

The Fraud Examiner



Pacific Northwest Chapter

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May/June 2012 Issue

Message from the President

Chapter's Bi-Monthly Fraud Seminar in Seattle

The Chapter Board of Officers offered a two-hour fraud seminar on the topic of "Ponzi Schemes: Warning Signs and innovative Solutions" for our members on April 11, 2012, at our downtown Seattle training facility. I'm pleased to report that there were 26 individuals in attendance at this event. Thanks for your support of our Chapter's fraud training mission. You are appreciated.

Chapter's Annual Luncheon Business Meeting, Fraud Seminar and Chapter Board Member Elections

We will have Chapter elections at our June 13, 2012, annual luncheon business meeting and fraud seminar. The terms of office for the Board of Officers will be July 1, 2012—June 30, 2014. I appointed a Nominating Committee to develop a slate of officers for these elections. They were: Member Morgan Jacobson; Member Cliff Whipple; and, Member Kent Hansen. The slate of officers proposed by the Nominating Committee and approved by the Board of Officers for 2012-2014 is as follows: President—Robert Goehring; Vice-President—Bernadette McBride; Secretary-Treasurer—Roger Gulliver; Director-At-Large—Julie Armbrust; Director-At-Large Jennifer Rauch; Training Director—Norm Gierlasinski; and, President Emeritus—Joe Dervaes.

Vote for Board Members Either in Person or by Mail-In Ballot

There will be ballots at the Chapter's Annual Luncheon Business Meeting at Bahama Breeze in SouthCenter. If you are unable to join us for that meeting, ballots will be e-mailed. You can fill them out and mail them in.

If elected, Robert Goering has agreed to accept the additional responsibilities associated with the President position. Similarly, if elected, Jennifer Rauch would be the newest Member of our Board and will bring new energy to the board. Finally, a new position of President Emeritus has been established, and Joe Dervaes will be the initial individual selected for Chapter continuity purposes. Joe Dervaes has been Chapter President for 12 years and 9 months, or 66% of our Chapter's existence (March 31, 1993, to present). He will be receiving a special plaque recognizing his long-term commitment of service to the Chapter at the June 13, 2012, meeting, and there will be a special cake following the meal as well. Come join us for the festivities in the life and times of the Pacific Northwest Chapter/ACFE.

Joe Dervaes/Chapter President/(253) 884-9303/joeandpeggydervaes@centurytel.net

June 13, 2012, Annual Luncheon Business Meeting and Fraud Seminar in Tukwila—Insider Fraud in WA Casinos

Upcoming Training

Type:
Annual Luncheon Business Meeting and Fraud Seminar.

Date:
June 13, 2012

Time:
Noon—2:00 p.m.

Topic:
Insider Fraud in WA Casinos

Speaker:
Dan Vizzare,
Controller,
Muckleshoot Indian
Casino, Auburn, WA.

Where:
Bahama Breeze
Restaurant, 15700
SouthCenter Parkway,
Tukwila, WA 98188,
Phone: (206) 241-
4448.

Price:
The luncheon is free, but the fraud seminar fee is \$10 for Chapter Members and \$15 for non-members. Student Members may attend this event at no cost.

Registration:
Register and pay the Chapter at the door. Pre-registration is not required for this event.

June 13, 2012, is the date of our next event, the Chapter Annual Luncheon Business Meeting and Fraud Seminar at the Bahama Breeze Restaurant, 15700 Southcenter Parkway, Tukwila, WA 98188 (Phone: 206-241-4448).

There is 1 hour of Continuing Professional Education available to all who attend this event.

The cost of this fraud seminar is \$10 for members and \$15 for non-members. The luncheon is free, and we always have a wonderful meal prepared for the attendees. Student members may attend this event at no cost.

Pre-registration for this event is not required. Register and pay at the door.

August 8, 2012, is the date of our next bi-monthly Chapter fraud training seminar in the

Training Room of our downtown Seattle training facility. There are 2 hours of Continuing Professional Education available to all who attend this event.

The cost of this fraud seminar is \$20 for Members and \$25 for non-members. Student

The speaker for this event is: Dan Vizarre, Controller, Muckleshoot Indian casino, Auburn, WA. Dan has been employed in the gaming industry for eleven years and is currently employed in Washington state's largest gaming property. The speaker will bring a most interesting perspective about insider fraud in casinos in the state of Washington.

The topic of this fraud seminar is: "Insider Fraud in WA Casinos". The speaker will discuss his casino's success in detecting and investigating insider fraud in the casino environment. For those of us who participate in the fun activities at the various casinos throughout our state, this should be an eye-opening event. Attend this session to learn more about things that happen

around us every day.

This event is always our best attended meeting. So, put this date on your training calendar and plan to attend. You'll be glad you did.

