

CFE UPDATE
January-February 2004

Chapter Board of Officers

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Association and Chapter Fraud Training and Meeting Dates

Be sure to mark the following calendar year 2004 fraud training meetings on your personal schedule and plan to attend:

February 25, 2004 (Wednesday). Chapter Fraud Training Seminar; Downtown Seattle, at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street). We begin all meetings promptly at 2:30 p.m., hold a 30 minute networking session at 3:30 p.m., and then complete the seminars at 4:45 p.m. The seminar fee is \$20 for Chapter members and \$25 for non-members.

The Association of CFE's encourages Chapters to use its videos for fraud seminar training purposes. The purpose of this format is to use the video to build basic skills in the topic area. Key learning objectives from the Association's Fraud Examiner Manual are reinforced by actual fraud case studies in the topic area as well. The Pacific Northwest Chapter has not used many of

the Association's videos in our Chapter training program. However, your Chapter Training Officer and Chapter Board of Officers have decided to expand our training horizons through this medium.

At our February 2004 meeting, participants will be viewing an Association of CFE's video presentation on the topic of: "Other People's Money – The Basics of Asset Misappropriations". The Chapter Board of Officers will then participate in a panel discussion of the video. Bring your most favorite employee misappropriation of funds case and be prepared to share the learning objectives from your experience.

April 28, 2004 (Wednesday). Chapter Fraud Training Seminar; Downtown Seattle, at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street). We begin all meetings promptly at 2:30 p.m., hold a 30 minute networking session at 3:30 p.m., and then complete the seminars at 4:45 p.m. The seminar fee is \$20 for Chapter members and \$25 for non-members. **Speaker and topic to be determined.**

June 30, 2004 (Wednesday). Annual Chapter Business Meeting and Fraud Training Seminar; Mayflower of China Restaurant; 17005 SouthCenter Parkway (near SouthCenter Mall); Tukwila, WA. Special door prizes will be awarded; but, you must be present to win. The luncheon and continuing professional education for the fraud seminar is "free" to Chapter members and \$15 for non-members. The luncheon begins promptly at Noon, followed by the Chapter's annual business meeting. The fraud training seminar begins at approximately 1:00 p.m. and lasts for one hour. **Speaker and topic to be determined.**

July 11-16, 2004 (Sunday-Friday). Association of CFE's 15th Annual Fraud Conference; MGM Grand Hotel; Las Vegas, Nevada. Register for this conference at www.cfenet.com. The meeting times are from 1:00-5:00 p.m. on July 11, 2004, for the Pre-Conference; 8:30 a.m. – 12:30 p.m. on July 14, 2004, and from 8:30 a.m. – 4:30 p.m. on all other days during the Main-Conference and Post-Conference period. Because of the location, there will probably be a record number of attendees at the conference this year. Don't miss it! The estimated early registration fee for Association members is \$795 for the Main-Conference.

President Joe Dervaes will be the Pacific Northwest Chapter's official representative at the Chapter Representatives Meeting on July 11, 2004, held in conjunction with the Annual Fraud Conference. He will provide a report to the Chapter on the events of this meeting.

August 25, 2004 (Wednesday). Chapter Fraud Training Seminar; Downtown Seattle, at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street). We begin all meetings promptly at 2:30 p.m., hold a 30 minute networking session at 3:30 p.m., and then complete the seminars at 4:45

p.m. The seminar fee is \$20 for Chapter members and \$25 for non-members. **Speaker and topic to be determined.**

October 13-15, 2004 (Wednesday-Friday). Joint Chapter and Association of CFE's Three-Day Fraud Training Class at the Doubletree Hotel, 18740 International Boulevard; SeaTac.

- October 13, 2004, will be a one-day class on "Fraud Prevention".
- October 14-15, 2004, will be a two-day class on "Contract and Procurement Fraud".

The Members have spoken! You asked the Chapter Board of Officers to work with the Association of CFE's to bring new topics and material to us for our training forums. Well, we have, and this is it. So, now is your chance to respond by attending something other than the "basic" fraud course. The "Contract and Procurement Fraud" class is definitely above this level. Chapter President Joe Dervaes has taught this class before and attests to this fact.

