

The Fraud Examiner



Pacific Northwest Chapter

Inside this issue:

Chapter Members in the News	1
PNW Chapter Training Events	2-3
ACFE Announcements	2
Ritchie-Jennings Memorial Scholarship	4
CPE Compliance	4
The Tidbit	5-6
Chapter Incentive Program	6
Fraud Law	7
25th Annual Fraud Conference (Team Pricing)	8
Free ACFE CPE with Webinars	8
ACFE Global Fraud Survey	9
ACFE on Social Media	9
Volunteer Opportunity	10
Professional Attitude Survey	10
Other Chapter Announcements	11
Distinguished Achievement Award	11
Other ACFE and Chapter Training Opportunities	12
Chapter Board of Officers & Training Director	12

January/February 2014 Issue

Message from the President

Chapter Board of Officers Elections

It's not too early to be thinking about your participation on the Board of Officers for our CFE Chapter. The terms of the current Board of Officers will be expiring at our 2014 Annual Business Meeting in Tukwila in June 2014. And, we know that at least Dr. Norm Gierlasinski, CFE, CPA, CIA will be stepping down as the Training Director at that time. Norm has served on the Board of Officers as the Training Director since 1997 and also served as Chapter President from 1997 through 2010.

It is still very early in the election process, but not too early to begin thinking about serving on the Board of Officers. There are seven officers each serving a two-year term. The Board meets twice per year. Given the limited number of meetings, often time sensitive votes are made in advance via e-mail and then ratified at the next regular Board meeting. A key focus is lining up speakers for the Bi-Monthly Fraud Seminars, the Annual Business Meeting, and the Annual Fraud Conference. Speaking on behalf of the entire Board, I will tell you that this is an excellent and very rewarding opportunity to serve the Chapter Membership.

Scholarships for Students

Encourage students in accounting and criminal justice to pursue a career in the fraud profession. Help them by spreading the word about the Ritchie-Jennings Memorial Scholarship. See page 4 for information about the scholarship. Due date: February 4, 2014.

Robert A. Goehring/Chapter President/(253) 856-5262/President@fraud-examiners.org.

Chapter Members in the News

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

(1) Chapter President Emeritus Joseph Dervaes, CFE, ACFE Fellow, CIA, and Chapter Member Glenn Kaleta, CFE, CCEP served as Event Leaders (speakers) at the Joint Chapter/WSCPA Annual Fraud Conference held on December 6, 2013. Chapter President Robert

Goehring, CFE, CPA and Chapter Training Director Norm Gierlasinski, CFE, CPA, CIA served as co-chairs for the Conference. Chapter Board Member-At-Large Pete Miller, CFE, CPA assisted with introductions.

(2) Chapter President Emeritus Joseph Dervaes, CFE, ACFE Fellow, CIA retired federal, state, and local government audit and fraud specialist, has spearheaded

the Chapter's involvement in the Fraud Victims Pilot Project and most recently attended a meeting held at the University of Washington on December 4, 2013 with key stakeholders. See page 10 for more information concerning the Project.

Upcoming Training

Type:

Bi-Monthly Chapter
Fraud Seminar

Date:

February 12, 2014

Time:

2:30—4:45 p.m.

Topics:

Applying and
Understanding the New
ACFE Ethics Rules

Speaker:

John J. Tollefsen, J.D.,
LLM

Where:

Downtown Seattle at
1000 Second Avenue in
the Training Room on
the 28th Floor of the
Washington State
Housing Finance
Commission's offices.
The building is located
across the street and
one block north of the
Jackson Federal Building
(corner of Second
Avenue and Spring
Street).

Price:

The seminar fee is \$20
for Members and \$25 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.

February 12, 2014, Chapter Fraud Seminar in Seattle— Applying and Understanding the New ACFE Ethics Rules

February 12, 2014, is the date of our next Chapter fraud training seminar at 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 members may attend this event at no cost.

Preregistration for this event is not required. Register and pay at the door.

The topic of this fraud seminar is: "Applying and Understanding the New ACFE Ethics Rules."

The speaker for this event will be John J. Tollefsen, Founder of Tollefsen Law, PLLC with offices in Seattle, Portland, Lynnwood and New York. He is an International business finance lawyer and litigator with multiple post graduate degrees from both U.S. and European schools. Over the years he has developed a passion for helping victims of financial fraud through the civil law. Dr. Tollefsen is a regular contributor to the Chapter Bi-Monthly Newsletter "Fraud Law" articles.