There will be door prizes, but you must be present to win. In addition, there will be an election of officers for your Board at this meeting. See comments in President's Message on the cover page of this newsletter for additional information about this meeting.

There will also be a special cake following the meal to honor departing Chapter President Joe Dervaes and to recognize him for his long-term service to the Chapter over the years. Come and join in the festivities!

Overview of August 8, 2012, Chapter Bi-Monthly Fraud Seminar in Seattle—Life as an Internal Auditor

members may attend this event at no cost.

Pre-registration for this event is not required. Attendees register and pay at the door.

The topic of this fraud seminar is: "Life as an Internal Auditor".

The speakers for this fraud seminar are: (a) Robert A. Goehring, CFE, CPA, Audit

Manager (Internal Auditor), Finance Department, City of Kent, WA and President of the Pacific Northwest Chapter/ACFE; and, (b) Gary W. Nystul, City Auditor, City of Bremerton, WA.

This class is just one more example of the fine training opportunities the Chapter sponsors for its members.

Highlights of April 11, 2012, Chapter Bi-Monthly Fraud Seminar in Seattle—Ponzi Schemes

Wednesday, April 11, 2012, was the date of our last Chapter fraud training seminar in the **Training Room** of our downtown Seattle training facility. There were 2 hours of Continuing Professional Education available to all who attended this event.

The cost of this fraud seminar was \$20 for members and \$25 for non-members. Student members could attend this event at no cost.

Pre-registration for this event was not required. Attendees registered and paid at the door.

The topic of this fraud seminar was: "Ponzi Schemes: Warning Signs and Innovative Solutions".

The speaker for this event was: Mark T. Calvert, Principal of Cascade Capital Group in Seattle, WA. Mark has more than 25 years of finance, operations,

and consulting experience. He is a presenter on topics related to financial restructuring and capital strategies, forensic accounting, tax, and transactions including mergers and acquisitions. He has been a featured speaker at the Florida and Washington Bar Associations, the Turnaround Management Association, and at various investor conferences. He is a Certified Fraud Examiner, Certified Public Accountant, Certified Turnaround Professional, and a Certified Insolvency and Restructuring Advisor.

This session examined an extremely complex Ponzi Scheme. Frederick Darren Berg was responsible for the largest Ponzi Scheme ever prosecuted in Washington State. Berg, through his Meridian Group mortgage securities business, defrauded investors out of nearly \$100 million between 2001 and 2012. Though apprehended in 2010 when the scheme col-

lapsed, Berg had been able to successfully hide his activities from auditors looking into Meridian's books. And, there most likely will be litigation against the external audit firm that performed this work.

It's critical that attorneys, accountants, and auditors understand the warning signs of fraudulent activity and learn the best-practice strategies that can be employed for maximum asset recovery as a result of Ponzi Schemes.

The speaker's presentation was exceptional and provided some detailed insight into this major Ponzi Scheme, how it happened, and how the recovery of the funds will be distributed to the investors.

This class was just one more example of the fine training opportunities the Chapter sponsors for its members.

New Chapter Members

Please welcome the new members who joined the Chapter during the period mid-March to mid-May 2012:

CFEs:

- Trevor Lida

Associates:

- Ben Wolfgram
- Carrie Allen

Affiliates:

- <None>

Students:

- Julio Manzo

Additional Training Opportunities—John Reid & Associates

John E. Reid and Associates, Incorporated, Chicago, Illinois, announces the following

training classes on "The Reid Technique of Interviewing and Interrogation (3-day program (\$450), 1-day advanced (\$240), and 4-day combined (\$580)) for the state of Washington in 2012:

June 12-15, 2012, Kent, WA

June 26-29, 2012,
Bellingham, WA

September 11-14, 2012,
Bellevue, WA

November 6-9, 2012,
Seattle, WA (Red Lion Hotel
Fifth Avenue).

Call 1-800-225-5747, extension 14 or 24 to register for any of these classes, or visit their web-site at www.reid.com.

Be sure to use the CFE Chapter's RPGA Discount Code at the time of registration. The number is: A20-049.

Learn how to assess the credibility of statements; how

to structure the interview to maximize the flow of information; how to use behavior provoking questions in the interview process; how to persuade a suspect to tell the truth about their involvement in criminal activity; and, how to develop interrogation themes, handle denials, overcome objections, and use alternative questions. In the Advanced Program, learn to psychologically profile suspects for interrogation.

New CFEs:

- Victoria Brazil

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.

ACFE Announcements

“It’s strange that men should take up crime when there are so many legal ways to be dishonest.”

-Author
Unknown

-Renew Membership and report CPE at the same time

-20 CPE required, 10 of which must be fraud related, and 2 of which must be ethics

-10 hours can be carried over every 12 months

(1) After 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) 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.

