

The Fraud Examiner



Pacific Northwest Chapter

Inside this issue:

Chapter Members in the News	2
PNW Chapter Training Events	2-3
The Tidbit	4-5
Fraud Law	6, 9
ACFE 25th Annual Fraud Conference	7-10
Member Articles and Speaking	9
Free ACFE CPE with Webinars	10
ACFE 25th Anniversary	11
Annual Chapter Dues	11
Volunteer Opportunity	12
2014 Chapter Incentive Award	14
2013 Chapter Distinguished Achievement Award	13
Benefits of Membership and Serving on the Board of Officers	13
2014 Chapter Incentive Award	14
Other ACFE and Chapter Training Opportunities	14
Chapter Board of Officers & Training Director	14

March/April 2014 Issue

Message from the President

Nominating Committee and Upcoming Chapter Elections (Second Notice)

We will have Chapter elections at our June 11, 2014, annual luncheon business meeting and fraud seminar. The terms of office for the Board of Officers will be July 1, 2014—June 30, 2015. At its February 12, 2014 meeting, the Board of Officers appointed a Nominating Committee to develop a final slate of officers for these elections comprised of Chapter members Kent Hansen, Morgan Jacobson, and Cliff Whipple. At this meeting the Board recognized the following as candidates for the officers as follows: President—Robert Goehring; Vice-President—Julie Armbrust; Secretary-Treasurer—Roger Gulliver; Director-At-Large—James Peet, Director-At-Large—Pete Miller; Training Director—John Tollefsen; and President Emeritus—Joe Dervaes. However, we are looking for other CFEs interested in running for Board of Officers positions. See the article on page 13 to learn more about the financial benefits of being on the Board of Officers.

I encourage any member interested in seeking election to contact me as soon as possible. The Board meets twice per year. Given the limited number of meetings, often times 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. We will also be making a presentation to former Chapter Vice-President Bernadette McBride who retired effective December 1, 2013, and Training Director Norm Gierlasinki who will be retiring effective July 1, 2014, for their many years of service on the Board and service to the Chapter.

Association of Certified Fraud Examiners Celebrates 25th Anniversary!

Established in 1988, the Association of Certified Fraud Examiners is the world's largest anti-fraud organization and premier provider of anti-fraud training and education. Together with more than 70,000 members and 155 chapters around the world, the ACFE is reducing business fraud worldwide and inspiring public confidence in the integrity and objectivity within the profession.

To commemorate this special event the ACFE invited all of the chapters to create a short video of congratulations from an outside location featuring ACFE members saying "Congratulations" or "Happy Birthday" to the ACFE. The ACFE will post these videos on ACFE.com and will share them on social media beginning next year.

See page 11. Attendees at the February 12, 2014, Fraud Seminar in Seattle participated in a group picture and video. The video is available at <http://acfevideo.vzaar.me/1449027>. Congratulations ACFE and to us all!

Annual Chapter Dues

Please see also page 11 for more information. Dues for 2014 were due on January 1. Chapter dues are very important for continued support of the Chapter's fraud training mission, scholarships and various other activities. See also page 13 for the benefits of Chapter membership. Thank you for your support of our common mission!

Chapter Members in the News

Upcoming Training

Type:
Bi-Monthly Chapter
Fraud Seminar

Date:
April 9, 2014

Time:
2:30—4:30 p.m.

Topic:
Change As A Driver For
Fraudulent Behavior

Speaker:
Pete Miller, CFE, CPA

Where:
Downtown Seattle at
1000 Second Avenue in
the Training Room on
the 28th Floor of the
Washington State Hous-
ing Finance Commis-
sion's offices. The build-
ing 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.

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

(1) Chapter Member John J. Tollefsen, CFE, J.D., LL.M, CCS was the speaker at our February 12, 2014, Fraud Seminar in Seattle. The topic was, "Applying and Understanding

the New ACFE Ethics Rules." See also page 3 for more information.

