

CFE UPDATE
September-October 1999

Annual Business Meeting.

The annual Chapter luncheon business meeting was held at the Best Western South Center Hotel in Tukwila. It was well attended. The minutes of the meeting are as follows:

Chapter President Norm Gierlasinski called the annual Chapter business meeting to order at 12:45 p.m. on August 18, 1999.

The major item of business involved required Chapter organizational changes. The Association has formed an umbrella private non-profit organization. All Chapters must now report to this national private non-profit organization and establish a similar organization. To comply with the requirements of the new Association Chapter Handbook, the Chapter, by unanimous vote of the members present at the meeting, took the following actions based upon the recommendations approved by the Chapter Board of Directors at its meeting on June 19, 1999:

- (1) Revised the Chapter By Laws to adopt new uniform provisions established by the Association as described below:
 - (a) Changed the Chapter fiscal year from a calendar year basis to a new fiscal year basis ending July 31, 1999. This also required and recognized a one-time fiscal year covering the period January 1, 1998, through July 31, 1999 (19 months). Required fiscal years to be 12 months in length thereafter.
 - (b) Required the annual audit cycle to be changed on a one-time basis to report on the period January 1, 1998, through July 31, 1999 (19 months). Required annual audits to be performed thereafter.
 - (c) Changed the titles of Chapter Board of Directors from President, Vice President, Secretary, Treasurer, and Director at Large to new titles of President, Vice President, Secretary/Treasurer, and two Directors at Large. With this action, the current Secretary became a Director at Large, and the current Treasurer became the Secretary/Treasurer.
 - (d) The Association approved a waiver for our Chapter to have five members rather than seven members. It also approved a waiver for the term of office for Board of Directors to be the same as we now use (i.e.; one year with reelection for one additional year in the same office, and then reelection to another office as an option; rather than one year with reelection for one additional year, and then rotate off the Board).

- (e) Required the new Chapter By-Laws document to be filed with the Association, and authorized the Chapter Secretary/Treasurer to sign the document.
- (2) Amended the Chapter Articles of Incorporation to become a Section 501(c)(6) tax exempt organization.
- (a) Changed the Chapter organization from a 501(c)(3), tax exempt organization, to a 501(c)(6), private trade organization.
 - (b) Required Amendment #2 to the Chapter Articles of Incorporation to be filed with the Secretary of States Office, State of Washington.
 - (c) Required notification of this change to the Chapter Articles of Incorporation to be provided to the Internal Revenue Service (IRS), and authorized the Chapter Vice-President to sign the document and notify the IRS.
 - (d) Required the new Chapter Articles of Incorporation document to be filed with the Association.
- (3) Entered into a Trademark License Agreement with the Association.
- (a) This new document formalizes our prior informal use of the Association's logo
 - (b) Required the new Trademark License Agreement document to be filed with the Association, and authorized the Chapter President to sign the document.

Chapter President Norm Gierlasinski formally awarded a \$500 Chapter Educational Scholarship to Megan Boardway, a junior at the University of Washington (Tacoma Campus). Megan is an intern with the Washington State Auditor's Office. Pictures were taken and were to be sent to the Association to be published in "The White Paper", the Association's magazine newsletter.

Chapter President Norm Gierlasinski made an announcement of future training events sponsored by the Chapter for the remainder of the year.

- (a) October 26-27, 1999. This is a two-day fraud conference jointly sponsored with the Association and held at the SeaTac Hilton Hotel.
- (b) November 11, 1999. This is a one-day fraud conference jointly sponsored with the Washington Society of CPA's and held at the SeaTac Marriott Hotel.
EDITOR'S NOTE: The date originally announced for the conference was December 6, 1999; however, the WSCPA has since changed the date of the conference to the date shown above. So, please take special note of this date change. And, we apologize for any inconvenience this might have caused you.

Chapter President Norm Gierlasinski made an announcement that there will be no elections for members of the Chapter Board of Directors at this annual business meeting. None are required based upon the Chapter organizational changes discussed above.

There were no further business items brought before the Chapter for action at this time. Therefore, Chapter President Norm Gierlasinski adjourned the meeting at 1:00 p.m. on August 18, 1999.

Future Chapter Training Events.

There will be no further Chapter fraud training seminars held at our downtown Seattle location for the rest of the calendar year. Our next meeting at this location will be in January 1999. The details of this meeting will be provided in a future Chapter newsletter.