In addition, the Association will be offering "gift packages" to the Chapter that will be based upon the number of Chapter Members who attend these classes. The level of benefits in the "gift package" increased with an increase in the number of Chapter Members who attend. So, come out and support your Chapter to help us achieve the best possible results from this annual event!

There is a daily parking fee if you drive your car and park in the hotel parking lot. Car pooling is recommended to reduce the nominal cost of parking. The estimated early registration fee for Association members is \$535 for the two-day class. The estimated cost of the one-day class is about 50% of that fee. There is also a \$6 daily parking fee if you drive your car and park in the hotel parking lot. Car pooling is recommended to reduce the nominal cost of parking. Registration is at 7:30 a.m. each day. The actual class begins at 8:00 a.m. and ends at 4:30 p.m. daily. **Register directly with the Association of CFE's by calling 1-800-245-3321 (Austin, TX).** The conference includes 24 hours of continuing education credit. Ask for conference registrations for all the details. Or, you may also register on-line at the Association's web site www.cfenet.com. Your Board of Officers has worked long and hard with the Association to bring you new fraud topics for this annual fraud training class. So, you'll enjoy this three-day event immensely. Don't miss it. Come network with your fellow professionals at this fraud training class. Members of the Chapter Board of Officers will perform registration duties for this fraud training class and will be on-hand to answer any questions participants might have about membership in and activities of the Chapter. Class speakers will be provided by the Association of CFE's.

December 3, 2004 (Friday). Joint Chapter and WSCPA 8th Annual Fraud Conference; Marriott Hotel; 3201 South 176th Street, SeaTac (across the street and up the hill a short distance from SeaTac International Airport). The estimated early registration fee for members of the WSCPA and the Pacific Northwest Chapter is \$175 for this conference. There is also a \$6 daily parking fee if you drive your car and park in the hotel parking lot. Car pooling is recommended to reduce the nominal cost of parking. Registration and continental breakfast is at 8:00 a.m. The conference begins at 8:30 a.m. and ends at 5:00 p.m. **Register directly with the WSCPA by calling 1-800-272-8273 (Bellevue, WA).** The conference includes eight hours of continuing

professional education credit. The course registration form can also be obtained from the WSCPA's web site at "www: wscpa.org". You must call the WSCPA to actually register for the conference. Ask for Lisa Chin-Iwata in the Education Department.

President Joe Dervaes and Vice-President Norm Gierlasinski and will co-chair the 8th Annual Fraud Conference. The Chapter Board of Officers is working on the tentative list of speakers and topics for the annual fraud conference.

Important Chapter Fraud Training Meeting Information for Downtown Seattle Location

All fraud seminars conducted by the Chapter in downtown Seattle are held at this location.

We meet at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street).

Please pay particular attention to the following rules for visiting our fraud seminar training location in downtown Seattle. Our host, the State of Washington Housing Finance Commission, controls the conference room where our meetings are held and has asked for our cooperation in implementing these security and access rules. The Chapter Board of Officers appreciates your cooperation with these requirements.

- First, building security. The staff has asked us to go to the Commission's main offices on the 27th Floor and sign-in with the receptionist before going to the 28th Floor conference room for the fraud seminar. A visitor's badge will be issued to you. Please turn-in this visitor's badge in the conference room before departing the building. The Chapter will turn-in all visitor badges at the end of the day.
- Second, the time of our fraud seminar. The staff has asked us to depart the facility promptly because their duty day ends at 5:00 p.m. Therefore, **we will begin all meetings promptly at 2:30 p.m.**, hold a 30 minute networking session at 3:30 p.m., and complete all fraud seminars at 4:45 p.m. sharp. Visitor badges will be collected at this time.

Chapter Greetings

The Board of Officers of the Pacific Northwest Chapter/ACFE hopes you enjoyed the holidays and had a Merry Christmas and a Happy New Year with family and friends. We also wish you a prosperous new year as well.

