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**May/June 2014 Issue**

## Message from the President

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

We will hold 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, 2016. 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; and Training Director—John Tollefsen. However, we are looking for other CFEs interested in running for Board of Officers positions. See page 15 to learn more about the financial benefits of being on the Board of Officers.

Ballots will be provided at this meeting. You must be present to vote so please plan on attending.

We will also be acknowledging the service provided to the Chapter by former Chapter Vice-President Bernadette McBride and outgoing Training Director Norm Gierlasinski. John Tollefsen has agreed to accept the additional responsibilities associated with the Training Director position.

### Annual Chapter Dues

Please see also page 12 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 other activities. See also page 13 for the benefits of Chapter membership. Thank you for your support of our mission!

There are a significant number of members that still have not paid their 2014 Membership dues. Those members can remit payment, preferably by mail to:

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

Alternatively, members can pay dues at any of the Chapter's Fraud Seminars.

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

## Chapter Members Articles & 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.

*(Continued on page 3)*

## Chapter Members in the News

### Upcoming Training

**Type:**

Annual Luncheon  
Business Meeting and  
Fraud Seminar

**Date:**

June 11, 2014

**Time:**

Noon—2:00 p.m.

**Topic:**

Forensic Fraud Analysis  
In Action

**Speaker:**

Melinda Young

**Where:**

Bahama Breeze  
Restaurant, 15700  
Southcenter Parkway,  
Tukwila, WA

**Price:**

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

**Registration:**

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

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

(1) Chapter Member Kenneth J. Wilson, CFE, CSAR, will be the speaker at our August 13, 2014, Fraud Seminar in Seattle. The topic is, "Conducting A Comprehensive Interview Utilizing The "LOW" Technique." Chapter Member James Peet will also participate

in this presentation. See also page 3 for more information.

(2) Chapter Member James Pete, Ph.D., CFE spoke to approximately 40 students at the University of Washington—Tacoma Career Fair on April 9 and 10, 2014. There were over 65 employers in fields of business, technology, healthcare, and more. James provided valuable information regarding the ACFE and the Chapter as

well as the many opportunities for service in the world of fraud prevention, detection, investigation, and prosecution.

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.

## June 11, 2014, Chapter Annual Luncheon, Business Meeting and Fraud Seminar in Tukwila—Forensic Fraud Analysis In Action

June 11, 2014, is the date of our Chapter Annual Luncheon, Business Meeting and Fraud Seminar. This event will be held 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.

Preregistration for this event is not required. Register and

pay at the door.

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

The speaker for this event is Melinda Young, Senior 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 seven years. Previously she supervised a specialty homicide unit and a domestic violence unit. She has been an instructor for the National Advocacy Center, a national training center for county

prosecutors. 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 UW Fraud Victims Pilot Project.

This session will include a case study demonstrating how a financial analysis was instrumental in a criminal trial. The speaker will go over a recent trial and show how the forensic audit played a huge role in the conviction.

Melinda will also be available to provide more information and answer questions about the UW Fraud Victims Pilot Project. See also page 14 for more information about this volunteer opportunity.

***"I take full responsibility for what happened at Enron. But saying that, I know in my mind that I did nothing criminal."***

***-Kenneth Lay***

## Overview of the August 13, 2014, Chapter Fraud Seminar in Seattle—Conducting A Comprehensive Interview Utilizing The LOW Technique

August 13, 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 “Conducting a Comprehensive Interview Utilizing the LOW Technique.” This training will include a short case study jointly presented by the speaker and Chapter Member James S. Peet, Ph.D.,

CFE.

The speaker will be Kenneth J. Wilson, CFE, CSAR, owner of Wilson Investigative Services, where he specializes in fraud, embezzlement, money laundering, RICO, ethics, Title VII of the Civil Rights Act investigations, and expert witness testimony. Kenneth is also a member of the Pacific Northwest Chapter/ACFE..