The New ACFE Ethics Training Requirement Courses

The ACFE offers some ethics-related on-line self study courses to help members satisfy the new CPE requirement of 2 hours of ethics. 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 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/maintaining-credential.aspx>.

2012 CPE reporting requires all ACFE Members to complete 20 hours of training, two hours

of which must be in the area of “ethics” and 10 hours of which must be in fraud-related areas. Certify CPE when renewing ACFE membership.

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 each year, **10 of which must be fraud related, and 2 of which must be on ethics.**

Report your CPE Compliance to the ACFE in your anniversary month (online or call). If a CFE has earned more than 20

CPE hours of CPE in any year, he/she may carry forward up to 10 of these extra hours to meet their future CPE requirements.

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

- How CPE Works
- CPE Changes from Year to Year
- Maintaining CPE Records / CPE Audit

You may access the [My CPE](#) 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.

The Tidbit: Scam Alert: How to Avoid Fraud in the Electronic Age

Scam. This information was paraphrased from an article by Reporter Susan Schell of the Peninsula Gateway Newspaper, Gig Harbor, WA, June 29, 2011.

The faces of thieves have changed drastically over time. A person is twice as likely to be bilked out of thousands by a smooth-talking telemarketer than they are to lose their wallet to a gun-toting thug.

We live in an electronic culture. People don't need to obtain your credit card. If the information is out there, they can use it to make purchases. Identity theft is usually an after-the-fact investigation. Seniors and people with disabilities can be targets because they usually have reliable streams of income or have built-up estates. Criminals go where money is easy to find.

The next most vulnerable group are people 25 and younger. They've got it all figured out, but they don't have the wisdom to protect themselves. They get cheated because they're not knowledgeable yet. They put too much personal information on Facebook and Twitter, and it can be used against them.

Seniors attract criminals because they tend to answer the phone or the door and are polite. Experts tell seniors not to respond to junk mail. If you do, you'll just get more and more junk mail from the scammers.

Easily accessible printer technology allows thieves to print legitimate-looking offers with insignias, bunting, and framing. Scammers inform victims they have won huge cash prizes but must pay for the taxes in advance. Experts say never send money to get money.

Telephone callers call victims and pretend to be their grandchild and ask for money to be sent by Western Union for some type of emergency. Many claim they're in jail or have been in an accident and are hospitalized. The scammer's goal is to create an urgent situation that flusters the victim and causes them to react.

Other scammers will pose as officials for companies in order to gain access to victim homes. Senior citizens won't check for badges even though they're easy to create. It's also easy to obtain uniforms and put decals on trucks.

Thieves follow the news and will hit hard following a disaster, with scams such as bogus charities. The Secretary of State's website has a list of legitimate organizations. Experts recommend you give locally. There are plenty of local organizations where you can monitor where the money is going. If your money goes out of state, it's probably going into the pockets of criminals.

Another popular scam involves someone who calls and informs the victim they're a bank representative who has noticed unusual activity on their credit card. They ask victims to verify their credit card number, address, or even Social Security number to verify they're talking to the card holder. Panicked victims often respond believing the bank is trying to help them. These scammers may even tell victims they're the local police or the FBI investigating a fraud. Senior citizens have been trained to respond to authority and often fall victim to this approach. Experts recommend you hang up and call the credit card company directly at the 800 number on the back of the credit card to verify any

alleged breach. Do not call any 800 number the scammer gives to you.

If you suspect a fraud attempt has been made, file a report with the police department and get a case number. While most senior citizens want justice, they will rarely face the thief in court.

The following tips to avoid becoming a victim of identity theft and scams is offered by the Aging and Disability Resource Center:

Avoid using bank-issued "convenience checks". They have a very high interest rate.

Be suspicious of callers who have foreign accents. Overseas scammers may be students learning English as a second language.

Get caller ID on your telephone so you can trace calls. Listen for a delay in the conversation. This often means the call is coming from overseas.

Beware of someone who tries to distract you in a public place. Don't leave your purse in a shopping cart while shopping, even if you're standing right next to it. It only takes a thief a moment to strike.

Only open your email when you're using it. Don't leave the computer on with your email open. This leaves it more susceptible to hackers and viruses.

Turn off your computer when it's not being used. A computer left on is vulnerable to hackers 24 hours a day.

To report a scam, call 1-877-FTC-HELP or visit www.ftc.gov.

Scam

Summary:

“Seniors and young people are often targeted victims of scams in our electronic culture. Criminals go where money is easy to find.”