This session will examine the new ACFE ethical rules. John brings the perspective of a litigator experienced with the application of the American Bar Association Model Rules of Professional Conduct (MRPC). The MRPCs are rooted in professional responsibility standards reaching back to at least 1854 and have been used for lawyer discipline and related litigation since 1908. John was a hearing officer for the Washington State Bar Association for five years.

This class meets the ACFE annual 2-year Ethics Training requirements.

ACFE Announcements

(1) After its 20th Anniversary, the ACFE has provided a free webinar exclusively for ACFE members entitled "*Using the Report to the Nations 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.

"All men profess honesty as long as they can. To believe all men honest would be folly. To believe none so is something worse." -John Quincy Adams

Overview of the Chapter Fraud Seminar in Seattle— April 9, 2014

April 9, 2014, is the date of our next Chapter fraud training seminar at 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 members may attend this event at no cost.

Preregistration for this event is not required. Register and pay at the door.

The topic of this fraud seminar is "Change As A Driver for Fraudulent Behavior". Topics will include (1) the opportunities/risks of electronic transactions and/or recordkeeping, (2) the recently released enhancements to the COSO internal control framework and (3) two new FASB and AICPA (the primary accounting standard setters in the US) financial reporting frameworks for private companies.

The speaker will be Pete Miller, CPA, CFE. Pete is a Shareholder in the audit and assurance practice at the accounting firm Clark Nuber. Pete serves on the board of the Washington Society of CPAs as well as the Pacific Northwest chapter of the ACFE as a Board Member at Large.

New Chapter Members

Please welcome the new members who joined the Chapter during the period early Nov 2013 through mid-Dec 2013.

CFEs:

- None

Associate Members:

- Lori Giesen

Students:

- Kelly Di Loreto

Highlights of the December 6, 2013-Joint Chapter and WSCPA Annual Fraud Conference-Bellevue, WA

Friday, December 6, 2013, was the date of our joint Chapter/WSCPA Annual Fraud Conference. This event was held at the Meydenbauer Center in Bellevue, WA.

There were 8 hours of Continuing Professional Education available to all those who attended this event. The Conference Co-Chairs were Chapter President Robert Goehring and Chapter Training Director Dr. Norm Gierlasinki.

Registration for this conference was directly with the WSCPA at www.wscpa.org. The cost of this class was \$260 for Chapter and WSCPA Members and \$335 for non-members. Pre-registration for this fraud conference was required.

The speakers and topics for this conference were as follows:

Speaker #1 Joseph R. Dervaes, CFE, ACFE Fellow, CIA, Retired federal, state and local government audit and fraud examination services specialist. Topic: These Weights Didn't Measure Up! - A Fraud Case Study.

Speaker #2 Melinda J. Young, Senior Deputy Prosecuting Attorney, Economic Crimes Unit Chair, King County Prosecuting Attorney's Office. Topic: The End Game.

Speaker #3 Edward Thunen, Enforcement Attorney, Securities Division, Washington State Department of Financial Institutions. Topics: A Wolf in Sheep's Clothing, Snake in the Grass, and a Trojan Horse Rolled into One.

Speaker #4 Joe Rogers, CFE, Special Agent, CDIU Team

Leader, SSA/OIG/OI. Topics: Operation Smoke and Mirrors—A Fraud Case Study, and Operation Dialing for Dollars—A Fraud Case Study.

Speaker #5 Glenn Kaleta, CFE, CCEP, Principal Group Manager, Policy & Enforcement, and Andreas Holbrook, Senior Xbox LIVE Enforcement Program Manager, Microsoft. Topic: Battling Fraud on the Front Lines of Xbox LIVE.

There were 114 attendees at this conference, including 18 members of the Pacific Northwest Chapter/ACFE and one member of the Spokane Chapter/ACFE.

All of the speakers did an excellent job in presenting the material. A common theme was teaching from actual fraud cases.

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.

-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

Ritchie-Jennings Memorial Scholarship Program

Are you mentoring a college student? Do you have friends or professional associates with children in college? Could they use some additional financing to pay for tuition? Are they interested in Fraud Prevention, Detection or Investigation?

The ACFE Foundation supports the education of students worldwide enrolled in accounting, business, finance and criminal justice who wish to pursue a career in fraud examination or similar anti-fraud profession.

Four different scholarship amounts are awarded: one \$10,000 scholarship, two \$5,000 scholarships, four \$2,500 scholarships and twenty-three \$1,000 scholarships. The Ritchie-Jennings Memorial scholarships are awarded in U.S. dollars and include a one-year ACFE Student Associate membership. Scholarships will be paid directly to a student's university.