However, as indicated in the annual business meeting minutes above, there are two fraud training events that you should consider for your personal training calendar for the rest of this year. They are as follows:

October 26-27, 1999. The registration form for this 2-day fraud seminar is enclosed in this newsletter. We recommend you call the Association to register for this seminar if you have not already done so. **Please call 1-800-245-3321.** The SeaTac Hilton Hotel is located at 17620 Pacific Highway South, and can be reached at (206) 244-4800.

November 11, 1999. We do not have a registration form for this 1-day fraud conference. We recommend you call the Washington Society of CPA's to register for the fraud conference if you have not already done so. **Please call (425) 644-4800.** The SeaTac Marriott Hotel is located at 3201 South 176th Street, and can be reached at (206) 241-2000.

Fraud Tips.

The Chapter received the following information from Jim Brittain, an employee of the Washington State Auditor's Office. **EDITOR'S NOTE:** Jim was recently promoted as an Assistant Director. So, congratulations Jim! The bulletin was received from GE Corporate. It relates to an area code scam that could impact everyone. The author of the e-mail is: Mike Stone; GE Financial Assurance ; AVP, IT Leader, Seattle Office; (206) 516-4696; Dialcomm 566-4696; Michael.Stone@gecapital.com. Our thanks to Mike Stone for this important information.

SPECIAL SCAM ALERT: DO NOT DIAL AREA CODE 809

Don't Respond To E-Mails, Phone Calls, Or Pages that tell you to call an "809" telephone number. This is a very important issue for Internet Scam Busters! It alerts users to a scam that is spreading extremely quickly and could easily cost you \$100 or more. The difficult part is that it is difficult to avoid unless you are aware of it.

We'd like to thank Paul Bruemmer and Brian Stains from USPS for bringing this scam to our attention. This scam has also been identified by the National Fraud Information Center and is costing victims a lot of money.

There are a lot of different permutations of this scam; but, here's how it works:

Permutation #1: Internet Based Phone Scam Via E-Mail. You receive an E-Mail, typically with a subject line of "ALERT" or "Unpaid Account."

The message, which is being spammed across the Internet, says: "I'm writing to give you a final 24 hours to settle your outstanding account. If I have not received the settlement in full, I'll commence legal proceedings without further delay. If you would like to discuss this matter to avoid court action, call Mike Murray at Global Communications at 1-809-496-2700.

Permutation #2: Telephone Or Pager Scam. You receive a message on your answering machine or pager which asks you to call a telephone number beginning with area code 809.

The reason you're asked to call varies. It can be: (a) to receive information about a family member who has been ill; (b) to tell you someone has been arrested or died; (c) to let you know that you've won a wonderful prize; and, (d) etc. In each case, you're told to call the 809 telephone number right away. Since there are so many new area codes these days, people unknowingly return these calls without thinking.

If you call the 809 telephone number from anywhere in the U.S., you'll probably be charged about \$25 per minute! Sometimes the person who answers the phone will speak broken English and pretend not to understand you. Other times, you'll just get a long recorded message or be placed on "hold". The point is, they'll try to keep you on the telephone as long as possible to increase the charges. Unfortunately, when you get your telephone bill, you'll often be charged more than \$100 for each such call.

Here's why it works. The 809 area code is located in the British Virgin Islands (the Bahamas). The 809 area code can be used as a "pay-per-call" telephone number, similar to 900 numbers in the U.S. Since 809 is not a U.S. area code, it's not covered by U.S. regulations for 900 telephone numbers. These regulations require that you be notified and warned of the charges and rates involved when you call a "pay-per-call" number. There is also no requirement that the company provide a time period during which you may terminate the call without being charged. While many U.S. telephone systems have 900 telephone number "blocking" to avoid these kinds of charges, 900 telephone number "blocking" will not prevent calls to the 809 area code. No matter how you get any of the messages identified above, we recommend that you investigate further or disregard the message if you are asked to call a telephone number with an 809 area code that you don't recognize.

Be very wary of E-Mail, pager or telephone calls which ask you to call the 809 area code. It's important for you to prevent becoming a victim of this scam, since trying to fight the charges afterwards can become a real nightmare. That's because you did actually make the telephone call in dispute. If you complain, both your local telephone company and your long-distance carrier will not want to get involved. They will most likely tell you that they are simply providing you with the billing for the foreign company. You'll then end up dealing with a foreign company that argues they have done nothing wrong.

So, let the telephone user beware!

Chapter Board of Officers.

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