

The Fraud Examiner



Pacific Northwest Chapter

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July/August 2016 Issue

Message from the President

Chapter Elections

The election for Chapter Board of Officers for the two-year term ending June 30, 2018, was held at our June 8, 2016, annual luncheon business meeting and the results were as follows:

<u>Position</u>	<u>Name</u>
President	Robert Goehring, CFE, CPA
Vice-President	Julie Armbrust, CFE, CPA, MBA
Secretary-Treasurer	Roger Gulliver, CFE, CPA, CISA, CBA
Board Member-at-Large/ Training Director	John J. Tollefsen, JD, CFE, CCS
Board Member-at-Large	Pete Miller, CFE, CPA
Board Member-at-Large	Gayle Seyl, CFE, AHFI
Board Member-at-Large	Nancy Pasternack, CFE, CPA/CFF, CIA

Special congratulations to our newest Board of Officers members, Gayle Seyl who replaced outgoing Board Member-at-Large James Peet, and Nancy Pasternack who filled a newly created Board Member-at-Large position.

I had the honor of presenting an encased letter of appreciation and a commemorative pen to outgoing Board Member-at-Large James Peet, PH.D, CFE for his many years of service to the Chapter and to the Board of Officers. See also pages 5 and 6.

Pacific Northwest Chapter/ACFE Annual Fraud Conference

Mark your calendars! I am pleased to announce that the Chapter will conduct its Annual Fraud Conference in Tacoma on May 1, 2017! There will be 8 hours of CPE, including 2 hours of ACFE Ethics training, available for all those that attend this event. Registration fees will be \$150 for registration and payment received on or before April 10, 2017, \$175 between April 11 through April 24, 2017, and \$200 after April 24, 2016. Chapter members will receive a \$50 discount from these rates. The Board of Officers will notify the Membership of more information including speakers, topics and registration procedures as it becomes available.

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

Chapter Members In The News

1) President Emeritus Joe Dervaes, CFE, ACFE Fellow, CIA, retired federal, state, and local government audit and fraud examination services specialist was the speaker at our June 8, 2016, Fraud Seminar in Tukwila.

The topic was, "Be Prepared for the Unpredictable in Court". See also page 5 for additional 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.

Upcoming Training

Type:

Bi-Monthly Chapter
Fraud Seminar

Date:

August 10, 2016

Time:

2:30—4:30 p.m.

Topic:

How To Testify In Court

Speaker:

Melinda Young

Where:

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

Price:

The seminar fee is \$20
for Members and \$25 for
non-members. Student
Members may attend
this event at no cost.

Registration:

Register and pay the
Chapter at the door or
on-line at the Chapter
web site (www.fraud-examiners.org). Pre-
registration is not
required for this event.

August 10, 2016, Chapter Fraud Seminar in Seattle—How To Testify In Court

August 10, 2016, 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. Attendees can pre-register and pay at the Chapter website (www.fraud-examiners.org/training.shtml) or

do so at the door.

The speaker will be Melinda Young. Melinda is a 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 nine 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.

From the pre-trial interviews, preparing for testimony, and testifying in court, this seminar will help you know what to expect when you take the witness stand. Know how to prepare yourself and prepare the lawyer you are working with for successful and expert testimony.

2016 Chapter Incentive Award Program

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, 2016
- 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 2016
- Applicant must attend at least two of the Chapter's Fraud Training

events

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

The winner will be determined through a drawing, if more than one person meets the eligibility requirements. The winner will be announced at the February 2017 Chapter Fraud Seminar.

There were no applicants for the 2015 Award.

2016 Annual Chapter Dues

Annual Chapter dues were due in January 2016. The dues are 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. Information about how to pay is available on the Chapter website (www.fraud-examiners.org/membership.shtml).

The Chapter Board of Officers thanks you for your prompt attention to this matter, and appreciates your support of our Chapter's fraud training mission.