To be eligible to apply, the applicant must currently be enrolled full-time and similarly enrolled during the 2014-2015 academic year with a declared major or minor in accounting, business administration, finance or criminal justice

at an accredited, four-year college or university.

Undergraduates must be enrolled 9 semester hours (or equivalent) per term and graduates must be enrolled 6 semester hours (or equivalent) per term. To be considered, applicants must complete the Ritchie-Jennings Memorial Scholarship application with the following:

- Official transcript(s) showing all completed college or university courses
- Three letters of recommendation

Letters of recommendation should be obtained from an individual who may have worked with you in a professional or educational capacity such as an instructor or employer. At least one letter is preferred to be from a Certified Fraud Examiner (CFE). Students are encouraged to meet with a local ACFE chapter to become acquainted with a CFE.

2014-2015 Scholarship Schedule:

- Application Deadline – completed online by February 4, 2014

- Scholarship Award Recipients Announced – April 18, 2014
- Scholarship Awards Distributed – April 30, 2014

See <https://www.scholarselect.com/scholarships/12440-ritchie-jennings-memorial-scholarship> for more information.

Help the next generation of fraud professionals meet their career goals by spreading the word about this scholarship opportunity.

The Pacific Northwest Chapter/ACFE also offers one \$500 scholarship annually. Candidates must meet the same requirements for the ACFE Foundation scholarship program plus be attending a university in the state of Washington. Students should send the Chapter President an electronic copy of their ACFE application and a resume of their activities at the University and in the community. The deadlines for the Chapter scholarship program are the same at the ACFE Foundation scholarship program.

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 by phone).
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 Alerts— (1) How To Keep The Thieves Guessing. Avoid Personal Identification Number (PIN) Chagrin; and (2) Crooks Target Cell Phone Users—Texting Trickery

Scam No. 1. This information was paraphrased from the November 2012 issue of AARP Bulletin by Sid Kirchheimer.

How to keep the thieves guessing. Avoid Personal Identification Number (PIN) Chagrin.

You may guard your Social Security number like a Rottweiler and change your computer passwords as often as your socks. But is your PIN really protective? Not if you picked it using common practices aimed at making it easy to remember. The reason is that these numbers are also easy for crooks to guess.

Here's how to safeguard the four-digit gateways to your money and cell phone.

- Never use your birth date as a PIN. The bad guys know people do this. British researchers say that a quick glance at your driver's license or other identification document lets thieves access money at an ATM with about one in 15 stolen wallets.
- Don't use a string of numbers such as 1234 or 1111. These rank as the first and fourth most common iPhone PINs.
- Avoid your birth year, or any year from 1950 onward according to the British study.
- Don't use the last four

digits of your Social Security Account Number.

- Your phone number? The birth date of a child or grandchild? Give them a rest. With an on-line search of public records, phone directories, or newspaper announcements, an Internet-savvy fraudster can easily obtain this information.

- The street or apartment number of your home is also easily found because this information is also printed on your driver's license.

So what numbers should you use? The bank-assigned one is typically a safe choice; but you should also consider these other smart strategies.

- Sequences from a childhood phone number or a long-unused company identification number are good choices, as long as they're no longer listed anywhere. Also consider numbers you now dial frequently, but are hard to trace to you, such as the telephone number of your favorite pizza shop or deli.
- Thieves will have a hard time guessing that your favorite holiday is Halloween (i.e.; 1031). Also consider using a PIN for a momentous event in your personal history, such as the date you hit that game-winning home run in Little League.
- If you use a word for your

PIN, how about making it a random phrase that you can recall, such as 6488 for "now is the time" (i.e.; NITT).

- Four-digit PINs are standard, but go longer if you're allowed to do so. The more digits you use, the harder it is for the fraudsters to crack.

Once you choose a good PIN, never carry a reminder of it in your wallet. At the ATM, cover your hand when typing your PIN to shield it from prying eyes or scammer-installed hidden cameras.

Scam No. 2. This information was paraphrased from the October 2011 AARP Bulletin by Sid Kirchheimer.

Crooks target cell phone users – Texting Trickery

Your cell phone chimes – a text message has come in. It bears your bank's name and has some disturbing news. One of your accounts has been frozen. The message urges you to call them at the following number to clear this up. You've just been "smished".

An off-shoot of "phishing" – e-mails that try to trick you into disclosing personal or financial information – smishing is named for the SMS (short message service) technology used to send text messages.

(Continued on page 6)

Scam Alert

Summaries:

- (1) **"Never use your birth date as a PIN."**
- (2) **"Your bank texting you? Look up its number yourself—don't trust the one provided in the text—and call."**

The Tidbit-Continued

(Continued from page 5)

There's even another variation, "vishing". Instead of a text message, you get a call with a recorded voice.