(2) Chapter Member Pete Miller, CFE, CPA, will be the speaker at our April 9, 2014, Fraud Seminar in Seattle. The topic is, "Change As A Driver For Fraudulent Behavior." See below for more information.

Other Chapter members are encouraged to notify President Robert Goehring (President@fraud-examiners.org) about their recent or future presentations or publications so that these events can be publicized in the newsletter.

April 9, 2014, Chapter Fraud Seminar in Seattle—Change As A Driver For Fraudulent Behavior

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."

The speaker for this event will be Pete Miller, CFE, CPA, Shareholder in the audit and assurance practice at the accounting firm Clark Nuber, headquartered in Bellevue, WA. Pete serves privately-held and closely-held businesses in a wide range of industries and sizes. Clark Nuber partners with those businesses to help them achieve their financial goals,

and Pete primarily does this by providing executive leadership to a number of concurrent teams conducting audits, reviews and compilations. In addition to these duties, Pete directs the firm's Forensic Accounting and Fraud Investigation practice, which includes the examination of internal control environments, the analysis of a variety of cash flow behaviors, due diligence reviews, and a variety of litigation support projects. Pete has been a practicing CPA since 2000 and a practicing CFE since 2006. Pete serves on the board of the Washington Society of CPAs as well as the Pacific Northwest Chapter/ACFE (<https://www.clarknuber.com/people/miller-pete.php>).

This session will examine how change can be a driver for fraudulent behavior. The business of financial reporting and auditing financial statements is preparing for some major changes, and in many ways has already witnessed change. Topics will include: (1) the proliferation of electronic transactions and/

or recordkeeping, the opportunities/risks that are created by the absence of paper, and how auditing – whether it be related to auditing financial statements, internal audit functions, or fraud auditing – needs to change to keep up; (2) enhancements to the COSO internal control framework that were recently released and how that changes and/or improves internal control; and (3) the recent release of two unique financial reporting frameworks for private companies by the FASB and AICPA (the primary accounting standard setters in the US), how these new frameworks came to be, the differences they present from traditional financial reporting frameworks, and how they impact financial reporting fraud risks. Accounting plays a major role in the perpetration and detection of occupational fraud. Come and hear from an expert from the world of public accounting, participate in the discussion, and share your points of view on the impact of these changes.

Overview of the June 11, 2014, Chapter Annual Luncheon Business Meeting and Fraud Seminar in Tukwila

June 11, 2014, is the date of our Chapter Annual Business Luncheon Business Meeting and Fraud Seminar at the Bahama Breeze Restaurant, 15700 Southcenter Parkway, Tukwila, WA.

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. Student members may attend this event at no cost. The luncheon is free, and we always have a

wonderful meal prepared for the attendees. Pre-registration is not required. Register and pay at the door.

The speaker for this event will be Melinda J. Young, Senior Deputy Prosecuting Attorney, Economic Crimes Unit Chair, King County Prosecuting Attorney's Office. Melinda Young is a Senior Deputy Prosecuting Attorney with the King County Prosecuting Attorney's Office. She has been a prosecutor for 19 years and is currently the chair of the Economic Crimes Unit. She has

tried over 100 felony jury cases and has prosecuted financial fraud crimes for the past 7 years.

Melinda is currently the chair of the Greater Puget Sound Financial Fraud and Identity Theft Taskforce. She also serves as the Prosecuting Attorney's Office representative for the Fraud Victims Pilot Project (see page 12).

The topic of this fraud seminar is "Forensic Fraud Analysis in Action".

New Chapter Members

Please welcome the new members who joined the Chapter during the period mid-Dec 2013 through mid-February 2014:

CFEs:

- Melissa Swanson

Associate Members:

- None

Students:

- Toni Soubra

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.

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

February 12, 2014, was the date of our most recent Chapter fraud training seminar at 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 attended this event at no cost. A significant number of those attending also paid their annual Chapter dues at that time.