Overview of October 12, 2016, Chapter Fraud Seminar in Seattle—Lessons Learned from Gaming Industry Fraud Cases

The October 12, 2016, is the date of another 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.

Pre-registration is not required. Attendees can pre-register and pay at the Chapter website (www.fraudexaminers.org/training.shtml) or do so at the door.

The speaker will be Gina St. George, CPA, CFE, Senior Manager with Moss-Adams, LLP. She is a Certified Fraud Examiner and Certified Public Accountant who started her public accounting career in 2001. In addition to auditing, her services include forensic accounting and fraud investigation, control system improvement, and operational assessment projects. Specialty areas include compliance with federal regulations and assessing accounting operations to provide recommendations for

improvement.

Her fraud investigation experience includes detecting schemes related to disbursements, revenue, fraudulent asset transfers, and contract compliance. Her activities include quantifying the financial loss to the client through detail testing of transactions using both manual and automated techniques; interviews with the suspect(s), witnesses, and the victim(s); personal computer data mining, and obtaining evidence from outside parties. Gina also has experience working with law enforcement agencies, including conducting evidences searches of suspect's office. Finally, her experience includes working with the client's attorney in analyzing evidence and providing accounting expertise.

Gina is a member of the Association of Certified Fraud Examiners, the American Institute of Certified Public Accountants, and the Institute of Internal Auditors.

In this session, the speaker will explore the following questions:

- How did they do it?

- How did they get caught?
- What valuable lessons did the speaker learn during her journey as a Certified Fraud Examiner who specializes in the gaming industry?

The speaker will discuss real fraud cases in the following areas: ATM and Kiosk thefts, Comp fraud, player point manipulations, table game collusion and deception, banquet server tip manipulations, gift shop and hotel bank thefts, data breaches and more. Hold on as we touch on as many fraud cases as possible during this session.

In this session, participants will:

- Gain an awareness of the types of frauds in the gaming industry.
- Learn the types of controls and documentation in place to aid in the prevention, detection, and documentation of fraud.
- Discover how fraud cases are typically handled in this unique environment.

New Chapter Members

Please welcome the new members who joined the Chapter during the period mid-April 2016 through late June 2016:

CFEs:

- Sarah Gordon
- Kathy Rupert

Associate Members:

<none>

Student Members:

<none>

-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

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 2016:

- August 23 - 26, 2016, Kennewick, WA (Kennewick Police Department 211 West 6th Avenue) \$550
- October 19 - 20, 2016,

Sequim, WA (Sequim Transit Center, 190 West Cedar Street) [3-day course in 2-day format] \$380

- November 28 - December 1, 2016, SeaTac, WA (Hilton Seattle Airport & Conference Center, 17620 International Blvd.) \$770

These are the standard per-

person rates and do not reflect the RPGA discounts or discounts available for more than one participant for the same registration.

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.

(Continued on page 4)

Highlights of the June 8, 2016, Chapter Annual Luncheon Business Meeting and Fraud Seminar in Tukwila, WA

June 8, 2016, was the date of our Chapter Annual Business Luncheon Business Meeting and Fraud Seminar at the Bahama Breeze Restaurant, 15700 Southcenter Parkway, Tukwila, WA.

There was 1 hour of Continuing Professional Education available to all who attended this event. There were 20 Chapter Members and 3 non-members that attended this event.

The cost of this fraud seminar was \$10 for Members and \$15 for non-members. Student members attended this event at no cost. The luncheon was free, and we had a wonderful meal prepared for the attendees.

Pre-registration was not required, but was available online (www.fraud-examiners.org).