### New Chapter Members

Please welcome the new members who joined the Chapter during the period mid-Feb 2014 through mid-April 2014:

#### CFEs:

- Richard (Rick) Head
- Anthony Harris

#### Associate Members:

- Roxanne Derheim

#### Students:

- None

## Additional Training Opportunities—John Reid & Associates

John E. Reid and Associates, Incorporated, Chicago, Illinois, announces the following training classes on “The Reid Technique of Interviewing and Interrogation for the state of Washington in 2014:

- May 19-22, 2014, Seattle, WA (Holiday Inn-Seattle, 211 Dexter Avenue North)
- July 15-18, 2014, Kent, WA (Kent PD Training Center, 24523 116th Ave SE)
- September 23-26, 2014, Bellevue, WA (Bellevue City Hall T 450, 110th Ave NE Police Training Room 32109)
- December 2-5, 2014, Seattle, WA (Holiday

Inn-Seattle, 211 Dexter Avenue North)

The seminar fees are as follows:

- 1-Day Advanced (\$240)
- 3-Day Seminar (\$450)
- 4-Day Combined (\$580)

These are the RPGA Discount Rates.

Prior to registering, be sure to contact Chapter President Robert Goehring to obtain the Chapter’s RPGA Discount Code. This discount is only available for Chapter members and may not be transferred to non-Chapter members.

Call 1-800-255-5747, Ext. 14 or 24 to register for any of these classes, or visit their website at

www.reid.com.

Learn how to assess the credibility of statements; how to structure the flow of the interview to maximize the flow of information; how to use behavior provoking questions in the interview process; how to persuade a suspect to tell the truth about their involvement in criminal activity; and, how to handle denials, overcome objections, and use alternative questions.

In the Advanced Program, learn to psychologically profile suspects for interrogation, develop specialized tactics for juvenile interrogations and more.

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**

## Chapter Members Articles & Speaking Engagements —Continued

(Continued from page 1)

Please provide the relevant information to Chapter

President Robert Goehring at [president@fraud-examiners.org](mailto: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.

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

April 9, 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 could also attend this event at no cost.

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

The topic of this fraud seminar was: “Change As A Driver For Fraudulent Behavior.”

The speaker for this event was 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 examined 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 included: (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. Attendees heard from an expert from the world of public accounting, participated in the discussion, and shared their points of view on the impact of these changes.

Pete did an outstanding job of presenting a very complex topic in an informative and engaging matter. In particular, he did a very good job of linking the elements of the presentation together through the interplay between the “old way” and “new way” (of obtaining and analyzing data).

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## 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](mailto:groupregistration@acfe.com) for registration information,

The Pacific Northwest Chapter/ACFE again participated in team registrations.  
The Chapter deadline was March 31,

2014.

There were six Pacific Northwest Chapter/ACFE members that participated in this program for the June 2014 Conference resulting in significant discounts for those members.

See the March-April 2014 Chapter Newsletter for related procedures for consideration for the 2015 Conference.

## The Tidbit: Scam Alerts— (1) Fraud Is On The Rise As Crooks Update Old Tricks and Create New Ones; and (2) Protecting the Deceased From Identity Theft

**Scam No. 1.** This information was paraphrased from a January 2013 Readers Digest article entitled, “Scam Nation!” (ReadersDigest.com). It summarized information from the October 2012 issue of Consumer Reports (ConsumerReports.org).

### **Fraud is on the Rise as Crooks Update old Tricks and Create New Ones. Ten Cons to Watch Out For and How to Protect Yourself.**

The U.S. economy may be struggling, but the fraud business is booming. Fraud and identity theft complaints tracked by the Federal Trade Commission topped 1.2 million in 2011, up 19 percent over 2010 and up more than 450 percent since 2001. In addition, the Federal Bureau of Investigation says fraud involving investments, mortgages, and the Internet is growing. The Financial Fraud Research Center at Stanford University’s Center on Longevity estimates that the measurable direct cost of financial fraud to Americans is \$40 to \$50 billion each year. After 9/11, these frauds expanded because FBI resources were shifted from fraud cases to pursue terrorists.

Like a good novel, a scam must have a good story. It must be convincing, and above all, new. Con artists change their techniques to respond to changing consumer awareness. Here’s what you need to know about some of the latest scams and schemes.

(1) Home improvement scams advertise that you’ll save energy, but you’ll actually lose money.