Preregistration for this event was not required. Attendees registered and paid at the door.

There were 27 people that attended this event, including 3 non-Chapter members.

The topic of this fraud seminar

was: "Applying and Understanding the New ACFE Ethics Rules."

The speaker for this event was John J. Tollefsen, CFE, J.D., LL.M, CCS, 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 examined the new ACFE ethical rules. John brought 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.

John did an outstanding job of presenting a very complex topic in an informative and engaging matter that really stirred a lot of discussion.

This class met the ACFE annual 2-Hour Ethics Training requirement for 2014.

-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

The Tidbit: Scam Alerts— (1) Four False Alarms To Ignore; and (2) Have You Seen This Headline? You've Just Won A Foreign Lottery!

Scam No. 1. This information was paraphrased from the January-February 2013 issue of AARP Bulletin by Sid Kirchheimer.

Four False Alarms To Ignore. News You Should Lose.

Maybe you missed the news, but archaeologists working in Guatemala recently unearthed a “new” Mayan calendar that goes beyond 2012, exploding notions that the world would end on December 21, 2012.

Whew! But as humankind journeys on, so will other rumors, urban legends, and misinformation – things that are often shared by well-meaning friends and family. They warn of impending risk to our money, safety, privacy, or identity. So, before you click the e-mail “forward” button to send these messages along to your friends and neighbors, here are the facts on four false alarms that never die and are so enticing to spread.

- Electronic hotel room keys contain your personal information.

Since 2003, e-mail warnings have claimed that your credit card number and home address are stored on the magnetic strip of your hotel key, and can be harvested by identity thieves when you leave the card in your room or toss it in a lobby trash can.

Reality: Hotel keys contain coded information for only the room number and check-in/out dates according to the

American Hotel and Lodging Association. If you use a key to charge dinner at a hotel restaurant, it's billed to your room. But credit card information is stored on another computer at the hotel, not on your room key.

- Hide your car's vehicle identification number (VIN) or thieves can get a replacement key and steal the vehicle.

Yes, the easily viewed VIN on your dashboard and doorjamb reveals what standard key will fit our car.

Reality: Reputable dealerships and locksmiths require proof of ownership to issue a replacement key. In any case, obscuring a VIN is unwise, and may be illegal, because police rely on the numbers to identify stolen cars.

- Your cell phone number is being released to telemarketers.

Since 2004, e-mails have been warning that your cell phone number will be turned over “this month”, and unless you register it on the federal “Do Not Call Registry”, you'll be bombarded with sales calls.

Reality: Register your cell phone number if you want to do so; but, it's not necessary. Plans for a public cell phone directory were discussed and scrapped years ago, and even that proposal was only for folks who wanted to “opt in”.

- The feds are going to tax every debit card and ATM transaction (or every e-mail

sent).

False claims that a one percent tax is likely to be levied on all financial transactions are one of the top urban legends, according to the research site “www.snopes.com”.

Reality: A lone congressman introduced such a bill several times as a deficit pay-down measure, but it died every time. Another tale about a pending five-cent surcharge on each e-mail started in 1999. It's still spread by (tax-free) e-mail and lists a phony sponsor and bill number. 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 protected? 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.

Scam No. 2. This information was paraphrased from a 2013 U.S. Postal Service brochure.

Have You Seen This Headline? You've Just Won A Foreign Lottery!

Does this sound too good to be true, especially if you never purchased a ticket for the lottery? Well, you're right, and the odds are it's a scam.

Con artists target millions of people every year. When they succeed, they can seriously affect the lives of victims and their families.

Scam Alert

Summaries:

(1) “As humankind journeys on, so will other rumors, urban legends, and misinformation.”

(2) “Never wire or send money to anyone, anywhere, who says that you've won the lottery.”

(Continued on page 5)

The Tidbit—Continued

(Continued from page 4)

Here's what happens. Someone calls on the telephone, sends you an e-mail, or notifies you by mail that you've won the lottery. All you have to do is mail or wire a small amount of money to the source notifying you to pay for the taxes and fees necessary to claim your prize. Don't fall for this scam! Just hang up the phone, delete the e-mail, and throw the correspondence in the trash.