As more people have gotten wise to computer-based scams, scammers are increasingly targeting cell phones. Their users are three times more likely to fall for fake messages than computer users. iPhone users are the most vulnerable.

When you call the number the text gives you for your bank, you're actually connecting to the scammers. They then ask for your account number, PIN, Social Security account number, etc., the raw material of identity theft.

Bogus bank alerts lead in smishing attacks. But you may also get texts promising a free laptop, mortgage assistance, or lottery winnings. A message may just say – "Short of cash? Reply here!" One new come-on is a supposed free security app to get you to click on a link that in fact downloads identity-stealing software to your

phone. Whatever the method, the goal is the same - to get your personal information and money.

The Federal Trade Commission recently moved against a firm that was allegedly offering government loans by text. Five and a half million text messages were sent to cell phones in just 40 days – roughly 85 per minute. This firm also is alleged to have sold the numbers of people who replied asking to be removed from the list.

So, here's your defense:

- Don't reply. Even sending a "remove" or "stop" response to a smishing text tells scammers that your number is active, meaning you may get more messages.
- Don't click on links in texts sent to you by unknown parties.
- Missed a call, don't return the call of an unknown number. It could link you to a pay-per-call and

charge you. 900 numbers don't always begin with 900 anymore.

- Block suspicious numbers. Your cell phone provider may be able to block numbers where the texts and calls originate.
- Your bank is texting you? Look up its number yourself – don't trust the one provided in the text – and call.
- Don't store credit card and account login information in e-mails or notes on the phone.
- Set your phone to time out and lock after a short period. If it's stolen, thieves won't get your personal information.
- Install updates. When you receive bona fide notification of an upgrade to your phone's software, install it immediately. If you doubt the message is legitimate, call your cell or app provider.

2014 Chapter Incentive Program Award

The Board of Officers is pleased to announce to Associate Members (and those planning on becoming Associate Members) the 2014 Chapter Incentive Program award.

Each calendar year (January 1 through December 31) the Board of Officers recognizes one Associate Member who becomes a Certified Fraud Examiner during that year and meets other requirements, by granting him/her an award of not more than \$500 to help defray the costs of obtaining the CFE professional credential.

See the Chapter website (http://www.fraud-examiners.org/PNW_

Chapter_Incentive_Award.shtml) for specific information concerning eligibility and the selection process.

Key items (Not All-Inclusive):

- Deadline for fulfilling all of the requirements—December 31, 2014
- Applicant must be an Associate Member of the Chapter and provide written notice of intent to the Board to apply for this award
- Applicant must pass the CFE Examination and obtain the CFE Credential in 2014
- Applicant must attend at least two

of the Chapter's Bi-Monthly Fraud Training Seminars

- Applicant must incur eligible expenses that are not reimbursed by his/her employer or other party

The winner will be determined through drawing if more than one person meets the eligibility requirements. The winner will be announced at the February 2014 Chapter Fraud Seminar.

Unfortunately, there were no applicants for the 2013 Chapter Incentive Program Award. Therefore, the Chapter will not be making an award presentation at the February 12, 2014, Chapter Fraud Seminar in Seattle.

Fraud Law—January 2014—By John J. Tollefsen, CFE, JD, CCS

Understanding the Role of SIPC in Protecting Investors from Fraud (Continued)

If the broker did not take possession of the investors' funds, the SIPC statute is interpreted to mean the investor is not a "customer" and therefore not protected. Most FINRA licensed broker-dealers retain an outside firm to perform "back office" functions. The outside firm is known as the "clearing broker-dealer" and the firm that deals with the customer is called the "introducing broker-dealer". As a practical matter most broker-dealers must use a clearing broker-dealer because they cannot afford to have seats on the exchanges and therefore have limited ability to trade on their own. The clearing broker-dealer does the accounting work and the processing of customer orders including the purchasing and sale of securities. In order to provide these services, the outside firm holds the customer funds. Although the relationship is disclosed to the customer in the account forms, many investors think they are dealing only with their local broker-dealer.

In a typical situation, the investor deals with a local stock broker and receives statements in the name of the local broker's firm. The statements are prepared by the clearing broker-dealer but the logo of the local broker-dealer is placed on the statements. The local broker-dealer proudly displays the SIPC sign on the statements and in his office. He touts to his customer that his funds are protected by SIPC even though this is misleading. Neither the SEC or FINRA object to these practices. The investor must carefully study the account documents to understand his money is held by a firm other than his local broker-dealer. The investor does not know that the introducing broker-dealer is not covered by SIPC if someone at the firm embezzles the investor's funds.