Fraud Law—May 2012—By John J. Tollefsen, CFE, JD, CCS

The New UK Bribery Act How the Bribery Act Can Apply to US Businesses

Part II: Requirements of the Bribery Act

If a US business is covered by the Bribery Act (see March/April 2012 edition of *The Fraud Examiner*), liability can attach in circumstance that may not be covered by the FCPA. Under the FCPA's anti-bribery provisions, there must be a payment, an offer of payment, authorization, or promise of payment which is *intended* to influence a foreign public official to misuse his office "corruptly". Section 6 of the Bribery Act does not require an improper purpose or corrupt intent. It was intentionally drafted to cover situations where the payment was considered legitimate under the customs of the foreign country but would be considered a bribe under UK cultural norms. Thus even a trip to visit company facilities could be considered a bribe under Section 6. The Act prohibits payments or offers of payments for the purpose of "financial or other advantage". A "senior officer" of the company is liable for her "consent or connivance".

The UK government issued Bribery Act Guidance explaining that bone fide business expenditures are not included (§§ 26-32). The Director stated that "sensible promotional entertaining expenditure is not an offense under the Act". It is only an offense "when hospitality is done so that people will be induced to act in a certain

way – when the expenditure is beyond what is sensible and proportionate" (from Gibson Dunn discussion with Director Alderman on gibsondunn.com). "Financial or other advantage" is not defined in the Act. The Joint Prosecution Guidance (March 30, 2011) issued by the Director of the Serious Fraud Office and the Director of Public Prosecutions states that "advantage" has its normal everyday meaning and should be left as a matter of common sense to the trier of fact.

The Bribery Act differs from the FCPA in three major respects: 1) "facilitation" payments are not exempted; 2) private bribery is prohibited; and 3) there is no accounting requirement in the Act.

The FCPA exempts "facilitating or expediting" payments when the purpose is to facilitate or expedite a routine government action including obtaining permits and licenses, processing government papers, and obtaining government services like utilities and mail service. The OECD has pressured the US to narrow the facilitation exemption. The DOJ has constricted its understanding of the exemption but the statute is unchanged. The UK Bribery Act Guidance (note 27) makes it clear that facilitation payments are illegal but may not be prosecuted in the discretion of the prosecutor.

Private bribery is prohibited under the UK Bribery Act. Unlike bribery of public officials which does not require a corrupt intent, private bribery prohibited under

the UK Bribery Act includes the requirement of intent to cause improper performance. Commentators expect this to be interpreted similar to the FCPA's "corruptly" standard. Unlike the FCPA, the Act also punishes the person who accepted the bribe.

Even though the Bribery Act has no accounting records requirement like the FCPA, if the US company is operating through a UK subsidiary, the result is similar. UK companies have an accounting records requirement under the UK Companies Act of 2006.

III Conclusion

If a US business sells products or services (directly or indirectly) into any part of the UK or owns a UK subsidiary, it is essential to have financial controls and compliance procedures in place to comply with the UK Bribery Act.

John J. Tollefsen is the founder of Tollefsen Law PLLC, an attorney, Certified Fraud Examiner, and Certified Controls Specialist. john@tollefsenlaw.com. See TollefsenLaw.com for more information regarding fraud law. The entire article can be found at <http://tollefsenlaw.com/answers/The-Law/Fraud-Law/UK-Bribery-Act-US-Busines.html>.

New ACFE Class on Ethical Issues for Fraud Examiners

The ACFE has developed a new class on "Ethical Issues for Fraud Examiners". It is a basic course level offering two hours of Continuing Professional Education credit to all who attend.

This class will help you understand what constitutes an ethical dilemma and help

you develop an awareness of ethical issues faced by fraud examiners.

This on-line course also presents six fictional scenarios that illustrate potential ethical situations that pertain to fraud examiners. The purpose of these scenarios is not to provide you with solutions,

but rather to familiarize you with some types of ethical dilemmas that might arise in a fraud examination.

Contact the ACFE Bookstore for additional information on this class.

Chapter Members in the News

The following Chapter Members have been active in our community outreach program as follows:

(1) Chapter Member Christopher T. Mutchler, CFE, CPA, CVA, Southard, Beckham, Atwater & Berry, CPA, PS, Port Orchard, has become the “go-to” contact point for Kitsap County, WA newspapers on the topic of fraud. Congratulations Chris! He recently had two articles published in the *Kitsap Sun* on the topics of: Common Conditions Surround Most Embezzlers (February 19, 2012), and Nonprofits Can Face Difficult Task in balancing Books and volunteers (February 19, 2012).

(2) Chapter Members Jennifer Rauch, CFE, CPA, Bellevue, WA; and, Steve Geertz, CFE, CPA, Principal, BG & Company, Kirkland, WA CFE, CPA, have been volunteering their personal services at the AARP Fraud Fighter Call Center. They report that this important work has been a terrific experience. (See additional article about this work on page 10 of this newsletter.)