And remember, never wire or send money to anyone, anywhere, who says you've won a prize. No legitimate lottery will ask you for money in order to claim your prize.

Improve your odds. Older Americans are often targeted by scammers. Talk with older family members about the consequences of foreign lottery scams. A few protective measures, taken with their consent, and a simple conversation about avoiding scams, could be the winning ticket to preserving their financial well-being.

Things you can do to help keep one of your family members from becoming a victim of foreign lottery scams:

- Confirm the source of frequent unknown domestic or international calls.
- Monitor all financial accounts for any unusual activity.
- Identify recurring payments to unknown sources.

- Discuss repeated wire-transfer patterns or checks that are made out to cash.
- Note stacks of sweepstake offers or prize notification letters around the home.
- Talk about changes in living conditions, such as living beneath (or above) one's means, past-due bills, etc. Unpaid bills are often a signal that a person has been scammed or is losing mental acuity.

Things to include in your conversation with senior family members:

- Act cautiously when dealing with offers that sound too good to be true.
- Hang up if you suspect a scam. You need not be rude, just shrewd.
- Discard e-mails and correspondence about foreign lotteries.
- Avoid pressures to act "right away".

What should I do if I think a senior family member has been a victim of a foreign lottery scam?

- Contact local police and the Federal Trade Commission (www.ftc.com). If mail is used to contact the victim, or if the victim sent money to the scammer by mail, contact the U.S. Postal Inspection Service ("www.uspis.gov").
- Notify each involved business, including wire-transfer services, banks,

shipping, and telephone companies about suspicious transactions. Alert all financial institutions who often share intelligence information with law enforcement agencies.

- Manage on-line identities carefully. Use passwords that are not easily identifiable, such as those containing letters, numbers, and symbols.
- Contact the Social Security Administration to ensure future payments are protected. Some scams may put your benefits at risk.
- Close financial accounts which may have been involved in a fraud and explore security options with banks to protect the individual's assets.
- Place a fraud alert at credit reporting agencies and review them regularly (i.e.; once a year on each of the three main bureaus – Equifax, Experian, and TransUnion).

To learn more about foreign lottery scams, contact the following:

- www.aarp.org/protectyourfinances
- www.DeliveringTrust.com
- www.postalinspectors.uspis.gov (or call 1-877-876-2455).

"There is no doubt that the Internet brims with spamming, scamming and identify fraud. Having someone wipe out your hard drive or bank account has never been easier, and the tools for committing electronic mischief on your enemies are cheap and widely accessible."

-Evgeny Morozov

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

Medicaid Fraud False Claims Act Compared to the Federal Act (Part I)

The federal False Claims Act has had a long history of government service. Not only does it reward whistleblowers (better known as “sentinels”), it also protects them from retaliation. Past attempts to pass a state version in Washington met with stiff opposition. Even the Attorney General opposed it, arguing that there was plenty of whistleblowing going on and there was no need to encourage more.

On March 30, 2012, Washington finally joined the 29 other states that have an False Claims Act (FCA). Like 10 of the 30 states that have a FCA, it is limited only to Medicaid. It has not yet been designated by the U.S. Department of Health and Human Services to be equal to the federal statute in power to recover Medicaid money. States that have a robust enough FCA are rewarded with a 20 to 30 percent increase in their share of Medicaid recoveries made under the federal FCA.

The purpose of this paper is to compare the Washington and Federal False Claims Acts.

History of Qui Tam

The traditional name for cases which attempt to recover money defrauded from the government (i.e. the king) is

“Qui Tam” litigation. Qui Tam is pronounced “kee tam” or “kway tam”) and is an abbreviation from the Latin “*qui tam pro domino rege quam pro sic ipso in hoc parte sequitur*” meaning “who as well for the king as for himself sues in this matter”.