The speaker was Joseph R. Dervaes, CFE, ACFE Fellow, CIA. Joe retired after 42.5 years of audit and fraud examination services in 2006 as the Audit Manager for Special Investigations for the Washington State Auditor's Office. He was responsible for managing the agency's Fraud Program and participated in over 730 fraud cases involving losses of over \$13 million during his 20-year tenure in this position. In 2003, Joe received the ACFE's coveted Donald R. Cressey Award for his lifetime contributions to fraud detection, deterrence, and

education. He is the former Chair of the Board of Regents (Regent Emeritus), former Chair of the ACFE Foundation's Board of Directors, and a former member of the Board of Review, serving 13 consecutive years in these ACFE international leadership positions which ended in 2011. He is also President Emeritus of the Pacific Northwest Chapter/ACFE, serving 19 consecutive years on the Chapter's Board of Officers until his retirement in 2012.

The topic of this fraud seminar was "Be Prepared for the Unpredictable in Court". The Chapter Board of Officers is focusing on the court arena this year. In keeping with this emphasis, the speaker brought his professional life experiences in the court to this session to help auditors and fraud examiners be better prepared for the narrow slice of each fraud case study – "the court appearance". He summarized some of the major issues he had to deal with in fraud case studies from state agencies and local governmental units during his career at the Washington State Auditor's Office. His presentation included, but not necessarily was limited to the following issues: Is the auditor or fraud examiner prepared for an appearance in court? Does the judge understand the facts of the case? Does

the jury understand the facts of the case? Does the prosecuting attorney understand the fraud scheme involved in the case? Does the prosecuting attorney understand what your job is and how to best present your work to the officers of the court? And, Does the defense attorney adequately defend his/her client against the charges brought by the state? Attendees learned how to be better prepared to participate in court after attending this important fraud presentation.

There was an election held for the Board of Officers for the two-year term ending June 30, 2018. See Message from the President for the results.

President Robert Goehring presented of an enclosed letter of appreciation and a commemorative pen to outgoing Board Member-at-Large James Peet. He also introduced Elizabeth Stanton as the recipient of the Chapter's 2016-2017 Student Scholarship Award. See also Message from the President and page 6.

Finally, there were five door prizes, but you had to be present to win. The winners were: Kent Hansen, Chris Mutchler, Nancy Pasternack, Ed Schatz, and Peter Tobin.

Additional Training Opportunities—John Reid & Associates—Continued

(Continued from page 3)

Call 1-800-255-5747, Ext. 14 or 24 to register for any of these classes, or visit Reid's 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 develop interrogation themes, handle denials, overcome objections, and use alternative questions.

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

The training manual includes specialized information on interview and interrogation techniques for domestic terrorist activities.

The Child Abuse class is a specialized course for Child Protection Investigators which emphasizes the assessment of case information and the appropriate interviewing techniques for sexual abuse, physical abuse, and neglect cases.

Special Recognition for Service — James Peet, Ph.D, CFE



Pictured to the left is President Robert Goehring presenting outgoing Board Member-at-Large James Peet an encased letter of appreciation and commemorative pen.

James serviced on the Board for 2 1/2 years, as well as served on the Education Committee, the Scholarship Committee, and the Community Outreach Committee (University of Washington - Tacoma), and was a frequent speaker at Chapter training events.

James continues to provide a valuable public service as a geology instructor at Highline Community College, and as the Principal Manager of Peet & Associates, LLC, a private investigative agency.

Recipient of the Chapter 2016-2017 Student Scholarship Award— Elizabeth Stanton



Pictured to the left is President Robert Goehring and Elizabeth Stanton.

Elizabeth just finished her junior year at Saint Martin's University (Lacey, WA) and is majoring in Accounting. She has a cumulative GPA of 3.87 and previously volunteered as a Family Readiness Leader and Point of Contact for military families.

On behalf of the Board of Officers and Membership, congratulations Elizabeth! See page 10 for more information about this program.

“Your reputation and integrity are everything. Follow through on what you say you’re going to do. Your credibility can only be built over time, and it is built from the history of your words and actions.” - Maria Razumich-Zec

27th Annual Global Fraud Conference and Exhibition – June 12-17, 2016 – Las Vegas, NV - Chapter Representative Meeting

Nearly 3,000 anti-fraud professionals representing more than 60 countries attended this conference. Training Director John Tollefsen joined other Chapter representatives in a Chapter Representative Meeting held on Sunday, June 12, 2016.