(3) Chapter Member Gayle Seyl, CFE, AHFI, Owner, Probitry Financial Services, Bainbridge Island, WA (and soon to be an ACFE Distinguished Achievement Award Winner for 2012), is a Member of our Chapter’s Community/University Outreach Committee and our representative to the university of Washington (Tacoma Campus). In this capacity, she represented our Chapter at the Accounting Student Association’s “Contemporary Accounting Forum” in Tacoma on March 2, 2012.

(4) Chapter President Joe Dervaes, CFE, ACFE Fellow, CIA, will make a presentation to Dr. Jeff Davis’ Fraud and internal Audit class at Seattle University in Seattle, WA on May 30, 2012. his topic will be: “Understanding Employee Embezzlement in the Workplace”.

(5) Chapter Director-at-Large Julie Armbrust, CFE, CPA, MBA, government accountant, was appointed by the Board of Officers at its February 8, 2012, meeting to be our representative at the Chapter Representative Meeting to be held on June 17, 2012, in conjunction with the

ACFE’s 23rd Annual Fraud Conference and Exhibition in Orlando, FL. Julie will take notes at the meeting and will bring back her report to the membership. The report will be published in a future newsletter issue after the event.

All of these reported activities are an integral part of our Chapter’s Community Outreach Program. Kudos to all for participating in these activities and events throughout the year. The Chapter Board of Officers appreciates your fine efforts.

Other Chapter members are encouraged to notify President Joe Dervaes about their recent or future presentations so that these events can be publicized in the Chapter newsletter.

ACFE Chapter Awards Program for 2012

At its February 8, 2012, Board of Officers meeting, the Board authorized Chapter President to prepare awards nomination packages for the following Chapter Awards Program categories in 2012:

- Chapter of the Year Award.
- Chapter Newsletter of the Year Award. **WINNER**—President Joe Dervaes will accept this award at the ACFE’s 23rd Annual Fraud Conference in Orlando Florida.

Chapter President Joe Dervaes submitted these awards nomination packages to Jeff

Kubiszyn, Chapter Development Manager, ACFE the week following the Board meeting.

Chapter President Joe Dervaes also submitted award nomination packages to ACFE for Dr. Robert Holtfreter, Distinguished Professor of Accounting and Research, Central Washington University (Ellensburg Campus) for the following Chapter Award Program categories in 2012:

- Educator of the Year Award.
- Achievement in Outreach/

Community Service Award.

Now, let the competition begin! And, may the best Chapters and CFEs win. The winners of all Chapter awards will be announced at the ACFE’s 23rd Annual Fraud Conference and Exhibition in Orlando, FL (June 17-22, 2012).

The Board of Officers will keep the membership informed on the results of the competition as soon as ACFE announces the winners of these annual awards.

Meet the Chapter Student Scholarship Award Winner for 2012

The Chapter Board of Officers has approved the award of one \$500 student scholarship to Alexis Morehouse from Seattle University. Alexis, a senior from Vancouver, WA, will be graduating in June 2012 with a Bachelor of Science Degree majoring in Accounting. She will then pursue her Masters Degree at Seattle University in Summer 2012 to prepare for the CPA Examination (Masters in Professional Accounting Program). She was frequently on the Deans List and achieved a 3.443 grade point average on a 4.0 grading scale.

Alexis was a summer intern last year at Intellectual Ventures where she worked on special projects for the accounts payable and revenue assurance groups. She

completed all tasks in a timely manner, asked relevant questions, and had a very positive and can-do attitude. She is a conscientious and diligent worker with a strong work ethic. She was offered another part-time internship position in Spring 2012, as well as a Summer 2012 internship with Ernst and Young.

She worked with the University's advising staff as an Advising Center Front Desk Assistant. The associate director of undergraduate programs was impressed by her maturity, intellect, organization skills, and attention to detail. She is reliable, accurate, and above all personable and friendly.

She is very active on campus, in the com-

munity, and at work positions in the private sector. She competes on the Seattle University Swim Team and has served as Team Captain, leading them to numerous victories, winning awards and recognition, and setting swimming records herself. She also finds time for service in the community, volunteering in fundraising projects and children's literacy projects.

Several years ago she volunteered as part of the hospitality staff for a Habitat for Humanity Blitz Build in South Bend, Indiana. In Seattle, she has helped with the Children's Literacy Project when she volunteered at a local elementary school in a kindergarten class.

The Board congratulates Alexis!

The ACFE Law Enforcement Partnership

In order to enhance the anti-fraud experience and expertise of the public sector, the ACFE has initiated the ACFE Law Enforcement Partnership to assist domestic and international government and law enforcement agencies at the federal, state, and local levels by providing various discounts and benefits upon the official recognition of the Certified Fraud Examiner credential. Such

benefits include, but are not limited to, discounts on ACFE conferences, seminars and other learning methods, and discounts on certification.