Qui tam legal actions can be traced back as far as 13th Century England where they were used by private citizens to gain access to the king's court. The U.S. legal system, derived from the British system, allowed qui tam actions since the nation's founding

in 1776. They were rare.

During the Civil War, Congressional hearings investigated widespread instances of military contractor fraud including defective products, substitution of inferior material, and illegal price gouging. At the urging of Abraham Lincoln, a former practicing lawyer, Congress enacted the Civil False Claims Act in 1863 as a weapon to fight procurement fraud. This law has also been known as the “Lincoln Law” and the “Informer's Act”.

The False Claims Act was designed to entice whistleblowers to come forward by offering them a share of the money recovered. Even though this Act was enacted to combat military contractor fraud, it was applicable to all government contractors, federal programs and any other instances involving the use of federal revenue. The Act allowed any person to act as a “private attorney general” and sue for recovery of the money taken. The named plaintiff on the action is the United States Government. The one filing the case is known as the “relator”. Because of legal obstacles, the 1863 Act was not very successful in combating fraud on the government.

During World War II, the law was amended to add even greater restrictions. In 1943, Congress amended the Act to eliminate cases where the Government had prior knowledge of the allegations. The award to the relator was reduced from 50% to a maximum of 25% if the government did not take over the case and a maximum of 10% if it did.

In 1986 during “Star Wars” military buildup, Congress became alarmed over rampant procurement fraud, inadequate efforts of regular law enforcement to control the fraud, and the obstacles making it difficult for whistleblowers to bring qui tam actions. Congress passed amendments to the Act increasing the whistleblower's share of the recovery to a maximum of 30%, increasing the

powers of relators in bringing qui tam lawsuits and increasing the damages and penalties that can be imposed on defendants. Even if the Government joined the lawsuit and has primary responsibility for prosecuting the action, the relator has the right to continue as a party to the action. Prior Government knowledge of the allegations does not prevent a relator from filing a qui tam action.

Qui tam actions increased dramatically as a result of the 1986 amendments and have been very beneficial to the government. The initial successes of the revitalized False Claims Act were against defense contractors. More and more actions are being filed that involve fraud on other governmental agencies such as Health and Human Services, Environment, Energy, Education, NASA, Agriculture and Transportation. U.S. recoveries for qui tam cases, as of the end of 2003, have totaled \$7.8 billion. During the same period, relator payments have totaled \$1.3 billion.

President Obama worked on a FCA case and had a favorable opinion of the law. He backed “sentinel-friendly” amendments included in the 2009 Fraud Enforcement and Recovery Act (FERA). These changes reversed some of the court cases that had ruled against relators and modernized the act to match current government procurement practices. In 2010, the Patient Protection and Affordable Care Act made it easier for relators by limiting the definition of “public disclosure” and expanding the definition of “original source”.

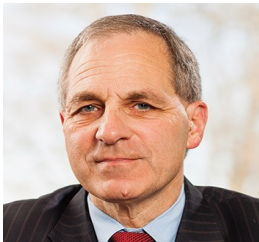
The Dodd-Frank Wall Street Reform and Consumer Protection Act extended the statute of limitations for whistleblowers to file FCA wrongful discharge claims to three years and expanded the list of those who are prohibited from retaliation. It also enacted a parallel reward regime for sentinels which is not limited to fraud on the government and does not

(Continued on page 9)

ACFE Announces Keynote Speakers for the 25th Annual Fraud Conference and Exhibition in San Antonio, Texas, June 15-20, 2014

The *ACFE Global Fraud Conference* traditionally hosts the foremost experts in the anti-fraud field. These leaders share their insights and address the key anti-fraud issues relevant to you. Previous keynote speakers include: U.S. Attorney Preet Bharara, Senator Christopher J. Dodd, John Walsh, Michael Chertoff, Harry Markopolos, Senator George Mitchell, Senator Paul Sarbanes, the Honorable Michael Oxley, Ben Stein, Rudy Giuliani and many others.