In the Sanford Ponzi-scheme case, the SEC sued SIPC and argued that the

definition of "customer" should not be limited to the entity that holds customer funds. The court, although claiming to be "truly sympathetic" to the defrauded customers, held that the SEC did not prove that SIPC refused "to commit its funds or otherwise to act for the protection of customers of any member of SIPC" because customers of introducing broker-dealers are not "customers" under the SIPC statute.

To make matters worse, the courts and FINRA arbitrators have usually held that clearing broker-dealers have no duty to the customers of the introducing broker-dealer. They reach this conclusion even though the clearing broker-dealer executes all the orders and owns all the account records that reveal the fraud by the introducing broker-dealer. For example, if a stock broker is writing checks to himself from his client's account, the money is taken from the money held by the clearing broker-dealer and the check is honored by the clearing broker-dealer. Lawyers for clearing broker-dealers argue that the clearing broker-dealer has no duty to inquire or even look at the records of the customers.

There is a fairly new legal theory, called "conscious avoidance" or "conscious disregard" that may help investors who have accounts at introducing broker-dealers. The theory was used to reach officers of Enron and other companies who claimed not to know of the fraud in the companies they managed. If "conscious avoidance" is proved, the avoider is considered to have actual knowledge of the fraud. The idea is one cannot simply ignore what is going on around him and have no liability. So far, we have found no cases applying the conscious disregard theory to clearing broker-dealers but we are trying to do so for several investors who were defrauded.

Since SIPC is not legally responsible for investment fraud by most broker-dealers (the introducing broker-dealers), one would expect that the smaller introducing broker-dealers would be required to post

a high bond and have high net capital to protect investors. In a strange twist of logic, the SEC and FINRA require much smaller bonds and net capital for the introducing broker-dealer than for clearing broker-dealers. The bond can be a little as \$5,000, less than the amount a general contractor is required to post. Net capital can be as little as \$7,500.

Conclusion

Because customers of the smaller broker-dealers are not "customers" under the SIPC statute, they are not protected from fraud and theft by the introducing broker-dealer by SIPC. The introducing broker-dealer usually has minimal funds to pay defrauded investors and the clearing broker-dealer claims to have no duty to the clients of the introducing broker-dealer. Until there is a change, investors should avoid doing business with any broker-dealer that uses a clearing broker-dealer.

On November 21, 2013 a bipartisan bill, *Restoring Main Street Investor Protection and Confidence Act*, was introduced to force SIPC to cover the losses of introducing broker-dealer customers. Any bets on whether Congress will opt to protect main street investors?

John J. Tollefsen, J.D., LL.M., 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. A footnoted version of this article can be found at: <http://www.TollefsenLaw.com/answers/The-Law/Securities/Securities-Fraud/Recover-SIPC.asp>

Continued in the next edition

Start Planning for the 25th Annual Fraud Conference and Exhibition

Join more than 2,300 anti-fraud professionals at the 25th Annual Fraud Conference in San Antonio, TX June 15-20, 2014.

Registration for the June 2013 conference sold out with 2,600, the largest number in attendance ever!

Location:
Henry B. Gonzalez Convention Center

200 East Market Street
San Antonio, TX 78205
(877) 504-8895

Individual Registration:
Register online or contact the ACFE at
(800) 245-3321.

Group/Team Registration:
Contact the ACFE at (512) 478-9000 or
e-mail groupregistration@acfe.com for

registration information, including group pricing that is available for teams of 3 or more from the same organization.

The Pacific Northwest Chapter/ACFE will again participate in team registrations. See below for procedures.

See <http://www.fraudconference.com>

Announcing Team Registration Pricing for Chapters

The ACFE will once again offer team registration pricing for chapter members at the 25th Annual ACFE Fraud Conference and Exhibition.

The team registration pricing is:

Team Registration—Full Conference

ACFE Member:

- 3 or more—\$1,250
- 5 or more—\$1,150
- 10 or more—\$1,050

Non-Member:

- 3 or more—\$1,450
- 5 or more—\$1,350
- 10 or more—\$1,250

Team Registration—Main Conference

ACFE Member:

- 3 or more—\$850
- 5 or more—\$800
- 10 or more—\$750

Non-Member:

- 3 or more—\$1,050
- 5 or more—\$1,000
- 10 or more—\$950

There were seven Pacific Northwest Chapter/ACFE members that participated in this program at the June 2013 Conference resulting in significant discounts for those members. Members must register through the Chapter in order to participate.