Current participants dedicated to providing anti-fraud expertise to their employees include: the Department of Defense, the Federal Bureau of Investigation, the Internal Revenue Service—

Criminal Investigation Division, the Securities and Exchange Commission, the Government Accountability Office, the U.S. Postal Inspection Service, and numerous others.

The ACFE focal point for this program is Alani Mundie, CFE at amundie@ACFE.com, or visit www.ACFE.com/LEP.

2012 CFE Examination Preparatory Course

Here's an important message for everyone out there who is contemplating taking the ACFE's "CFE Examination" course in the future.

The most comprehensive tool available to help you pass the CFE Examination has been redesigned with an all-new user interface and enhanced features to improve examination preparation and keep you on track to earning your Certified Fraud Examiner professional credential. The "2011 CFE Examination Preparatory Course" introduces new components that provide you with the most effective examination preparation available, more efficient use of your study time, and an

intuitive, easy-to-use interface.

More Efficient Use of Your Study Time:

- (a) **NEW.** Pick the sections and topics most relevant to your examination preparation by creating custom review sessions.
- (b) **NEW.** Learn more from your practice examination session by reviewing the questions you missed, analyzing your results by sub-section and tracking your progress over time.

An All-New User Interface:

- (a) **NEW.** Review your progress with a streamlined design.
- (b) **NEW.** Stay on track to earn your Certified Fraud Examiner professional credential by measuring your progress toward your target certification date and using helpful checklists within the preparatory course software.

Contact the ACFE for additional information about this newly redesigned course at: www.ACFE.com or 1-800-245-3321.

Chapter Incentive Award Program for Passing the CFE Examination

At its June 8, 2011, meeting, the Chapter Board of Officers established an incentive award program for new CFEs. The initial period of the award will be calendar year 2012 (January 1 – December 31). Beginning in calendar year 2013, the Board will recognize one new CFE who passes the ACFE's CFE Examination each year by granting him/her an award of not more than \$500. This award will help at least one new CFE defray the cost of obtaining the CFE professional designation. The criteria and procedures for this incentive award program will be announced in the Chapter newsletter and posted on the Chapter's web-site.

They are as listed below:

Incentive Award Program Annual Period

January 1 through December 31.

Membership Status

The award applicant must be an Associate Member of the ACFE and an Associate Member of the Chapter **before** signing-up to take the CFE Examination and **before** notifying the Chapter of his/her intention to apply for the award.

Notification to Apply for Award

The award applicant must **notify** the Chapter Board of Officers at any time **after January 1** of each year that he/she has registered to take the CFE Examination and that he/she intends to apply for the Chapter incentive award program **after** becoming a Certified Fraud Examiner.

Training Attendance Requirement

All award applicants **must attend at least two** of the Chapter's bi-monthly fraud training seminars held during the months of February, April, June, or August during the annual incentive award program period.

Notification of CFE Examination Results

Upon ACFE notification of passing the CFE Examination, the award applicant **must notify** the Chapter Board of Officers **not later than**

December 31 of each annual period by submitting a copy of his/her letter from the ACFE announcing that they have passed the CFE Examination, specifying that the award applicant has met all ACFE requirements to

become a Certified Fraud Examiner, and providing their new CFE professional certification number granted by the ACFE.

Certification of Meeting Incentive Award Program Requirements

The applicant must also submit a **written statement** to the Chapter Board of Officers **not later than December 31** of each year specifying the dates that they attended at least two Chapter fraud training events during the award period, and providing a detailed list of the personal expenses they incurred to become a CFE (reimbursement by the Chapter will not exceed a total of \$500). The applicant must also **certify** that they **have not been reimbursed** for any of these expenses from any other source, such as from their employer.

Incentive Award Program Selection Process

After the Chapter Board of Officers has received notice from all award applicants who have passed the CFE Examination during each annual period (January 1 – December 31), it will determine which applicants are qualified to receive the award and then select the name of one of the qualified applicants to receive an annual award of not more than \$500 in a random drawing conducted during its February fraud seminar meeting. The selection process will be as follows:

- (a) Each qualified award applicant's name will be recorded on a piece of paper, and all applicant names will then be placed in a suitable container.
- (b) In a random drawing, The President (or next ranking Chapter Officer) will designate a Member of the Board of Officers to draw the name of one winning applicant from the container.
- (c) After verification, the Chapter Board of Officers will then declare this individual to be the winner of

the annual incentive award program.

- (d) The award recipient will be announced during the Chapter's February fraud seminar meeting.
- (e) The Chapter Treasurer is then authorized to disburse the appropriate amount of funds to the award recipient.
- (f) If the award recipient is present at the February fraud seminar meeting, the President (or next ranking Chapter Officer) of the Chapter Board of Officers will make the award presentation during the meeting. If not, the award presentation will be made at a subsequent meeting.
- (g) Any pictures taken of this award presentation will be published in a subsequent Chapter newsletter.