Keynote speakers for 2014 include:



Louis J. Freeh

*Former FBI Director, CEO of the Freeh Group International Solutions
Corporate America's Top Investigator*

Louis Freeh was dubbed “the singularly best-suited person in America to run the FBI” by former New York City Mayor Rudolph Giuliani and a “law enforcement legend” by President Clinton, who appointed him director in 1993. Heralded for transforming the FBI from a national law-enforcement agency to a global security institution, Freeh doubled the number of bureau branches worldwide. During his eight-year tenure, crime—like so many other industries of that era—became globalized. He visited 62 countries and met with more than 2,000 foreign leaders while increasing the FBI’s focus on counterintelligence, cyber crime, DNA technology and electronic surveillance.

Currently CEO of Freeh Group International, Freeh has kept his investigation skills sharp through his involvement in several high-profile cases. In 2013, Freeh was appointed to investigate allegations of potential misconduct over BP settlement management. In 2011, Penn State hired Freeh to conduct a probe into allegations against former football coach Jerry Sandusky as well as signing on to serve as the bankruptcy trustee overseeing the return of more than \$1 billion to creditors of MF Global Holdings.

Freeh’s private-sector experience also offers a unique perspective into corporate ethics, government relations, risk and global security that is crucial to corporate practice in the 21st century. Freeh sits on the boards of several public companies as a lead director and Chairman of the Governance Committee. His consulting and legal practices are heavily engaged in corporate governance and compliance issues, and he is a court-appointed monitor overseeing corporate compliance with a USDOJ/SEC settlement.

Freeh’s best-selling book, *My FBI: Bringing Down the Mafia, Investigating Bill Clinton, and Fighting the War on Terror* (St. Martin’s Press, 2005), chronicles his efforts to reform, fortify and strengthen the bureau while ensuring its freedom from political interference.



Dinesh Thakur

Ranbaxy Whistleblower

80 percent of prescriptions dispensed in the U.S. contain foreign sourced ingredients and more than 40 percent of the prescriptions are fully manufactured overseas. Former Ranbaxy Laboratories executive Dinesh Thakur discovered that the India-based pharmaceuticals company was falsifying drug data and violating current good manufacturing and laboratory practices in order to gain competitive advantage in the U.S. market. His eight-year collaboration with the FDA and the Department of Justice to unravel the dangerous fraud led to a 2013 guilty plea by Ranbaxy and a groundbreaking \$500 million settlement, the largest of its kind against a generic drug manufacturer.

Ranbaxy whistleblower reveals how he exposed massive pharmaceutical fraud
CBS News, November 6, 2013

Dirty Medicine
Fortune, May 15, 2013

ACFE Announces Keynote Speakers —Continued



Peter Eigen
Founder
Transparency International

Dr. Peter Eigen has worked in economic development and governance for several decades and has led initiatives for better global governance and the fight against corruption.

In 1993 Eigen founded Transparency International (TI), a non-governmental organization promoting transparency and accountability in international development. From 1993 to 2005, he was Chair of TI and is now Chair of the Advisory Council. Publisher of the Annual Corruption Perceptions Index (CPI) report, Transparency International has been highly successful at shedding light on the devastating effects of corruption and put the topic firmly in place on the world's agenda. In 2005, Eigen chaired the International Advisory Group of the Extractive Industries Transparency Initiative (EITI), was the Chairman of the EITI from 2006 to February 2011 and is now EITI Special Representative.

Eigen has taught law and political science at the universities of Frankfurt Main, the John F. Kennedy School of Government at Harvard, SAIS at Johns Hopkins, University of Washington and Bruges College of Europe. Since 2002, he has taught as an Honorary Professor of Political Science at the Freie Universität, Berlin. In 2000, he was awarded the 'Honorary Doctor' degree at the Open University, UK, in 2004, the Readers Digest Award "European of the Year 2004" and in 2007 the Gustav Heinemann Award. The Federal Republic of Germany awarded Peter Eigen its Grand Cross of Merit in recognition of his efforts to combat corruption at the global level in January 2013.