Training Director John Tollefsen completed the Chapter Representative Meeting Survey based on our Chapter's operating procedures. This information is valuable insight for all Chapter members about the many and varied benefits of Chapter Membership. This information is incorporated into the Chapter Leaders Resource Guide and

will soon be available on the Chapter's website (www.fraud-examiners.org).

Approximately 100 individuals attended the 2016 meeting, the most people who have ever attended this annual gathering. The meeting centered on the various methods chapters use to communicate with their members.

Members interested in learning how chapters operate in general should refer to the complete document which will be posted to our website under Chapter Development or at http://www.acfe.com/uploadedFiles/ACFE_Website/Content/

[documents/2015-ACFE-Chapter-Leaders-Resource-Guide.pdf](#). This article represents the "annual report" that John Tollefsen made after attending this important meeting. Thanks to him for representing us so well at the meeting, and for obtaining this information for prospective future leaders. Well done!

Finally, the 28th ACFE Annual Global Fraud Conference and Exhibition will be held in Nashville, TN from June 18 - 23, 2017. Reserve these dates on your training calendar and plan to attend.

CPE Compliance for Certified Fraud Examiners

When you renew your annual dues you must certify your CPE compliance.

You are required to earn 20 hours of CPE each year, **10 of which must be fraud related, and 2 of which must be on ethics.**

Report your CPE Compliance to the ACFE in your anniversary month (online or by phone).

If a CFE has earned more than 20 CPE

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

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

- How CPE Works
- CPE Changes from Year to Year
- Maintaining CPE

Records / CPE Audit

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

It is understandable that you may have questions, so feel free to contact the ACFE's CPE Compliance Team or Member Services by calling (800) 245-3321 or +1 (512) 478-9000, or by e-mail at CPE@ACFE.com.

Benefits of Chapter Membership and Serving on the Board of Officers

The Board of Officers 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

- \$50 discount on Chapter Annual Fraud Conference
- Free lunch at the June Chapter Training/Business Luncheon Meeting
- Free lunch (1 day only) at ACFE October training, when held
- 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 Joint Chapter/ACFE October training class (\$695/each), when held
- Up to \$500 for one member for attendance at ACFE Annual Conference as the Chapter Representative
- Free registration for all Board Members at the Chapter's Annual Fraud Conference (\$100 each)

The Tidbit: Scam Alerts— (1) New Medicare Scams Spread Across the United States; and (2) Your Money - Scam Alert - R.I.P Off

Scam No. 1. This information was paraphrased from the June 2015 issue of AARP Bulletin/Real Possibilities by Tom Dunkel.

New Medicare Scams Spread Across the United States. Investigators trace patterns of billion-dollar frauds.

A telemarketer dials your telephone number asking the following questions: “Are you 65 or older? Do you have chronic pain?” The caller offers to connect you with a doctor who can prescribe a topical pain crème for which the government would pay all costs. The caller then says: “All we need is your Medicare number.”

These cold-call solicitations are definitely a red flag. Legitimate health care providers aren’t out looking for new clients, nor do they ask for your Medicare number over the telephone. Fraudsters are now more brazen than ever when making telephone calls at random. Why are they so bold? Maybe because the profit margin on seemingly innocuous medications are high. Typical pain creams can carry a Medicare price tag of more than \$260 a tube. Unscrupulous doctors acting in concert with corrupt pharmacists or crooked medical suppliers will over-prescribe these creams to patients. They then bill Medicare and divide the pie in an agreed-upon percentage. They might even substitute a cheap pain cream for the real

thing.