Mailing Address for Documents.

Applicants should mail all required incentive award program documents to the Chapter at the following address: Pacific Northwest Chapter/ACFE; C/O Joe Dervaes, President; P. O. Box 318; Vaughn, WA 98394-0350.

At our February 8, 2012, fraud seminar meeting at our downtown Seattle training facility, two Associate Members of the ACFE and Chapter decided to throw their hat into the ring for this award by studying to pass the ACFE's CFE Examination in 2012. They are: (1) Ben Wolfram, Internal Auditor, Port of Seattle; and, (2) Victoria Brazil, Case Manager, U.S. Bankruptcy Court. **Victoria has already met all requirements for the 2012 program.** The Board of Officers wishes these individuals and anyone else desiring to pass the CFE Examination great success in their pursuit of this professional certification.

Let the competition begin!

ACFE Recognizes the Chapter for its Community Service Activities

Jeff Kubiszyn, ACFE Chapter Development Manager, publishes the Chapter Register each month to every CFE Chapter around the globe.

The Pacific Northwest Chapter was recognized in the February 2012 issue in an article entitled: "Pacific Northwest Chapter Members Give Back to Their Community". Here's the information cited in the article:

The Pacific Northwest Chapter is very active in its community. Chapter members routinely volunteer their time to groups and schools. In 2011, the Chapter added to the growing list of organizations it supports.

The Chapter began a joint program with the King County Washington Prosecutor's Office elder Abuse Project to assist seniors in need. Several Chapter members volunteered to provide advice and counsel on elder abuse cases and to provide volunteer fraud examination services.

Carol Bacon, CFE, Owner, Forensic Investigation Specialties, provided pro-bono fraud examination services on an elder abuse case the prosecutor was handling. Her work and assistance to the prosecutor was great!

The Chapter also collaborates with the City of Bellevue, Washington Police

Department to provide volunteer fraud examination services. Chapter members meet with detectives to review cases and documentation, speak with victims, advise detectives during the investigation, summarize accounting details to assist in the investigation, and provide help to officers in recognizing other violations. The volunteers contribute 10 hours a month and go through a rigorous application process. For some, the experience gained is invaluable.

Chapter Director-At-Large, Julie Armbrust, CFE, CPA, MBA, government accountant, performed pro-bono assistance to the Department on their active fraud investigation cases. She did an outstanding job we might add.

As one volunteer put it: "It gave me the experience I needed, but couldn't find in traditional Accounting jobs, to prepare for full-time employment fighting fraud." This year the Chapter hopes to have additional chapter members volunteer to continue this pro-bono fraud examination work for the Department.

Supporting your local law enforcement agency is a great opportunity for members to develop their investigation skills while providing a service to the community. Contact the Pacific Northwest Chapter to learn more about the program.

These comments by the ACFE also formed the core of our Chapter's nomination for the 2012 Chapter of the Year Award.

Additional comments were made about the Chapter's participation with the King County Prosecutor's Office to provide expert witness testimony in a check-for-cash substitution fraud case they were handling. The expert witness testimony provided by our Chapter Member (former President Linda Saunders, CFE, CPA, CGFM, MBA, Owner, Forensic Accounting Consulting) was instrumental in the prosecutor's case and led to the conviction of the perpetrator of the crime. Great job Linda!

Additional comments were also made about the Chapter's University Outreach Program which involves informing students about the ACFE and the Chapter, as well as their scholarship programs, at meetings of Accounting Student Associations, clubs, and fraternities on campuses throughout Western Washington.

Two other Chapter Members, Jennifer Rauch, and Steve Geertz also volunteered at the AARP Fraud Fighter Call Center in Bellevue, WA.

These are great Chapter programs! The Board of Officers congratulates everyone for their fine work. Kudos!

Additional Training Opportunity—Computer/Digital Forensics Class

Have you noticed how many people are checking their digital devices at... well everywhere, at lunch, on the bus, and even in the restrooms. With as prevalent as they are, it is only a matter of time before fraudulent schemes will be come common place using digital devices.

If you want to know more about computers and digital devices and how to do investigations on these devices, there are

two options of which we are aware.

There is a certificate in Digital Forensics offered by the Professional & Continuing Education at the University of Washington. This certificate takes approximately nine months to complete with once a week evening classes.

If you want a quicker overview of this subject, Edmonds Community College is sponsoring a five-day Computer Forensics Class in June 2012. The speaker will be

Steven Hailey, CISSP, DFCP, ACE, CEH, Digital Forensics/Information Security, Computer Information Systems. Contact him at: shailey@email.edcc.edu for addition information about this training opportunity.

Steven will also be one of the speakers at the joint Chapter/WSCPA's Annual Fraud Conference at the Meydenbauer Center in downtown Bellevue on Friday, December 7, 2012. His topic will be related to Computer Forensics there as well.