Team Registration Process:

1. Complete the ACFE Supplemental Attendee Form (http://www.fraudconference.com/uploadedFiles/Fraud_Conference/25th/content/registration/25th-annual-reg-form-groups-supplemental.pdf) and send it via e-mail to President@fraud-examiners.org. Do not send payment at this time! You will be billed by the ACFE. Clearly

2. Chapter President Robert Goehring will complete the ACFE *Group Registration Form* and will provide to the ACFE with the related individual Supplemental Attendee Forms on **March 31, 2014**.
3. After registration each member will be responsible for making their own hotel reservations and signing up for their break-out sections at the Conference.
4. Chapter President Robert Goehring will notify all participating members via e-mail regarding the final count and pricing.

Remember that the due date is **March 31, 2014**. If you have any questions please contact Chapter President Robert Goehring at President@fraud-examiners.org or at (253) 853-5262.

Free ACFE CPE with Members Only Webinars

For dues paying ACFE members the ACFE offers free training. The webinars are typically 60 minutes in length and are equal to 1 credit hour of ACFE approved CPE credits.

Archived webinars will be available for 12 months from the date of the live

event. More information can be found at <http://memberwebinars.acfe.com>.

- Recent Archived Webinars include:
- Cyber Fraud: The New Financial Crime Wave
- Expanding Your Reach to Put a

- Face on Financial Crimes
- Collaborate Across the Enterprise to Fight Fraud and Financial Crimes
- Fraud and Money Laundering: Can You Think Like a Fraudster?
- Trends in Combating Cyber Crime

ACFE 2013 Global Fraud Survey

The 2013 Global Fraud Survey is in full swing, and the ACFE is running a little friendly competition to encourage CFEs in the local ACFE chapters to participate. The survey is exclusively for CFEs.

The information collected in the survey will be compiled in the 2014 *Report to the Nations on Occupational Fraud and Abuse*. The *Report to the Nations* is one of the most widely quoted sources on white-collar crime statistics in the world; the information in the *Report* is used by anti-fraud professionals every day in their quest to detect, deter and prevent fraud.

The ACFE realizes that information regarding your past fraud investigations may be sensitive, but please be assured that the survey does not require you to identify yourself, the victim, the perpetrator, or any other parties. Additionally, the ACFE will not publish or distribute any information that could

identify anyone involved in the case.

The more responses the ACFE receives to the Global Fraud Survey, the more useful the data contained in the *Report to the Nations* will be. That's where the competition comes in. The local chapter could win a prize package valued at \$1,500. So that both large and small chapters can compete and be contenders, the ACFE will have two winners:

- The chapter that submits the highest number of completed responses to the survey
- The chapter that has the highest percentage of CFE's submit completed responses

As part of the survey, participants will be asked to which chapter they belong—so make sure and include the Pacific Northwest Chapter/ACFE to ensure that our Chapter gets the credit for your

response.

The prize package, which can be used for fund raisers, raffles, or other chapter activities, will include:

- One copy of the CFE Exam Prep Course
- One copy of the Corporate Fraud Handbook, Fourth Edition
- An assortment of ACFE fraud casebooks
- Selected ACFE self-study courses
- An assortment of ACFE merchandise

The ACFE thanks you for helping it continue to make the *Report to the Nations* an invaluable resource for anti-fraud professionals worldwide.

If you have any questions about the survey, please contact Andi McNeal at (800) 245- 3321 or rtn@acfe.com.

ACFE on Social Media

Social media consists of social networks like LinkedIn, Facebook, Twitter and blogs. A network is a place for a business or individual to market themselves, network, begin and join discussions, follow interests, get the latest news and socialize.

LinkedIn

Connect and network with professionals all over the world. Update your status with news and links. Recommend connections for professional positions and participate in industry group discussions. Join the ACFE Group—<http://www.linkedin.com/groups?mostPopular=&gid=66889>

Facebook

"Become a friend" of an individual or "like" businesses and groups. Update your status with news, links, photos, videos, polls and more. Like the ACFE—<http://www.linkedin.com/groups?mostPopular=&gid=66889>

Twitter

Network and communicate with others through real-time posts called "tweets." Follow others that share the same interests as you and receive news as it is happening. Follow the ACFE—<http://twitter.com/TheACFE>

YouTube

Watch the latest videos to get a behind-the-scenes look at ACFE events, conferences, seminars and more. Find

the ACFE—<http://www.youtube.com/user/TheACFE>

Discussion Forums (ACFE members only)

Network and discuss fraud-related topics with fellow ACFE members. Engage with members—<http://www.acfe.com/login.asp?redirect=../community/forums.asp>

ACFE Insights Blog

News, analysis and commentary on the global fight against fraud. Find ACFE Insights—<http://www.acfeinsights.com/>

Fraud Info Blog

Get the latest fraud news as it happens. Find FraudInfo—<http://fraudinfo.com/>

Volunteer Opportunity — Fraud Victims Pilot Project

The Board of Officers sent out an announcement via e-mail to the Chapter membership regarding this project for Spring 2013. This project will resume again at the University of Washington effective Spring 2014.