This scam illustrates a basic feature of Medicare fraud. It’s a constantly evolving virus that plagues investigators trying to stamp it out. And, there is always a new ploy. There’s just too much money in this for them not to do so. When the heat gets turned-up on one type of Medicare fraud, as it previously did with motorized wheelchairs and nutritional supplements, the perpetrators shift gears and devise a new scam. Fraudsters morph. They ply their illegal trade by telephone and many other means. A scam will work in one region of the country and then be picked-up by criminals in another region.

The best way to protect yourself from becoming a victim is to be aware of the most recent types of fraud emerging around the country. Here’s a sample of Medicare schemes currently attracting the attention of anti-fraud experts.

(a) Simple bait and switch scams. One such scam making the rounds in Texas by telemarketing, TV commercials, and door-to-door salespeople involves an all purpose “arthritis kit”. Medicare recipients are the targets. They’re promised relief from chronic joint discomfort by offering the latest in light weight, high-tech osteoarthritis braces specifically designed for troubled knees, backs, ankles, hands, and elbows. Victims receive a bunch of Velcro

braces and assorted knee and ankle wraps. However, the supplier then bills Medicare \$5,000 for state-of-the-art braces and splints.

(b) Home health care scams. These have occurred in Texas and are spreading around the country. Federal prosecutors won criminal convictions in April 2015 against home health care fraudsters in Louisiana, Michigan, and Illinois. The latest version of the scam is to sign-up clients for services ranging from physical therapy to cooking and cleaning assistance. Companies charge Medicare for professional-caliber services, but provide either low-level care or nothing at all. These scammers are the most creative people on the earth, second only to computer hackers.

(c) Phony mental health centers. These scams target senior citizens. Some are nothing more than store-front social clubs, but operators bill Medicare for phantom psychological counseling and even conspire with ambulance companies to bill for unnecessary transportation. Community mental health center scams originated in Florida, but have also appeared in Texas, Louisiana, and Michigan. Another popular scam involve doctors and pharmacists who unnecessarily prescribe high value Medicare Part D prescription drugs, or filling phony prescriptions, and ordering unwarranted expensive diagnostic tests.

(Continued on page 8)

Scam Alert

Summaries:

(1) “Cold-call solicitations seeking your Medicare number are a red flag for identity theft. Hang up!”

(2) “Dead folks tell no lies and don’t protest when their identities are stolen.”

The Tidbit—Continued

(Continued from page 7)

There is a high degree of collusion behind most Medicare scams, and they occur in multiple locations. These coordinated attacks amount to organized crime, pure and simple. Brooklyn, New York leads the nation in physical therapy billings which are mostly frivolous claims. Sleazy providers provide patients with a hydro-massage, which Medicare does not consider a reimbursable treatment, but bill Medicare for \$100-150 of physical therapy. Many of the recipients of these services are professional beneficiaries and include some who receive \$20 in hush money for nearly daily treatments like this.

These Medicare scams are an expanding numbers game. The universe of Medicare graft, which also encompasses diabetic test strips and hospice nursing care, continues to grow at an alarming total of \$60 billion per year, roughly 10 percent of the program's overall expenditures. Other anti-fraud professionals put the fraud rate at 20-30 percent. These scams are easy pickings, even for street gangs in Los Angeles, California. Medicare paid \$247 billion for assorted outpatient services in 2013. Every month some 18,000 new providers enter the system, including nursing homes, pharmacists, and physical therapists. Every day Medicare processes about 4.4 million claims, most of which by law must be paid within 30 days. There is no time for rigid oversight. Only 3 percent of all claims are spot checked by Medicare staff.

The federal government's Health Care Fraud prevention and Enforcement Action Team (HEAT) has proved effective in combating these scams. It's a joint effort by the Department of Justice and the Department of Health and Human Services, with Medicare Fraud Strike Force investigative teams operating in Miami, Tampa, Baton Rouge, Los Angeles, Detroit, Brooklyn, Houston, Dallas, and Chicago. More such teams are needed. Since 2007, strike force operations have brought charges against about 2,100 defendants responsible for more than \$6.5 billion in

false Medicare billings. They targeted expensive durable medical equipment, such as motorized wheelchairs and scooters at first. Doctors took kickbacks from distributors. Distributors provided no-frills wheelchairs but sent Medicare a bill for models costing thousands of dollars more. As a result, Medicare spending for motorized wheelchairs drastically dropped from \$686 million in 2007 to \$190 million in 2013.

