chris Brown  
 Member: John Tollefsen  
 Member: Jim Tyrrell

### Education Committee:

Chair: Joe Dervaes  
 Member and Chapter Training Director:  
 Norm Gierlasinski  
 Member: Roger Gulliver  
 Member: Bernadette McBride  
 Member: Robert Goehring  
 Member: Julie Bollerud

### Scholarship Committee:

Chair: Norm Gierlasinski  
 Member: Joe Dervaes  
 Member: Roger Gulliver  
 Member: Bernadette McBride  
 Member: Robert Goehring  
 Member: Julie Bollerud

### Membership Committee:

Chair: Joe Dervaes  
 Member: Roger Gulliver  
 Member: Peter Tobin  
 Member: Michael Kinsley  
 Member: Rachel Hearn  
 Member: Ethan Norris

### Nominating Committee:

Chair: Kent Hansen  
 Member: Jake Jacobson  
 Member: Cliff Whipple

### Elections Committee:

Three Members Appointed by the Chapter President at the Annual Business Meeting.

### Community Outreach Committee:

Chair: Dr. Norm Gierlasinski  
 CWU (Des Moines)  
 Member: Joe Dervaes  
 CWU (Ellensburg)  
 Member: Bernadette McBride  
 UW (Seattle)  
 Member: Roger Gulliver  
 ITT Technical Institute (Seattle)  
 Member: Robert Goehring  
 Pacific Lutheran Univ. (Parkland)  
 Member: Julie Bollerud  
 CWU (Lynnwood); UW (Seattle)  
 Member: Dr. Bob Holtfreter  
 CWU (Ellensburg)  
 Member: Gayle Seyl  
 UW (Tacoma)  
 Member: Patrick Gillespie  
 Saint Martins University (Lacey)  
 Member: Kathy Rupert  
 WWU (Bellingham)  
 Member: Michael Kinsley  
 Seattle University (Seattle)  
 Member: Kanako Matsumoto  
 Seattle Pacific University (Seattle)

Every Committee is important to the success of our Chapter's fraud training mission. And, every Committee member is similarly important to the smooth operations of our Chapter.

While the Chapter has always had an outreach program at Colleges and Universities in Western Washington, the Chapter plans to expand its efforts beginning in 2010. To do this, the Scholar-

ship Committee and the Community Outreach Committee will begin to work together to keep a continuous outreach program functioning so that the Chapter can maintain contact with Faculty Members, Accounting Clubs and Fraternities, and most importantly the current students at Colleges and Universities in our geographic area.

Each Committee Member has been assigned to work with a specific College or University. The purpose of this outreach is to ensure that all Colleges and Universities in our geographic area are aware of our Chapter and its fraud training mission, as well as the opportunity for annual student scholarship awards in the ACFE's Ritchie-Jennings Memorial Scholarship Program and the Chapter's Student Scholarship Program. One of the primary goals of this outreach is to encourage the most deserving students in accounting, finance, and criminal justice programs at these Colleges and Universities to apply for these two primary scholarship programs.

The Chapter Board of Officers wishes to extend its appreciation to each and every Chapter Committee Member for their willingness to serve the membership in these key leadership roles and for their participation in these important programs in support of the Chapter's fraud training mission.

Thanks to all for their efforts, both now and in the future.

Please add your personal thanks and encouragement to these members when you see them at future Chapter fraud training events. You'll be glad you did.

And, if you would like to participate as a member of one of the Chapter's Committees, please contact Chapter President Joe Dervaes by telephone at (253) 884-9303 or by e-mail at: [joeandpeggydervaes@centurytel.net](mailto:joeandpeggydervaes@centurytel.net).

## Links to

### ACFE Chapters

Pacific NW Chapter  
[www.fraud-examiners.org](http://www.fraud-examiners.org)

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

Spokane Chapter  
[www.spokanefraud.org](http://www.spokanefraud.org)

Boise Chapter  
[www.boiseacfe.org](http://www.boiseacfe.org)

Big Sky Chapter (Montana)  
[kathy.arata-ward@josepheve.com](mailto:kathy.arata-ward@josepheve.com)

Vancouver, B.C.  
[www.cfevancouver.com](http://www.cfevancouver.com)

Edmonton Chapter  
[www.acfe-edmonton.com](http://www.acfe-edmonton.com)

Calgary Chapter  
[www.acfecalgary.com](http://www.acfecalgary.com)

### International ACFE Headquarters

[www.ACFE.com](http://www.ACFE.com)

*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](mailto:joeandpeggydervaes@centurytel.net)



Association of Certified Fraud Examiners

## Other ACFE Fraud Training Opportunities

- CFE Examination Review Course, New York City, NY, May 23-27, 2010.
- Principles of Fraud Examination, Austin, TX, June 7-10, 2010.
- Professional Interviewing Skills, Kansas City, MO, June 14-15, 2010.
- Interviewing Techniques for Auditors, Las Vegas, NV, June 17-18, 2010.
- Legal Elements of a Fraud Examination, Baltimore, MD, June 28, 2010.
- Healthcare Fraud, Baltimore, MD, June 29-30, 2010,
- 21st Annual Fraud Conference, Washington, D.C., July 25-30, 2010.
- CFE Examination Review Course, Chicago, IL, August 30-2 Sept. 2010.
- Advanced Fraud Examination Techniques, Austin, TX, Sept. 13-15, 2010.
- Money Laundering: Tracing Illicit Funds, Ft. Lauderdale, FL, Sept. 20-21, 2010.
- Auditing for Internal Fraud, Salt Lake City, UT, Sept. 20-21, 2010.

The ACFE contact point for all course offerings is Dianne Lloyd, Marketing Specialist, by phone at 1-800-245-3321, or at the web-site [www.ACFE.com](http://www.ACFE.com). Contact her for more information and actual registration procedures.

## Other ACFE Chapter Annual Fraud Conferences

- Annual Fraud Conference, Spokane Chapter, November 2010.
- Joint Annual Fraud Conference, Pacific Northwest Chapter and Washington Society of CPAs, December 3, 2010.

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 if you are not a CPA to receive the discounted registration, or register on-line at the WSCPA's web-site at [www.wscpa.org](http://www.wscpa.org) if you are a CPA.

## The Chapter Board of Officers

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