The Fraud Victims Pilot Project is comprised of the King County Prosecuting Attorney's Office (Economic Crimes Unit), three local police departments (Seattle, Bellevue and Kirkland), the University of Washington Accounting Instructors and the Pacific Northwest Chapter/ACFE. The Chapter's role is limited to help advertise the project and provide advice regarding the project itself. The Chapter Membership as a whole and the Board of Officers will not be playing a direct or indirect role in specific fraud investigations selected for this Project.

The project provides an opportunity for students attending the UW Forensic Accounting class who are interested in using their accounting skills to help fraud victims obtain some measure of justice.

The volunteering CFE would work directly with the instructor to mentor the students and monitor the fraud case they are working on. The most recent class ran from April 2 through June 11, 2013.

Key considerations:

1. CFEs must be members of the Pacific Northwest Chapter/ACFE and participation must be approved in advance by the Board of Officers.

2. Volunteering CFEs should be licensed and have insurance. Therefore, it is more likely that CFE's that own their own practice would be the best fit for this program simply because typically an organization's insurance policies do not extend to employees working on projects outside of their respective employer. If something goes wrong and there is a not-guilty verdict at trial (or a withdrawal/dismissal of charges), there is potential legal and personal liability for CFEs who participated in the project, as well as others.

3. There is no background check requirement for the volunteering CFEs or the students.

4. The three police departments and/or the King County prosecutor will coordinate their efforts to find a rather simple fraud case to be used by the students.

5. The original source documents in the case will remain at the police department which advanced the case to be used. Copies of the documents will be forwarded to the UW instructor and will be kept in a secure location for use by the students and the CFEs. The King County

Prosecutor will serve as the contact on this effort.

6. The instructor and the volunteering CFEs will be the mentors for the students on the fraud case and will provide oversight and review the work performed by the students. CFEs may contact the victim if additional information is needed, but students will not contact the victim directly. Students will not interview any suspect(s); rather, interviews will be conducted by police detectives and/or CFEs if needed.

7. If the students do not complete their work and issue a draft report to the CFE's before the class has been completed, it will be up to the CFEs to complete the work and issue the final report to the King County Prosecutor (procedures to be defined later).

Please contact President Robert Goehring (President@fraud-examiners.org) if you have any questions or are interested in participating. CFE's are expected to meet with the UW instructor and students once a week for 3 hours (usually in the evening) during the period of the class.

Chapter membership will be notified regarding important developments likely through future Chapter newsletters.

Professional Attitude Survey

Gerald Smith, Professor of Accounting and Joel Pike, Assistant Professor of Accounting (both at the University of Northern Iowa) have requested permission to survey the Pacific Northwest Chapter/ACFE Membership on the topic of CPE's Professional Skepticism/Attitudes. There are no "correct" or "incorrect" responses to the items on this questionnaire; rather the

objective is just your reaction to each item. Completing these thirty items and the accompanying demographic information takes about ten minutes. The responses are anonymous and only aggregate results will be reported; no individual responses will be shared. The goal is to obtain as many completed questionnaires from the Seattle - Pacific Northwest Chapter membership as

possible. To complete the questionnaire, go to <http://tinyurl.com/Seattle-Pac-NW-ACFE-Survey> and simply answer the questions on-line. Your help with this research will be appreciated.

Note: The University of Northern Iowa's survey is on a volunteer basis. The survey is not sponsored or required by the Pacific Northwest Chapter of the ACFE.

Annual Chapter Dues

Annual Chapter dues and fees are due beginning in January 2014. The dues/fees structure has not changed from prior years and is as follows: \$24 for CFE Members; \$30 for Associate Members; \$36 for Affiliates of the Chapter (non-members); and \$-0- for Retired Members and Student Members.

For those of you who are not required to make annual dues payments (i.e., retired members and student members), please complete and send in your membership renewal form anyway so we can verify that all of your

identification information is accurately recorded in our current Chapter Membership Directory.

Our Federal Tax Identification Number is: 91-1592735. If your organization requires an IRS Form W-9 *Request for Taxpayer Identification Number and Certification*, please contact Chapter President Robert Goehring.