The 7th Joint Chapter and WSCPA Annual Fraud Conference

The 7th Annual Fraud Conference was a great success again this year, with approximately 90 professionals in attendance. Following the trend from last year, there was a large turn-out of CFE's for this annual event. And, that's great. Thank you for your support of this most worthwhile endeavor.

The conference included eight hours of continuing professional education credit. The Chapter Board of Officers worked hard during the year to bring you some outstanding speakers. Please tell them thank you when you see them. We also thank the WSCPA for handling all of the support and logistics for the conference. We work together to make a fine team of professionals to deliver the very best fraud training available to the members at a most reasonable price.

President Joe Dervaes and Vice-President Norm Gierlasinski again acted as co-chairs for the Conference. The speakers were:

- (1) Dr. Gordon Mitchell – Owner, Electronic Future Focus, Incorporated, Topic: “Using Computer Forensic Techniques to Catch Crooks”.
- (1) Rex Staples – Branch Chief of Broker-Dealer/Investment Adviser Enforcement for the Securities Division of the Department of Financial Institutions, State of Washington, Topic: “Securities Fraud: Current Issues and Debates”.
- (2) Jean Seidler and Jim M. Shaker – Employment Rights Attorneys, Ryan Swanson & Cleveland, PLLC, Topic: “Legal Perspectives of Fraud in the Workplace”.
- (3) Ann L. Rueter – Special Agent, Internal Revenue Service, Criminal Investigations Division, Topic: “Money Laundering”.

Fraud News Articles

(1) On December 9, 2003, The News Tribune from Tacoma quoted an Associated Press release by Ted Bridis entitled: “Congress clamps down on spam clogging the Internet – Prohibitions: It includes no-not-spam list, penalties.” The article is quoted below:

Washington. Congress on Monday approved the first national effort to stem the flood of unwanted e-mail pitches offering prescription drugs, cheap loans and other come-ons.

President Bush has indicated he intends to sign the measure into law. Indeed the White House revamped its own e-mail system this summer over a flood of so-called spam.

Clogged inboxes have become a leading irritation among Internet users, an increasing business expense for companies and a popular target for Washington interest before an election year.

“Today, it’s a nightmare that threatens to overwhelm people’s legitimate use of the Internet,” said Representative Heather Wilson (Republican, New Mexico). “All the technologies and the filters have failed to keep our inboxes free of junk.”

The House voted without dissent to approve slight changes Senate lawmakers made to the “can spam” legislation, which would outlaw the shadiest techniques used by the Internet’s most prolific e-mailers, who send tens of millions of messages each day. The bill would supplant

tougher anti-spam laws already passes in some states, including a California law that takes effect January 1, 2004.

The bill was among the farthest-reaching Internet measures approved during Bush's term, which has largely continued the Clinton administration's hands-off approach toward regulating America's technology industry. The last such major legislation was a 1998 law banning Web sites from collecting personal information from children under age 13.

The anti-spam bill encourages the Federal Trade Commission to create a do-not-spam list of e-mail addresses and includes penalties for spammers of up to five years in prison in rare circumstances. The Senate previously voted 97-0 to approve the bill.

The legislation would prohibit senders of unsolicited commercial e-mail from disguising their identity by using a false return address or misleading subject line. It also would prohibit senders from harvesting addresses off Web sites and require such e-mails to include a mechanism so recipients could indicate they did not want future mass mailings.

Some critics said the bill didn't go far enough to discourage unwanted e-mails. The Coalition Against Unsolicited Commercial E-mails called the congressional effort "really disappointing." The group prefers a law requiring marketers to obtain someone's permission before sending them any e-mails.

Tips for reducing spam:

Don't display your e-mail address in public. Spammers use automated tools to collect valid addresses from Web pages, chat rooms and on-line directories.

Consider using software to filter e-mails. Some work better than others, but most can be customized to allow personal e-mails and block many advertisements.

Check a Web site's privacy policy before you submit your e-mail address to see whether it permits the company to share your address.