This scam targets folks who want to cut their energy bills with rooftop solar panels or windmills. Saving energy can reduce your electric bill, but making the up-front investment can be the equivalent of paying for 30 to 40 years of electricity charges in advance. And lots of variables can complicate payback, including living where cloudy weather is commonplace or in the shadow of towering trees, terrain, or nearby tall buildings. The promised best case scenario can lure you into paying a big deposit to a contractor who skips town or otherwise never delivers the system or savings. Home improvement companies are the third most complained about businesses according to the latest survey of consumer protection agencies by the Consumer Federation of American and the American Consumer Protection Investigators.

What should you do to protect yourself? California is the leader in residential solar, so visit its electric utility website ([www.pge.com](http://www.pge.com)) to see if solar makes sense for you. If it does, work only with licensed contractors who specialize in solar installation. Conduct an energy audit and get bids from at least three companies. Check their Better Business Bureau ratings and references. Never pay the full price up front or a deposit of more than \$1,000 or 10 percent of the project cost, whichever is smaller.

(2) Try our useless technical support. Some scammers fly under the radar by telephone. For example, a technical support person, reportedly from a trusted company like Dell or

Microsoft, calls to warn you that its security systems have remotely detected a virus on your computer and offers to remove it for a fee of \$100 or more. But, there is no virus, and you pay for an unnecessary service. The firm may even install mock anti-virus software that later starts “finding” non-existent malware that can cost you a bundle to remove. Worse yet, the firm may install software that scans your computer to steal your passwords and hijack your computer to generate advertisements and spread spam.

What should you do to protect yourself? Hang up on anyone outside your home who claims to find trouble on your personal computer. Install legitimate anti-virus and anti-malware software, and keep it up to date.

(3) Take our bogus survey. Social media networks are fertile ground for fakery. For example, you might receive news-fed messages from your Facebook friends raving about an application (“app”) that claims to let you see who is checking out your profile. Such messages can be spam in disguise, leading to “bait pages” where you’re asked to “like” the “app” which forwards the spam to all your friends.

You then have to complete a survey which collects personal information and opinions. The goal of these scams is to trick you into filling out surveys for on-line advertisers, with the person who set-up the operation collecting commissions for each one completed.

(Continued on page 6)

### **Scam Alert**

#### **Summaries:**

- (1) ***“Like a good novel, a scam must have a good story. It must be convincing, and above all, new.”***
- (2) ***“Identity thieves are sinking to new lows, specifically six feet under.”***

## The Tidbit—Continued

(Continued from page 5)

There's a difference between scam surveys and legitimate surveys which link you directly to the questionnaire. You don't need to hit "like" first. Your responses are confidential and aren't used for marketing or fundraising.

What should you do to protect yourself? Don't reveal personal information on-line to anyone who initiated contact with you unless you trust them. Look for the survey company's name and visit its web-site independently by re-opening your browser or calling the company. Ignore product promotions from Facebook friends. Use caution in granting access to your profile. And, more importantly, think carefully before you "like" anyone.

(4) Let us pretend to lower your credit card interest rates. An unsolicited caller falsely implying that they're affiliated with your credit card issuer offers to reduce your interest rate and save you \$2,500. The service costs \$695 in advance, and you must fill out a "financial profile form" with details about your debts, including balances, credit limits, interest rates, and customer-service numbers, plus your name, address, and Social Security number. Sound suspicious? It should. Don't fall for this one.

The "service" typically involves a subsequent conference call with the thief, victim, and creditors, during which the thief asks for a rate reduction and the creditor usually refuses. You just lost the money charged for these services. Remember, you can contact your credit card issuers on your own to do this, and its free.

What should you do to protect yourself? Don't give personal information such as account numbers to anyone who initiates contact with you by any means. Visit [donotcall.gov](http://donotcall.gov) or call 1-888-382-1222 to register your telephone numbers on the National Do Not Call Registry. Hang up on

unsolicited telemarketers.