TED Talks: Peter Eigen: How to expose the corrupt
 November 2009

Transparency International Celebrates 20th Anniversary in 2013
 Frank Vogel.com, January 3, 2013



Marc Goodman
Global Strategist, Cyber Security Expert
Senior Advisor, Interpol Steering Committee on Information Technology Crime

Mark Goodman is a global strategist, author and consultant focused on the disruptive impact of advancing technologies on security, business and international affairs. Over the past twenty years, he has built his expertise in next generation security threats such as cyber crime, cyber terrorism and information warfare, working with organizations such as Interpol, the United Nations, NATO, the Los Angeles Police Department and the U.S. Government. Goodman frequently advises industry leaders, security executives and global policymakers on transnational cyber risk and intelligence, and has operated in nearly seventy countries around the world.

Goodman is the founder of the Future Crimes Institute to inspire and educate others on the security and risk implications of newly emerging technologies. He also serves as the global security advisor and chair for policy and law at Silicon Valley's Singularity University, a NASA and Google sponsored educational venture dedicated to using advanced science and technology to address humanity's grand challenges. Goodman's current areas of research include the security implications of exponential technologies such as robotics, artificial intelligence, the social data revolution, synthetic biology, virtual worlds, genomics, ubiquitous computing and location-based services.

TED Talks: Marc Goodman: A Vision of Crimes in the Future
 July 12, 2012

Big crime meets big data
 O'Reilly Strata, December 19, 2011

ACFE Announces Keynote Speakers —Continued



Martin Kenney, CFE

*Managing Partner, Martin Kenney & Co., Solicitors
International Asset Recovery Expert*

Martin Kenney is a specialist fraud investigation and asset recovery lawyer and managing partner of Martin Kenney & Co, solicitors in the British Virgin Islands. The firm's work lies at the intersection of cross-border insolvency, creditors' rights, and complex commercial litigation. Leading a specialist team of lawyers, investigators and forensic accountants, Kenney is widely regarded as a ground-breaker in the use of pre-emptive remedies, multi-disciplinary teams and professional litigation funding in response to global economic crime to uproot bank secrets and freeze hidden assets in multiple jurisdictions.

Kenney's work as a fraud-fighter has taken him around the world with success on a grand scale, from investigating Barings Bank's rogue trader Nick Leeson to a Brazilian-based bankruptcy fraud with losses totaling \$8 billion. In one of his most notable and ongoing cases, Kenney is leading asset recovery for creditors defrauded by Allen Stamford in the second largest Ponzi-scheme in financial history. As co-general counsel to the joint liquidators of Stanford International Bank, his firm is working in the interest of approximately 22,000 creditors from 140 countries who have lost a net capital sum of \$4.4 billion.

He is a practicing solicitor-advocate of the senior courts of England & Wales and the Eastern Caribbean at the BVI and at St. Vincent & the Grenadines, a non-practicing barrister and solicitor of British Columbia and a licensed foreign legal consultant in the state of New York.

Meet Martin Kenney, International fraud fighter
Toronto Star, May 24, 2013

Follow the money: the world's sharpest fraudbusters
Wired.co.uk, September 2, 2009

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.

Fraud Law—Continued

(Continued from page 6)

require the whistleblower to file a legal action.

In fiscal 2012, federal and state FCA cases recovered over \$9 billion for the governments.

Continued in the next edition

John J. Tollefsen, J.D., CFE, LL.M., CCS, 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 will be posted on <http://www.TollefsenLaw.com> when it complete.

John Tollefsen is also a member of the Chapter's Web-site and Newsletter Committee and the contributor for all of the information presented in this column.

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. If you would like to participate in group pricing as a member of our Chapter, see the instructions in the article below.