Reply to unwanted e-mails with requests to be removed from future mailings. Under the new law marketers are required to honor such do-not-send requests.

Forward unwanted or deceptive e-mails to www.uce@ftc.gov, where federal regulators are creating a database to go after the most egregious marketers.

(2) On December 17, 2003, The News Tribune from Tacoma quoted an Associated Press release by Deb Riechmann entitled: "President signs new law to fight spam." The article is quoted below:

Washington. A new law that President Bush signed Tuesday will outlaw shady techniques used by some of the Internet's most prolific e-mailers, but the government still hasn't decided if it will create a do-not-spam registry of e-mail users.

“Spam, or unsolicited e-mails, are annoying to consumers and costly to our economy,” White House press secretary Scott McClellan said Tuesday.

The law will prohibit senders of unsolicited commercial e-mail from disguising their identities by using false return addresses or misleading subject lines, and it will prohibit senders from harvesting addresses off Web sites.

“This will help address the problems associated with the rapid growth and abuse of spam by establishing a framework of technological, administrative, civil and criminal tools, and by providing consumers with options to reduce the volume of unwanted e-mail,” McClellan said.

Under the law, the Federal Trade Commission (FTC) is required to study the idea of setting up a do-not-spam registry modeled after the national do-not-call list of people who don't want to get telephone solicitations. The FTC, which must give Congress a plan within six months, has expressed doubts a registry is feasible.

Some critics of the new law are angry because the federal law nullifies stronger legislation in California and other states.

Washington state has its own anti-spam law, which went into effect in 1998, but it does not flatly prohibit the sending of unsolicited e-mail. It does ban the same sneaky techniques as the bill Buss signed. The state law, however, applies only when a sender knows or has reason to know the e-mail is being sent to Washington.

Retraction Notice of Item in November/December 2003 Chapter Newsletter

The "Southern California law enforcement" note about hotel keys appears to be a new urban legend. See the retraction of this message at:
http://urbanlegends.miningco.com/library/bl_hotel_keycards2.htm

It looks like both the Pasadena police department, which started it, and the U.S. Army "Office of the Deputy Chief of Staff for security," which forwarded it, should have checked their facts instead of spreading misinformation.

Thomas White
Senior Corporate Investigator
Manager III, Investigations
Amazon.com
(206) 266-1112

The Board of Officers of the Pacific Northwest Chapter apologizes for spreading this invalid information to you.

E-bay Anti-Fraud Tips

News from the Association of CFE's e-mail newsletter (December 22, 2003):

- Review feedback on seller.
- Confirm authenticity of the item.
- Verify seller's information before sending payment.
- Avoid cash or instant cash-wire transactions.
- Avoid unsolicited offers.
- Use a bonded and licensed escrow service for items more than \$500.

Source: USA Today.

Tips for Avoiding Credit Card Fraud

Do Not:

- (1) Lend your card(s) to anyone.
- (2) Leave cards or receipts lying around.
- (3) Sign a blank receipt. When you sign a receipt, draw a line through any blank spaces above the total.
- (4) Write your account number on a postcard or the outside of an envelope.

Source: Association of Certified Fraud Examiners (www.cfenet.com).

Fraud Training Opportunity

The Chapter received the following unsolicited information about training opportunities. The Chapter does not endorse or support this organization, and is merely providing the information to our Members and other readers of our Newsletter as a public service. The firm is located in Spokane (Larry Larsen, CPA, 4314 South Orlando, Spokane, WA 99223).

CPE World (www.cpeworld.com) has two **Sarbanes-Oxley** courses available that explain the Act and how it should be implemented. We also just received the new **2004 Washington State Tax Guides** from CCH and that course is now updated and available. We also offer many other courses including two which feature the new **2004 CCH U.S. Master Tax Guide**.