(5) Thanks for downloading our malware. In this scam, you receive an e-mail notifying you about airline reservations you didn't make, a package from UPS you weren't expecting, or a problem with your bank account. All you have to do is "click" on the link provided. If you follow these instructions, you might download malware designed to take control of your computer and turn it into a spamming robot, harm it with a virus, or mine your files for financial information. Following the link will take you to a site that looks real, but is really fake. When you log-in, the site captures your username and password so that they can get into your real accounts.

While initially targeting personal computers, the scammers are now interested in attacking your smart phone by "smishing" Some smart phone users don't realize that their device is prone to the same risks as their personal computer.

What should you do to protect yourself? Never click on a link to your on-line accounts through e-mail or call an account-related telephone number in a text message that someone sends you. Instead, open your personal computer or mobile Web-browser and type in the desired address yourself. Never click on an e-mail attachment unless you're expecting to receive it from a trusted source.

(6) Hi Grandma, I need money fast! This is a telephone call every grandparent dreads – bad news about a grandchild coming in the middle of the night. Maybe it's a car accident, or an arrest, or a family member has been mugged overseas. The caller attempts to impersonate the grandchild, a police officer, or a doctor. Whatever details are provided, the family elder needs to wire money immediately to resolve the crisis. Of course, the caller isn't who you think it is, but a scammer who will collect the untraceable wire transfer

you might send. Scammers have expanded their activities by mining social media sites for personal details that make their calls sound more credible.

What should you do to protect yourself? Ask for details about your last visit that your grandkid should recall and a stranger won't. Jot down the caller's location and number. Hang up, and instead of calling Western Union, call the grandchild's parents or the number you usually use to reach them to verify their whereabouts – even if the caller pleads "don't call my parents". Don't send money unless you confirm the story.

(7) You need our phony investment advice. Investment advisers, broker-dealers, and people from other financial service firms invite wealthy seniors to enjoy fun, food, and access to investment secrets what will add \$10,000 to their net worth, get 40 percent investment returns, or turn \$100,000 into \$1 million for their heirs. Seniors might receive golf balls or even win golf clubs by attending sponsored events.

The main goal of this educational opportunity is to sell investment products that generate commissions for promoters – all perfectly legal. But, the ads, sales materials, and pitchmen can be misleading or promote strategies inappropriate for seniors. Problems have included huge rates of return with no risk, the liquidation of investments without the customer's consent, the misappropriation of customer funds to buy unregistered oil and gas partnerships, and the sale of non-existent investments to pay a salesman's personal expenses or trading losses.

What should you do to protect yourself? Deal only with long-time, trusted financial advisers, never with new "friends" at a sales seminar. Accept the invitation and fun, but provide no financial information, and certainly don't sign blank authorization

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## The Tidbit—Continued

(Continued from page 6)

forms or anything else. Just say “no” to follow-up personal meetings that will most likely be suggested on the pretense of preparing your financial plan.

(8) Your real prize is a break-in. Burglars claiming to be from a local store call to inform you that you’ve just won a \$100 gift card, but you must come in right away to claim your prize. The goal of the scammers is to get you out of the house so that burglars can break-in while you’re gone.

What should you do to protect yourself? This simple ruse works because it catches you by surprise. Always be suspicious when someone promises you something for nothing. Ask questions. What contest did I win? How was I chosen? Call the store to confirm the details. After you determine this is a scam, notify police. And, take extra precautions to lock-up your house, set your alarms, and protect valuables when you do leave home for other legitimate purposes.

(9) What’s your cell phone number? Hot electronics are commonly used to entice victims into a shakedown. A pop-up advertisement on your computer invites you to bid on an iPad, a laptop PC, or a wide-screen TV, or you’ve won a gift certificate. But, you must include your cell phone number to participate. Submitting your cell phone number sends a text message to your cell phone that whether you respond or not, may authorize an unwanted \$9.99 per month subscription to some useless service. The charge is added to your cell phone bill where you may not notice it. The purpose of this scam is to capture your cell phone number and place unauthorized charges on your bill, a practice called “cramming”. Cell phone numbers aren’t published in directories, so scammers must be underhanded to get them.

What should you do to protect yourself? Guard your cell phone number just like a credit card. Don’t

give it out to strangers. Demand refunds from your cell provider if you’ve been crammed. Tell your wireless and landline carriers to block all third-party billing to your account.