Why is Medicare fraud so lucrative? It's where the money is. As a result, it's a growth industry. To combat these scams, there must be an increased public awareness. A large majority of Americans need to realize that Medicare fraud isn't a victimless crime.

Health care fraud crosses all borders. It costs the federal government about \$60 billion per year. Anti-fraud experts offer these tips to help control this crime:

- Know your Medicare coverage. Offers for free medicine or medical equipment are usually scams.
- Be cautious with your Medicare care. Never give your number to a stranger, especially over the telephone.
- Be wary of medical suppliers who contact you directly. Legitimate companies don't use this sales strategy.
- Your personal physician should participate in medical decisions. Never allow a doctor you've never met to prescribe any medications, medical equipment, or home health care services for you.
- Review your monthly Medicare statements to determine if they contain suspicious billing charges.
- Report activity that you think may be fraudulent to Medicare via the web-site: stopmedicarefraud.gov or by telephone at: 1-800-633-4227. The Department of Health and Human Services also has a special anti-fraud hotline at: 1-800-447-8477.

- If you want to take an active role in fighting these types of fraud, join the Senior Medicare Patrol (SMP), a nationwide network of volunteers who educate the public about Medicare fraud. You can find information about the SMP office nearest to you at: smpresource.org or stopmedicarefraud.gov.

Scam No. 2. This information was paraphrased from the June 2015 issue of AARP Bulletin/Real Possibilities by Sid Kircheimer.

Your Money. Scam Alert. R.I.P Off.

An identity thief drives a luxury car and has expensive jewelry thanks to those who are now six feet under the ground. This crook stole \$2.3 million over four years by filing more than 800 fraudulent state income tax refunds by using the identities of folks who had died. He simply went to genealogy web-sites to get Social Security numbers and other information on the deceased individuals. This information allowed him to e-file credible tax returns and collect the refunds. He's now serving 8.5 years in federal prison for his actions.

Other identity thieves using identities of deceased folks have also targeted the Internal Revenue Service (IRS). They netted \$70 million in refunds from 19,000 federal tax returns for 2011 alone.

Postmortem identity theft may be shocking, but it's hardly rare, especially because the victims aren't around to complain about this abuse. The names and personal data of approximately 2.5 million deceased Americans are used to fraudulently apply for credit cards, loans, tax refunds, and utility services each year. Their Social Security numbers are sometimes easier to find than credentials of the living.

Some crooks glean the numbers from accomplices working in hospitals or funeral homes. Others obtain them from state-run web-sites that publish

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The Tidbit—Continued

(Continued from page 8)
 death certificates which sometimes include Social Security numbers. Or, they simply buy the numbers on cyber black markets. But, alarmingly enough, the best known source is the Social Security Administration's Death Master File itself. It contains the names, Social Security numbers, and dates of birth and death of about 95 million deceased individuals. This allows employers, financial institutions, and government agencies to identify fraud when processing applications, and is reportedly only available to these organizations. But, federal law requires that a version known as the Social Security Death Index be made public. Even without Social Security numbers, this index can provide enough information for identity theft. This same information may also be free on genealogy and other similar web-sites.

Identities of the dead also figure in illegal work. For example, a recent federal audit found that for the tax

years 2006 to 2011, tax returns reporting \$3 billion in income were filed using the Social Security numbers of about 67,000 folks born before June 16, 1901. Note that these folks would now be turning 114 or older. Federal auditors have faulted the Social Security Administration (SSA) for not efficiently updating the Death Master File. For example, about 6.5 million folks born before the above 1901 date were not in it. The SSA reports that fewer than one-half percent of 2.8 million death records added to the list annually are wrong, but they continue to try to improve this record.