Association of CFE's Fraud Training Calendar

What's next in the Association of CFE's fraud training calendar? Here's the most recent list:

- (1) Building Your Fraud Examination Practice; January 26, 2004; LasVegas, NV
- (2) Communicating the Results of Your Fraud Examination; January 27-28, 2004; LasVegas, NV

(3) Fraud Prevention; February 2, 2004; Dallas, TX

(4) Statement Analysis; February 3-4, 2004; Dallas, TX

(5) Conducting Internal Investigations; February 5-6, 2004; Birmingham, AL

Special combination packages are available for the Las Vegas and Dallas training classes. Check with the Association of CFE's for further information and details about these opportunities.

Source: Association of Certified Fraud Examiners (www.cfenet.com).

Chapter Membership Training Benefit

The Chapter Board of Officers has agreed to enter into an agreement with John E. Reid & Associates (Established 1947), 250 South Wacker Drive (Suite 1200), Chicago, IL 60606, (312) 876-1600, with the following benefits for our Members.

In 2004, John E. Reid & Associates will be conducting several seminars on The Reid Technique of Interviewing and Interrogation in the Seattle area. The normal fee is \$550 per person. However, the Chapter has registered to become a participant in the Reid Group of Preferred Associations (at no cost to the Chapter). Thus, any chapter member can attend John E. Reid & Associates training seminars for the reduced fee of \$395 per person - a savings of \$155 per person. In addition, Members can purchase any of their products at a discount price.

In return for these benefits and significant discounts, the Chapter has agreed to announce the John E. Reid & Associates seminar dates and locations in the Seattle area to our Members by placing an announcement in the Chapter newsletter.

If you plan to register for John E. Reid & Associates training seminars, please contact Chapter President Joe Dervaes by telephone (360-710-1545) or by e-mail (dervaesj@sao.wa.gov) to obtain our Chapter Preferred Association Number. You will be required to use this number on the seminar registration form in order to receive the discount.

This is just one more benefit of your Membership in the Pacific Northwest Chapter/ACFE! Here's the first of these announcements for your training calendar planning purposes:

The Reid Technique of Interviewing and Interrogation will be held in Seattle, Washington, at the Madison Renaissance. On February 23-25, 2004, John E. Reid and Associates will be presenting their Three Day Regular Program followed by their One Day Advanced Course on February 26, 2004.

The normal fee for the three-day seminar is \$550 per person, and \$725 for the full four-day program. As a participant in the Reid Group of Preferred Associations, Pacific Northwest Chapter/ACFE members can attend the three-day training seminar for the reduced fee of \$395 per person, a savings of \$155 per person, or \$545 for the full four-day program – a savings of \$180. In addition, their training products may also be obtained at a discount price.

Members may register for this seminar or obtain additional information regarding seminar contents by calling 1-800-255-5747, extension 24. Be sure to obtain the Chapter's Association Code Number before registering for this class in order to ensure your discount.

**PACIFIC NORTHWEST CHAPTER
ASSOCIATION OF CERTIFIED FRAUD EXAMINERS**

SEMINAR TOPIC: OTHER PEOPLE'S MONEY – THE BASICS OF ASSET MISAPPROPRIATION

This fraud seminar will be in two parts.

(1) Part One of the presentation will include a viewing of the Association of CFE's video on this topic. The primary fraud case discussed in the video involved a CPA who performed all financial duties for a non-profit organization (school). He issued checks made payable to himself and to two shell companies for five year and misappropriated \$400,000. He received a three-year jail sentence (41 months). But, he then became a repeat offender when he took a job with another firm and began doing the same thing all over again. Learn even more details about this case from viewing the video. The video includes descriptions of other cash and non-cash misappropriation schemes.

(2) Part Two of the presentation will be a panel discussion of this case and will be led by the Pacific Northwest Chapter's Board of Directors. Bring your most favorite employee misappropriation of funds case and be prepared to share the learning objectives from your experience.

Audience participation will be a key part of the success of this seminar. The objective of this seminar is to provide attendees with a better understanding of asset misappropriation cases and how to deter this growing type of activity within your organization.

VIDEO AND PANEL DISCUSSION- CHAPTER BOARD OF OFFICERS

Joe Dervaes, Norm Gierlasinski, Bernadette McBride, Roger Gulliver, and Robert Goehring
(A distinguished panel of employee embezzlement fraud experts.)