(10) Apply for this non-existent job today! Last year job hunters using computers at a public library in Columbus Ohio were approached by a “recruiter” from a new store nearby. Candidates filled out applications with their name, date of birth, Social Security number, and more. When the applicants went to the store, they learned that the recruiter was a brazen ID thief using personal job interviews to obtain their personal information. Job scams rank in the top ten on the Better Business Bureau’s scams list. Some come-ons also involve work-at-home schemes, including stuffing envelopes and reshipping what the victim may not know are stolen goods.

What should you do to protect yourself? Never give personal information to anyone who telephones, e-mails, texts, or otherwise initiates contact with you. Don’t participate in on-line pop-up quizzes that ask for your mother’s maiden name or other details commonly used to verify your identity. If someone approaches you about a new job, contact the prospective employer to make sure the recruiter and job opening are legitimate. Then complete the employment application only at the store.

**Scam No. 2.** Paraphrased from the March 2013 issue of AARP Bulletin by Sid Kirchheimer.

### Protecting the Deceased from Identity Theft.

Dead Ringers. Identity thieves are sinking to new lows, specifically, six feet under. Each year they use the identities of nearly 2.5 million deceased Americans to fraudulently open credit card accounts, apply for loans, and get cell phone or other services according

to the fraud prevention firm ID Analytics.

Nearly 800,000 of those deceased are deliberately targeted. The identities of the others are used by chance, such as by crooks making up a Social Security number that happens to match that of someone who has died.

It’s called “ghosting”, and because it can take six months for financial institutions, credit reporting bureaus, and the Social Security Administration to receive, share, or register death records, the crooks have ample time to rack up unauthorized charges. An added feature is that the dead don’t monitor their credit, and neither do their grieving survivors.

Sometimes, crooks glean personal information from hospitals or funeral homes. The crime most often starts when thieves troll through obituaries. All it takes is a name, address, and date of birth to illicitly purchase the person’s Social Security number on the Internet for \$10.

In the early months of each year, criminals may file tax returns under the identity of the dead, collecting refunds from the IRS which totaled \$5.2 billion in 2011. The good news is that surviving family members are not responsible for such charges, or even for legitimate debts of the dead if their names are not on the accounts. But, ghosting can still cause plenty of nightmares.

Protect yourself by taking the following steps after a loved one’s death:

- When preparing an obituary, list the individual’s age, but not their birth date, mother’s maiden name, or other personal identifier that could be useful to ID thieves. Omitting the person’s address also reduces the likelihood of a home burglary during the funeral.
- Use certified mail with “return receipt” when sending copies of death

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

### Medicaid Fraud False Claims Act Mirrors the Federal Act

On March 30, 2012, Washington finally joined the 29 other states that have False Claims Acts (FCA) by passing the Medicaid Fraud False Claims Act (MFFCA). Like 10 of the 30 states that have an FCA, it is limited only to Medicaid. Washington's MFFCLA has been reviewed by the U.S. Office of Inspector General (OIG) and has been approved for a 10 percentage-point increase in Washington State's share of federal Medicaid FCA cases.

**[ERRATA: The previous installment incorrectly reported that the MFFCA had not yet been approved]**

### The Battle in the Washington Legislature

The MFFCA bill drew the normal adversaries. Business generally see false claim laws as a source of frivolous litigation. The lawyers associations defended the bill as making money for government. The basic argument that combating fraud is necessary in a civilized society received little support. There was also not enough support for a full false claims act. Although the American Medical Association did not object to the bill, it was opposed by Washington medical lobbyists. They claimed even one frivolous case against a doctor could cause his/her business to be ruined. The lawyer lobby asked for one example, anywhere in the country, where a doctor was ruined because of

false accusation of Medicare fraud. None were found. The medical lobby asked that a Missouri-like reward based whistle-blowing reporting system without private litigation be passed instead. Missouri is the only state in the country where reporting has worked because it does not audit Medicare payments and has allowed a very high level of fraud. Washington State has an audit system and a much lower level of Medicare fraud.