When a loved one dies, here's how to block Identity Theft:

- Send death certificate copies immediately and by certified mail to the three main credit reporting bureaus. Request that a "deceased alert" be placed on the individual's credit report.
- Also send copies of death certificates

to insurers and other financial firms as soon as possible. Request account closure or change of joint ownership of accounts.

- Report the death to the Social Security Administration at 1-800-772-1213 and to the Internal Revenue Service at 1-800-829-1040. You should also notify the state's Division of Motor Vehicles.
- Do not include the deceased's birth date, place of birth, last address, or job in any obituary you prepare for a funeral home or a newspaper.
- About a month after any death, check the individual's credit report at: "www.annualcreditreport.com" for any suspicious activity.

Visit "aarp.org/fraudwatchnetwork" to learn more about identity theft and how to avoid many other scams.

2017-2018 Chapter Student Scholarship Program Award

It is not too early to be thinking about the 2017-2018 Award.

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's Ritchie-Jennings Memorial Scholarship Program and the Pacific Northwest Chapter/ACFE Student Scholarship Program.

The Chapter scholarship program is a \$1,000 award to an eligible student

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.

Students interested in applying for the 2017-2018 Scholarship programs are encouraged to visit the Chapter web-site (www.fraud-examiners.org) or contact any Chapter Board Member to learn more about these programs. The application deadline is **February 5, 2017**.

Applicants must first apply directly for the Ritchie-Jennings Memorial Scholarship

Program, then provide the ACFE Foundation complete application package, including the ACFE's questions and students answers about their interest in the area of fraud, and a resume to Chapter President Robert Goehring via e-mail at President@fraud-examiners.org or by USPS to P.O. Box 215, Auburn, WA 98071-0215.

Elizabeth Stanton was the recipient of the 2016-2017 Award. See also pages 5 and 6.

"Prisons are fascinating places, especially when the inmates are educated white-collar types." - John Grisham

Volunteer Opportunity — UW Fraud Victims Pilot Project - Fraud Class— UW (Bothell Campus)

A Report to the Pacific Northwest Chapter/ACFE on the University of Washington (UW) Fraud Victims Pilot Project — By: Joseph R. Dervaes, CFE, ACFE Fellow, CIA, Chapter President Emeritus.

The University of Washington (UW) Fraud Victims Pilot Project is comprised of the King County Prosecuting Attorney's Office (Economic Crimes Unit), several law enforcement agencies in King County, WA, a Forensic Accounting Class instructor from the University of Washington (Bothell Campus) Accounting Department, and one or more Certified Fraud Examiners (CFEs) from the Pacific Northwest Chapter of the Association of Certified Fraud Examiners.

The second Graduate Forensic Accounting Class (Spring 2016) at the UW (Bothell Campus) has now been completed. It was held during the period March 28, 2016, through June 3, 2016.

There were 5 students who attended this class. There were 3 CFEs who were Co-Instructors in the class who are also serving as CFE Mentors for the students. The three CFEs who participated in this second class were as follows:

- Joseph R. Dervaes, CFE, ACFE Fellow, CIA, Retired, President Emeritus, Pacific Northwest Chapter/ACFE;

- Dr. John J. Tollefsen, CFE, CCS, JD, Tollefsen Law, Chapter Training Director; and,

- James A. Cronin, CFE, MPA, Seattle Insurance and Legal Investigations, Chapter Member.

The Chapter Board of Officers wishes all of the graduate students who have participated in this project much success in their future careers!

Because of the last minute arrangements for this second class, it was necessary for the students to follow the course curriculum of the first class, including having the students work on the Kent Little League fraud case as their primary assignment.