DATE: February 25, 2004 **TIME:** 2:30 – 4:45 p.m. **CPE:** Two Hours CPE Credit

Location of Training Facility: We meet at 1000 Second Avenue in a 28th floor conference room of the Washington State Housing Finance Commission. This is the old Key Towers Bank Building; but, the building currently has no name on it. The building is located across the street and one block North of the Jackson Federal Building (corner of Second Avenue and Spring Street).

Important Fraud Training Meeting Information for the Downtown Seattle Location is Included in the Bi-Monthly Chapter Newsletter.

Note: We have entered into an agreement with the Washington State Board of Accountancy to meet its continuing professional education requirements.

SEMINAR REGISTRATION FORM (February 25, 2004 – 2:30-4:45 p.m.)

NAME: _____
TITLE: _____
PHONE: _____ FAX: _____
EMPLOYER: _____
ADDRESS: _____
CITY: _____ STATE: _____ ZIP: _____

Please mail registration form with \$20 check for members or \$25 for non-members to: Pacific Northwest Chapter/ACFE; P. O. Box 215; Auburn, WA 98071-0215.

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(A distinguished panel of employee embezzlement fraud experts.)

Many organizations require the **Federal Tax Identification Number** of the Pacific Northwest Chapter/ACFE in order to pay for their employees to attend our fraud training events. The number is: **91-1592735**.

Important Fraud Training Meeting Information for the Downtown Seattle Location is Included in the Bi-Monthly Chapter Newsletter.

John E. Reid and Associates, Inc.

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Fax 312-876-1743

December, 2003 www.reid.com Monthly Web Tip
Interrogating a Suspect on the Issue of Identity Theft

The Federal Trade Commission estimated that in 2002 identity theft cost businesses and consumers 53 billion dollars. Because of the prevalence of identity theft, many investigators find themselves having to interrogate a suspect on this issue. Identity theft is an unusual offense because it is not only a crime, but also an MO to commit other crimes. The first consideration, therefore, is to decide upon what issue to accuse the suspect of involvement. The general guideline here is to base the accusation on the strongest evidence. For example, if there is strong evidence indicating that a suspect (using someone else's identity) made fraudulent credit card purchases, the confrontation statement should only address the illegal purchases. During Step Eight the investigator can develop the details of how the suspect obtained the fraudulent credit card. This is similar to an arson/homicide. In most of those cases it is best to confront the suspect on the killing and later develop the details of starting the fire to cover up the homicide.

We have found that when dealing with multiple crimes, it is easier to persuade the suspect to tell the truth to one crime at a time and that once a suspect confesses to one crime, information about other illegal activity is usually forthcoming. On the other hand, an investigator is making this task much more difficult by initially confronting the suspect on both crimes, e.g., "Brian our investigation clearly indicates that you fraudulently obtained a loan using someone else's identity and then illegally defaulted on the loan."

When the strongest evidence does point to identity theft, this should then be the focus of the interrogation, e.g., "Mark, our investigation clearly indicates that you obtained a passport and driver's license using someone else's information." In this example, it would be appropriate to use a transition statement that addresses the purpose for the suspect's actions, e.g., "The reason I wanted to talk to you about this is because, right now, we don't know why you got these documents." A theme can then be developed contrasting the suspect's possible link to international terrorists and using the documents to highjack an airplane to crash into the White House vs. wanting to establish a separate identity for tax purposes, to hide assets in a divorce, to escape government intrusion or possibly to escape from gambling debts or a vindictive ex-wife (whatever the facts of the case suggest).

A universal theme that applies to all cases of identity theft is the ease at which the suspect committed the crime. Credit card companies and banks can be blamed for being greedy and so anxious to issue cards or a loan that they failed to properly check a person's true identity. The following is a theme centered around this approach: "George, I realize this thing is not entirely your fault. Banks and credit card companies are so anxious to get customers that they rush applications through without really properly checking on information. In addition, they entice honest people like yourself to do something like this through their advertisements where they promise quick approvals and an application that requests practically no information. A lot of

these companies don't even meet with their customers and everything is done over the internet or through the mail. If they really cared about something like this happening they should not make it so easy to do."