In the end, the Medicare-only false claim act won because it was required by the OIG for Washington to obtain an increased share in Federal False Claims Act cases. The language of the MFFCA is almost exactly the same as the FCA for the same reason. The OIG guidelines provide:

1. The law must establish liability to the State for false or fraudulent claims described in 31 U.S.C. 3729 with respect to any expenditure described in section 1903(a) of the Act.
2. The law must contain provisions that are at least as effective in rewarding and facilitating qui tam actions for false or fraudulent claims as those described in 31 U.S.C. 3730-3732.
3. The law must contain a requirement for filing an action under seal for 60 days with review by the State Attorney General.
4. The law must contain a civil penalty that is not less than the amount of the civil penalty authorized under 31 U.S.C.

3729.

### The Future

For those of us who believe Medicare is not the only type of fraud on the State of Washington and that whistleblowers should be protected; we hope that the legislature will overcome the lobbyists and approve a full-scale false claims act. The objection that such a law only benefits lawyers misstates the reality. It takes hundreds of thousands of dollars to undertake a false claims act case. Lawyers would only do so if the case is well proven and the defendant has deep pockets. If Washington passed a full FCA it would be rarely used, much like the "Baby RICO" statute but it should be available in those rare situations it can help root out fraud on Washington State.

*John J. Tollefsen, J.D., LLM., is the founder of Tollefsen Law PLLC, an attorney, Certified Fraud Examiner, and Certified Controls Specialist. John@TollefsenLaw.com. See TollefsenLaw.com for more information regarding fraud law. The complete version of this article will be posted at <http://tollefsenlaw.com/answers/The-Law/Whistleblowers/State-Whistleblowing/WA-medicare-fca.html>.*

*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.*

## 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

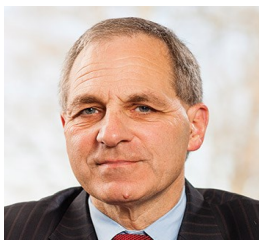
- Collaborate Across the Enterprise to Fight Fraud and Financial Crimes
- Fraud and Money Laundering: Can You Think Like a Fraudster?
- Holistic Strategies to Address Cyber Intelligence and Fraud



## 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 Stanford 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

## 2014-2015 Chapter Student Scholarship Program Award

Unfortunately, there was no Chapter award for 2014-2015 because the Chapter did not receive any applications and there were no eligible applicants for the ACFE Foundation Ritchie-Jennings Memorial Scholarship Program.

There are two annual scholarship programs available to full-time university students seeking a major or minor in accounting, business administration, finance, or criminal justice programs in the Pacific Northwest. They are the ACFE Foundation Ritchie-Jennings Memorial Scholarship Program, and the Pacific Northwest Chapter/ACFE Student Scholarship Program.

The Chapter scholarship program is a \$500 award to eligible students attending a qualifying college or university in the

state of Washington. Winners of an ACFE Foundation scholarship are not eligible to receive a Chapter award for the same academic year. The application deadline for each of these programs was February 4, 2014. The Board of Officers extended the deadline for the Chapter program for this year only to March 31, 2014.

Unfortunately, the Chapter did not receive any applications for the 2014-2015 Chapter Student Scholarship Program.

Students interested in applying for the 2015-2016 Scholarship programs are encouraged to visit the Chapter website ([www.fraud-examiners.org](http://www.fraud-examiners.org)) or contact any Chapter Board Officer to learn more

about these programs. The application deadline will be early February 2015.

The Chapter's Community/University Outreach Committee will continue its extensive efforts in advertising these programs to area colleges and universities. The Board of Officers also implemented several new initiatives to advertise these programs including, but not limited to, direct communication with Student Members of the Chapter and communication to the University of Washington instructor for the Fraud Victims Pilot Project.

## Volunteer Opportunity — UW Fraud Victims Pilot Project

The Fraud Victims Pilot 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 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 Board of Officers recently sent out two announcements via e-mail to the Chapter membership regarding this project. This project will resume again at the University of Washington effective Fall 2014. Two key developments addressing concerns raised by prospective volunteers:

- Insurance. Volunteers will be covered for insurance liability while working on this project by

completing a King County volunteer form and being fingerprinted at King County.