ACFE Announces Keynote Speakers for the 23rd Annual Fraud Conference and Exhibition in Orlando, Florida, June 17-22, 2012

The premier event for anti-fraud professionals - the 23rd Annual ACFE Fraud Conference and Exhibition - returns to Orlando this June 17-22 at the Gaylord Palms Resort and Convention Center. With dynamic new educational sessions, renowned speakers and unparalleled networking opportunities, you do not want to miss this year's event!

Keynote speakers for 2012 include:



Michael Woodford, MBE

Former Olympus Corp. CEO and Whistleblower

A 30-year veteran of Japan-based Olympus Corp., Michael Woodford held the position of CEO for just 6 months in 2011 before a sudden ousting. Reason for the firing became publicly known when the company recently admitted to Woodford's allegations of paying fraudulent advisory fees in a decades-long cover up.



Diana B. Henriques

New York Times Financial Writer

Diana B. Henriques is a senior financial writer at The New York Times and the author of *The Wizard of Lies*, a book about the Bernie Madoff scandal. She has largely specialized in investigative reporting on white-collar crime, market regulation and corporate governance.



Pamela Meyer

Author, Liespotting

Pamela Meyer's mission is to help people become more accurate to get to the truth. Her non-stop presentations combine her extensive training and research with soft skills and business acumen to deliver an interactive presentation packed with valuable takeaways for you and your organization.



Mark Whitacre

Convicted Fraudster "The Informant"

Mark E. Whitacre, PhD, was an executive at Archer Daniels Midland (ADM) when he blew the whistle on the Fortune 500 company in 1992. He then worked undercover with the FBI to help expose one of the largest price-fixing cases in history. In an unexpected turn of events, Whitacre was later convicted of fraud and served over eight years in federal prison. Whitacre's story is the subject of the feature film "The Informant!" starring Matt Damon.

Visit FraudConference.com for the latest updates or to register online. To register by phone, or for any additional questions, please contact an ACFE Member Services Representative at 800-245-3321 / +1 (512) 478-9000.

Links to

ACFE Chapters

Pacific NW Chapter
www.fraud-examiners.org

Oregon Chapter
www.oregon-acfe.org

Spokane Chapter
www.spokane-fraud.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.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



Other ACFE Fraud Training Opportunities

- 23rd Annual Fraud Conference and Exhibition, June 17-22, 2012, Orlando, FL.
- CFE Examination Review Course, July 23-26, 2012, Boston, MA.
- Interviewing Techniques for Auditors; July 26-27, 2012, Denver, CO.
- Fraud Related Compliance, August 6, 2012, New York, NY.
- Auditing for Internal Fraud, August 7-8, 2012, New York, NY.
- Professional Interview Skills; August 9-10, 2012, San Francisco, CA.
- Fraud Risk Management, August 13-14, 2012, Philadelphia, PA.
- Financial Institution Fraud, August 20-21, 2012, Las Vegas, NV.
- CFE Examination Review Course, August 27-30, 2012, Chicago, IL.
- Building your Fraud Examination Practice, September 5, 2012, Atlanta, GA.
- Interviewing Techniques for Auditors, September 6-7, 2012, Atlanta, GA.
- CFE Examination Review Course, September 17-20, 2012, Washington, D.C.

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. Contact her for more information and actual registration procedures.

Other ACFE Chapter Annual Fraud Conferences

- Joint Annual Fraud Conference, Big Sky Chapter and MSCPA, September 6-7, 2012, Helena, MT. Chapter President Joe Dervaes will be the featured Conference speaker.
- Annual Fraud Conference, Spokane Chapter, November 2012, Spokane, WA.
- Joint Annual Fraud Conference, Pacific NW Chapter and WSCPA, December 7, 2012, Bellevue, WA.

To Receive the discounted registration fee for our Chapter's Annual Fraud Conference, contact the WSCPA's Education Operations Manager, Rachel Ingalls, by telephone at 1-800-272-8273 if you are not a CPA, or register on-line at the WSCPA's web-site at www.wscpa.org if you are a CPA.

The Chapter Board of Officers

President
 Joe Dervaes — (253) 884-9303
joeandpeggydervaes@centurytel.net

Vice-President
 Bernadette McBride — (360) 791-8824
bmcbride@dfi.wa.gov

Secretary-Treasurer
 Roger Gulliver — (253) 735-2392
rbgl@mindspring.com

Director-At-Large
 Robert Goehring — (253) 856-5262
rgoehring@kentwa.gov

Director-At-Large
 Julie Armbrust
j_bollerud@hotmail.com

Training Director
 Dr. Norm Gierlasinski
 (206) 439-3800, Extension 3825
njg4444@comcast.net