Another angle to consider is how the suspect got the victim's personal information. In most cases this information is obtained through the victim's carelessness or sold on the street or over the internet. This suggests a theme that contrasts breaking into a safe or home to obtain the information vs. inadvertently running across it by seeing documents the victim left out in plain view. If it is probable that the suspect purchased the information, the person who sold it to the suspect can be blamed for approaching the suspect and putting pressure on him to buy it.

In other cases, it may be appropriate to blame curiosity and the media. The theme would go something like this, "Joe, I think what happened here is that you heard on TV or read in the newspaper about how easy it is to get a credit card using someone else's personal information. Just out of curiosity you decided to test the system to see if it was as easy as everyone said it was. After submitting the simple application, to your amazement, they issued you a card. Under normal circumstances you probably would have thrown the card away and never used it, but just when the card arrived so did other bills and you gave into temptation and put charges on your new credit card. I would hate to think that you went into this whole thing with the greedy intent of maxing out the card by buying frivolous things that you didn't really need.

The following are possible alternative questions to consider for identity theft cases:

"How many false identities (false credit cards, fraudulent loans) have you established? Dozens or just a few?"

"How much have you charged to this card? Did you charge the maximum limit, \$10,000 or was it less than that?"

"Are you a member of an organized network, perhaps with terrorists affiliation or did you just do this to (hide from your ex-wife)?"

"Did you pay money to bribe people to get this (credit card, home equity loan) or did they simply accept your application at face value?"

Confessions follow a hierarchy. It is psychologically easiest for guilty suspect to admit what they did. Second, they may or may not truthfully acknowledge the method or planning involved in their crime. The most difficult aspect of a crime to reveal is the true motive behind the act. For this reason, again, it is our recommendation that in most cases of identity theft the interrogation focus on the crime that was committed through identity fraud and develop secondary issues after the suspect has confessed to the original issue.

For further information on interrogation approaches to specific types of crimes, consider ordering [The Investigator Anthology](#).

(This article was prepared by John E. Reid and Associates, Inc as their Monthly Web Tip and was reprinted on our web site with their permission. For additional Monthly Web Tips, go to www.reid.com and click on “Helpful Info”.)

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January, 2004 www.reid.com Monthly Web Tip **The Significance of Listing in Behavior Symptom Analysis**

Listing, as a behavior symptom, describes a series of events or information included within a subject's response. In the following dialogue both of the subject's responses illustrate an example of listing:

I: "Why didn't you tell your wife about these allegations of sexual abuse against you?"

S: "Well, first, I wanted to wait to see what the actual allegations were. Second, I didn't want to upset her and third, I never really had a chance to talk to her in private about it."

I: "Why do you think an adult would have sexual contact with a child?"

S: "Maybe they have psychological problems or perhaps they were abused when they were young. It could be that the child did something to instigate the whole thing."

There are two important considerations with respect to listing by a subject. The first is that the subject decided, for some reason, to offer multiple answers within their response. The second is that, at a preconscious level, the subject decided on the order in which to present the multiple answers.

Listing as an indication of a rehearsed response

In mentally preparing for an interview the deceptive suspect may anticipate certain threatening questions and prepare rehearsed responses to those questions. Consider, for example, the suspect guilty of a robbery who must explain why he was late arriving home from work the evening of the robbery. Obviously, he cannot tell the truth (that he was late because he was robbing a liquor store) so he must develop an alternative excuse. As the suspect ponders possible alternative explanations, often a number of excuses occur to him and these invariably surface as a "list" within his response e.g.,

I: "Why were you late getting home from work that night?"

S: "Well, first had a late order to fill so that put me behind schedule and second, because traffic was heavy, I decided to take a different route home and I got lost. Finally, I was running low on gas and stopped to fill up the tank and there was a line at the gas station."