The UW Professor in charge of this fraud class has been Dr. Rajib Doogar. His tentative plans are to restructure the format for the class from a ten-week event to a class covering an entire year of instruction. If this occurs, the Chapter's vision for the UW Fraud Victims Pilot Project will also change. But, only time will tell. So, stay tuned for additional information!

After the Chapter's election of a new Board of Officers in June 2016, Board Member-At-Large Nancy Pasternack, CFE, CPA/CFF, CIA has agreed to monitor the status of future fraud classes at the UW (Bothell Campus). Nancy is currently a professor at the UW (Main Campus). In this position, she will be able to coordinate all matters regarding the future of this fraud class.

We are uncertain about the status of this project and whether or not additional Chapter Members will be needed to participate in the future. But, we still want you to be considering whether you would be interested in volunteering to help. If you are interested in becoming a CFE Mentor in the future, please contact any of the following for additional information about the program: Nancy Pasternack, Joe Dervaes, John Tollefsen, or Robert Goehring. This is an extraordinary opportunity for Chapter Members who are currently retired and might be better able to volunteer their time than those who are currently working. But, the opportunity is available to all. Thank you in advance for considering this opportunity to improve your personal growth in the fraud examination career field.

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For dues paying Members of the global ACFE organization, 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 are available for a limited time and new content is periodically uploaded. More

information can be found by logging in to the ACFE web site as a member, clicking on "My Account" in the upper right corner, and then clicking on the link in the paragraph in the right column which says "Access archived webinars."

Currently available free webinars include:

- Failure to Launch? Breaking Down

Barriers to Increase Use of Data Analytics

- The Impact of the Underground Economy and How Analytics Can Fight It
- Digital Decisioning in Today's Fraud Environment
- Improving Application Fraud Detection Across Silos

Links to

ACFE Chapters

Pacific NW Chapter
www.fraud-examiners.org

Oregon Chapter
www.oacfe.org

Spokane Chapter
www.spokanefraud.org

Boise Chapter
www.boiseacfe.org

Big Sky Chapter (Montana)
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Vancouver, B.C.
www.cfevancouver.com

Edmonton Chapter
www.acfe-edmonton.com

Calgary Chapter
www.acfe-calgary.com

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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

- Developing an Integrated Anti Fraud, Compliance and Ethics Program Washington, D.C. 8/8/2016 - 8/9/2016
- Professional Interviewing Skills Washington, D.C. 8/10/2016 - 8/11/2016
- Bribery and Corruption Melbourne, Australia 8/11/2016 - 8/12/2016
- CFE Exam Review Course Chicago, IL 8/15/2016 - 8/18/2016
- Auditing for Internal Fraud Columbia, SC 8/18/2016 - 8/19/2016
- CFE Exam Review Course, Lagos, Nigeria 8/18/2016 - 8/21/2016
- Money Laundering Schemes, New York, NY 8/22/2016 - 8/23/2016
- Financial Statement Fraud, New York, NY 8/24/2016 - 8/25/2016
- CFE Exam Review Course, Yaoundé, Cameroon 8/22/2016 - 8/26/2016
- Fraud Risk Assessment, San Francisco, CA 8/29/2016 - 8/30/2016
- Using Data Analytics to Detect Fraud, Amsterdam, Netherlands 9/1/2016 - 9/2/2016
- CFE Exam Review Course, Beirut, Lebanon 9/5/2016 - 9/9/2016
- 2016 ACFE Fraud Conference Canada, Montreal, QC 9/11/2016 - 9/14/2016
- CFE Exam Review Course, Perth, Australia 9/13/2016 - 9/16/2016

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 Fraud Conference, Spokane, WA Chapter (October 25-26, 2016—Spokane, WA)
- Anti-Fraud Training, Vancouver Chapter/Justice Institute of BC (to be announced)
- Annual Fraud Conference, Pacific Northwest Chapter (May 1, 2017—Tacoma, WA)
- Annual Fraud Conference, Portland, OR Chapter (to be announced)

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