- Private Investigator License. The CFEs will not interview any suspects in the case the students will be working on. Any interviews would be conducted by either the King County Prosecuting Attorney's Office and/or the appropriate law enforcement agency responsible for bringing the fraud case to the class for action. So no private investigator license is required for any CFE volunteering on this project.

Key considerations:

1. CFEs must be members of the Pacific Northwest Chapter/ACFE and participation must be approved by the Board of Officers.
2. There is no background check requirement for the volunteering CFEs or the students. However, volunteering CFEs must be fingerprinted at King County.
3. The three police departments and/or the King County prosecutor will coordinate their efforts to find a simple fraud case to be used by the students.
4. 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 Prosecuting Attorney's Office will serve as the contact on this effort.

5. 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. Interviews will be conducted by police detectives and/or the prosecutor if needed.

6. 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 through future Chapter newsletters and e-mail.

## Annual Chapter Dues Reminder

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/membership.shtml](http://www.fraud-examiners.org/membership.shtml)).

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.

## 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 presentation entitled, "PNW ACFE Chapter Benefits and Responsibilities."

The Board recognizes that 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 (1 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)
- Up to \$500 for one member for attendance at ACFE Annual Conference as the Chapter Representative.

## 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](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.

## The Tidbit—Continued

*(Continued from page 7)*

certificates to each credit reporting bureau (i.e.; Equifax, Experian, and TransUnion), asking them to place a "deceased alert" on the credit report. Mail certificates to banks, insurers, brokers, and credit card and mortgage companies where the deceased held accounts. If you're closing an individual account, make sure the institution lists "Closed: Account Holder is Deceased" as the reason. For joint accounts, remove the deceased's name.

- Report the death to Social Security by calling 1-800-772-1213.
- Contact the department of motor vehicles to cancel the deceased's driver's license to prevent duplicates from being issued to fraudsters.
- After a few weeks, check the credit report of the person at "[annualcreditreport.com](http://annualcreditreport.com)" to see if there has been any suspicious activity. Several months later, go to the same

site to get another free report from a different credit reporting bureau to check this information again. You can obtain one free credit report from each of the three credit reporting bureaus each year ("[www.annualcreditreport.com](http://www.annualcreditreport.com)").

- For more tips, visit "[www.idtheftcenter.org](http://www.idtheftcenter.org)" and type "deceased" in the search box. Use the information to protect yourself.

## Links to

### ACFE Chapters

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

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

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

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

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

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

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

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

### International ACFE Headquarters

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

*Do you have ideas for our  
next newsletter?*

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

*We would love your  
feedback!*

Contact Robert Goehring at  
[President@fraud-examiners.org](mailto:President@fraud-examiners.org)



## Other ACFE Fraud Training Opportunities

- 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, July 14-15, 2014
- CFE Exam Review Course, New York, NY, July 14-17, 2014
- Fraud Related Compliance Philadelphia, PA, July 21, 2014
- Conducting Internal Investigations, Philadelphia, PA July 22-23, 2014
- Auditing for Internal Fraud, Vancouver, BC, July 24-25, 2014
- Investigating on the Internet, Houston, TX, July 28-29, 2014
- Auditing for Internal Fraud, Denver, CO, August 18-19, 2014
- Financial Statement Fraud, London, United Kingdom, August 18-19, 2014
- Investigating Conflicts of Interest, Baltimore, MD, August 18, 2014
- Contract and Procurement Fraud, Baltimore, MD, August 19-20, 2014
- CFE Exam Review Course, Chicago, IL, August 18-21, 2014
- Fraud Risk Management, Kuala Lumpur, Malaysia, August 20-21, 2014
- Bribery and Corruption, Jakarta, Indonesia, August 25-26, 2014
- Health Care Fraud, Los Angeles, CA, September 8-9, 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](http://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)
- Anti-Fraud Training 2014, Vancouver Chapter/Justice Institute of BC (May 28, 2014)

## The Chapter Board of Officers & Training Director

### President

Robert Goehring — (253) 856-5262

[President@fraud-examiners.org](mailto:President@fraud-examiners.org)

### Vice-President

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