When an investigator hears a response of this nature which lists explanations, a rehearsed response should be suspected. This is especially true when the response is denoted by reference

points such as "first...", "second...", "third..." or, "A...", "B...", "C...". This behavior suggests that the suspect is not being spontaneous in his answer but rather, is offering a rehearsed response.

In preparation for an interview, the innocent suspect does not go through this same thought process. The innocent suspect will certainly think about who may have committed the crime, why and how the crime was committed and what they were doing at the time of the crime. However, innocent suspects will not mentally rehearse their responses to anticipated interview questions. If the reader thinks back on a recent occurrence within their life where something unusual or irresponsible happened, e.g., why was a report turned in late?", almost always, there is a single principal explanation for our behaviors. Consequently, in the preceding robbery case, the following response would be more indicative of truthfulness:

I: "Why were you late getting home from work that night?"

S: "At about 4:45 my supervisor handed me a late order that had to be filled and I didn't leave work until about 6:30."

Evaluating the order of listed information

When I put together my grocery list I picture myself in the store and list in order, aisle by aisle, the groceries I need. Similarly, when I recount the scoring of a football game to a friend, I will discuss scores and plays chronologically, starting with the first quarter and ending with the last. It is human nature to organize events by proximity or time. However, what if there is no logical sequence to a series of events or information? For example, if I am asked what my favorite desserts are my response might be, "Blueberry pie, chocolate cake and ice cream." My mind somehow decided the order in which to present this list. Insight to the psychology of listing order can be helpful to an investigator.

When asked a non-threatening question, there is a tendency to place information within a hierarchy in order of psychological significance or preference. The first item listed tends to hold the most psychological significance to the speaker. During the 2003 wild fires that swept California a woman was interviewed and asked about how she was coping with the fire. Her response was, "It is so devastating. I lost my dog and I have no place to go back to". In interpreting her response, this woman was revealing that her dog was more important than her home. In a different scenario, consider that the woman's husband's body was found inside the burned down house. A response such as, "I feel so terrible. I worked years getting the house just the way I wanted it and, of course, I'm sad about my husband too." should raise some eyebrows.

Consider the following exchange of information during an interview:

I: "Who were you with last night?"

S: "James Robertson, Bob Kingston and Fred Jones. James is my neighbor and I know Bob and Fred from work."

If the investigator is interested in verifying the subject's whereabouts, the order in which these names were listed indicates that Fred Jones is not as close to the suspect psychologically as James or Bob and, presumably, would have less of a motive to lie to the investigator. Consequently, Fred Jones would be the best source to verify the suspect's alibi. On the other hand, if the investigator was interested in developing background information about the subject, James Robertson probably would be the best source to contact.

Another phenomenon relating to listing is that when a subject is asked a threatening question and presents his answer as a list, often the last item mentioned is closest to the truth. Under this circumstance the suspect, using his imagination, is often able to come up with one or two false items but then runs out of ideas and the final item mentioned is the closest to the truth. During our training seminars an interview of a deceptive suspect is shown where the investigator asks, "Why do you think someone would steal money from their employer?" The suspect's answer is, "Maybe they needed to pay more on their car insurance. Maybe they owed someone some money. Maybe to help out a friend — it could be anything." This suspect confessed to stealing the \$1100 to bail her boyfriend out of jail, e.g., "to help out a friend." The suspect knew exactly why she stole the money and initially offered two misleading motives. With her creativity exhausted, the last motive suggested was the true one behind her crime.

When a subject's response to an interview question contains the behavior of listing, often additional insight can be gleaned from the response. Consequently, the investigator should incorporate, within an interview, questions that encourage the behavior of listing. The following are some suggestions:

"Why didn't you call the police immediately after this happened?"

"Tell me why you wouldn't (commit crime)?"

"Why do you think someone did (commit crime)?"

"If you were to (commit crime) what sorts of things would you be most concerned about?"

"What are some of the problems within the company that you think contributed to (investigation)?"

"What aspects of your marriage did you find most difficult?" (Spouse homicide)

"What government policies most bother you about America?" (Terrorism)

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