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

Save \$100 and \$300 on Conference Fees - DEADLINE: March 31, 2014 Discount on the 24th Annual Fraud Conference for PNW Chapter Members

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

Team registration pricing is as follows:

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* (available on the ACFE website) 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 indicate whether you will be attending the Full Conference or the Main Conference.

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

Pacific Northwest Chapter/ACFE Helps Celebrate ACFE's 25th Anniversary



Pictured above are attendees at the February 12, 2014 Chapter Fraud Seminar in Seattle. Not pictured is Chapter Member Jim Cronin, MPA, CFE who took the picture and

recorded a short video of congratulations.

The ACFE will post these videos on ACFE.com and will share them on

social media beginning next year. Members appropriately ended the video with a very loud **“GO SEAHAWKS!”**

Annual Chapter Dues

Annual Chapter dues and fees were due January 1, 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 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 and scholarship missions.

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 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.
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.

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 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 \$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—Dec 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 2015 Chapter Fraud Seminar.

Unfortunately, there were no applicants for the 2013 Chapter Incentive Program Award.

Presentation of the 2013 Chapter Distinguished Achievement Award

At our February 12, 2014, bi-monthly fraud seminar, Chapter President Robert Goehring presented the Chapter 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.

James was 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.

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.

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

This picture was taken during the presentation ceremonies on February 12, 2014, with Chapter President Robert Goehring (right) and James Peet (left)



Benefits of Chapter Membership and Serving on the Board of Officers

At our February 12, 2014, bi-monthly fraud seminar, Chapter Vice-President Julie Armbrust gave a short presentation entitled, "PNW ACFE Chapter Benefits and Responsibilities."

The Board recognizes that the Chapter membership is fully aware of the non-financial benefits of being a Chapter Member and serving the Chapter in various capacities including serving on the Board of Officers, serving on the various Chapter committees and speaking at Chapter training events and other venues.

However, did you know that there are very real financial benefits?

Membership:

- \$5 discount on Chapter Fraud Seminars
- Free lunch at the June Chapter Training/Business Meeting
- Free lunch (1st day only) at ACFE October training
- As an Associate Member, the opportunity to apply for the Chapter CFE Incentive Program

Award (up to \$500)

Board of Officers:

- Free registration for 3 Board Members for the ACFE October training (\$695/each)
- Chapter payment of registration fee at annual Fraud Conference (\$260)
- Up to \$500 for one member for attendance at ACFE Annual Conference as the Chapter Representative

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

- CFE Exam Review Course, Washington, D.C., March 17-20, 2014
- 2014 ACFE European Fraud Conference, Amsterdam, March 23-25, 2014
- Fraud Risk Assessment, Ottawa, ON, April 3-4, 2014
- Mortgage Fraud, Columbus, OH, April 7-8, 2014
- Principles of Fraud Examination, Austin, TX, April 14-17, 2014
- Fraud Related Compliance, Charlotte, NC, April 21, 2014
- Financial Institution Fraud, Charlotte, NC, April 22-23, 2014
- Legal Elements of Fraud Examination, Chicago, IL, April 23, 2014
- Tracing and Recovering Fraud Losses, Chicago, IL, April 24-25, 2014
- Using Data Analysis to Detect Fraud, Singapore, April 24-25, 2014
- CFE Exam Review Course, Phoenix, AZ, April 28-May 1, 2014
- Detecting Fraud Through Vendor Audits, New York, NY, May 19, 2014
- How To Testify, New York, NY, May 20-21, 2014
- 25th Annual ACFE Global Fraud Conference, San Antonio, TX, June 15-20, 2014
- Financial Statement Fraud San Francisco, CA 7/14/2014 - 7/15/2014
- CFE Exam Review Course New York, NY 7/14/2014 - 7/17/2014
- Fraud Related Compliance Philadelphia, PA 7/21/2014 - 7/21/2014
- Conducting Internal Investigations Philadelphia, PA 7/22/2014 - 7/23/2014

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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