All of the necessary forms are available on the Chapter website (www.fraud-examiners.org).

Please mail your Chapter membership

renewal form and dues/fees (if applicable) to the Chapter Treasurer as soon as practical at:

Pacific Northwest Chapter/ACFE
P.O. Box 215
Auburn, WA 98071-0215

The Chapter Board of Officers thanks you for your prompt attention to this important financial transaction, and appreciates your support of our Chapter fraud training mission.

Presentation of the 2013 Chapter Distinguished Achievement Award

Make sure to attend the Chapter's February 12, 2014, bi-monthly fraud seminar in downtown Seattle to support one of your fellow Chapter members.

At this meeting, the Chapter will present its 2013 Distinguished Achievement Award to James Shannon Peet, Ph.D., CFE, Principal Manager of Peet & Associates, LLC, a professional Private Investigative Agency specializing in the prevention and investigation of fraud and white collar crimes in the transportation industry. James is also a geography instructor at Highline Community College, and was appointed to the Board of Officers as Board Member-At-Large effective

December 1, 2013.

The Chapter Board of Officers approved this award at its February 13, 2013 meeting in Seattle. In addition, the Membership of our Chapter also approved this award at its June 12, 2013, Annual Luncheon and Business Meeting in Tukwila.

James is being recognized for his many years of service and leadership to the Chapter, including his long-standing attendance at our Chapter fraud seminars. James was appointed at Board Member-at-Large effective December 1, 2013. James was also a speaker at the June 12, 2013, Chapter Annual Luncheon Business Meeting and

Fraud Seminar on the topic of being a private investigator. He also serves on the Chapter's Community/University Outreach Committee where he is one of the university representatives to the students and student organizations at the University of Washington's Tacoma Campus.

Pictures will be taken when the presentation is made and will be included in the next issue of the Chapter Newsletter.

The Board of Officers joins the entire Chapter Membership in congratulating James for his continued fine achievements on behalf of the Chapter!

Chapter Members Articles and Speaking Engagements

As a reminder, it is very important that Chapter members notify the Chapter President regarding any articles they write for newspapers and magazines, as well as any public speaking engagements they make.

This information is needed for the

"Chapter Members in the News" articles in the Bi-Monthly Chapter Newsletter and for the annual update of "Who's who" on the Chapter website.

Please provide the relevant information to Chapter President Robert Goehring

at president@fraud-examiners.org either before or shortly after the publication or event. For speaking engagements, please provide the approximate number of attendees and the title or topic of the presentation.

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 Robert Goehring at
President@fraud-examiners.org



Other ACFE Fraud Training Opportunities

- Conducting Internal Investigations, Auckland, New Zealand, Feb 13-14, 2014
- Professional Interviewing Skills, Sydney, Australia, Feb 17-18, 2014
- CPE Exam Review Course, Las Vegas, NV, Feb 24-27, 2014
- Bribery and Corruption, Los Angeles, CA, March 3-4, 2014
- Auditing for Internal Fraud, Kansas City, MO 3/6/2014 - 3/7/2014
- CFE Exam Review Course, Washington, D.C. 3/17/2014 - 3/20/2014
- 2014 ACFE European Fraud Conference, Amsterdam 3/23/2014 - 3/25/2014
- Fraud Risk Management, Ottawa, ON 4/3/2014 - 4/4/2014
- Mortgage Fraud, Columbus, OH 4/7/2014 - 4/8/2014
- Principles of Fraud Examination, Austin, TX 4/14/2014 - 4/17/2014
- Fraud Related Compliance, Charlotte, NC 4/21/2014 - 4/21/2014
- Financial Institution Fraud, Charlotte, NC 4/22/2014 - 4/23/2014
- Legal Elements of Fraud Examination, Chicago, IL 4/23/2014 - 4/23/2014
- Tracing and Recovering Fraud Losses, Chicago, IL 4/24/2014 - 4/25/2014
- Using Data Analytics to Detect Fraud, Singapore 4/24/2014 - 4/25/2014
- CFE Exam Review Course, Phoenix, AZ 4/28/2014 - 5/1/2014
- Detecting Fraud Through Vendor Audits, New York, NY 5/19/2014 - 5/19/2014
- How to Testify New York, NY 5/20/2014 - 5/21/2014
- 25th Annual ACFE Global Fraud Conference, San Antonio, TX 6/15/2014 - 6/20/2014

The ACFE contact point for all course offerings is Caitlin Perdue, Event 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

- Annual Training Conference, Oregon Chapter (May 7-8, 2014)

The Chapter Board of Officers & Training Director

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