

CFE UPDATE
September-October 2004

Chapter Board of Officers

President: Joseph R. Dervaes, CFE, CIA (360) 710-1545
ACFE Fellow, 2003 Cressey Award Winner, Regent Emeritus, Member of Board of Review, Association of Certified Fraud Examiners; Audit Manager for Special Investigations, Washington State Auditor's Office; and, Founding President, Pacific Northwest Chapter/ACFE. dervaesj@sao.wa.gov, Port Orchard, Washington

Vice-President and Training Director: Norman J. Gierlasinski, PhD, CFE, CPA, CIA
2003 ACFE Outstanding Achievement in Fraud Education Award Winner; Professor of Accounting, Central Washington University (SeaTac Center) (206) 439-3800, Extension 3825. normang@cwu.edu, SeaTac, Washington

Secretary-Treasurer: Roger B. Gulliver, CFE, CPA, CISA, CBA
President, Gulliver and Associates PS (253) 735-2392
rbg1@mindspring.com, Auburn, Washington

Director-At-Large: Bernadette McBride, CFE, CPA
Senior Investigator/Financial Examiner, Washington State Department of Financial Institutions, Securities Division, (360) 902-8783
bmcbride@dfi.wa.gov, Olympia, Washington

Director-At-Large: Robert A. Goehring, CFE, CPA
Audit Manager, City of Kent - Finance Department, (253) 856-5262
rgoehring@ci.kent.wa.us, Kent, Washington

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:

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 (across the street from SeaTac International Airport), (206) 246-8600.

- October 13, 2004, will be a one-day class on "Fraud Prevention" (8 hours CPE). The registration fee for this class is \$199 for ACFE Members and \$249 for Non-Members.

Note: The Association will provide breakfast and lunch for this training class.

- October 14-15, 2004, will be a two-day class on "Contract and Procurement Fraud" (16 hours CPE). The registration fee for this class is \$575 for ACFE Members and \$695 for Non-Members.

Note: The Association will provide breakfast and lunch for the first day of this training class, and breakfast only for the second day of this training class. Lunch on the second day will be on your own.

Special Note: The Chapter will provide lunch for the second day of this training class. See the Chapter Board of Officers on the day of the class for further details on this extra bonus for Chapter members. This is one way the Chapter can provide more benefits to members for attending these important training events.

Attending both classes is the best value with a savings of \$100. The registration fee for both classes is \$674 for ACFE Members and \$844 for Non-Members.

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. There is 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.

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. Class speakers will be provided by the Association of CFE's.

The Members have spoken! Your Board of Officers has worked long and hard with the Association of CFE's to bring you new fraud topics and material for this annual fraud training forum. Well, we have, and this is it. 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 Drves has taught this class for the Association and attests to this fact. 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.

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!

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.

The speakers and general topics they will present at the annual fraud conference are as follows:

(8-10:00 a.m.) Martha Norberg/Seabold Group. She will be speaking on the topic of "Interviewing Techniques".

(10:00 a.m. – Noon) Martin Cordell and Becky Carnell/Washington State Department of Financial Investigations. They will be speaking on the topic of "Follow the Money".

(1-3:00 p.m.) Ron Huntington/West Sound Investigations. He will be speaking on the topic of "Employee Investigations and Video Surveillance".

(3-5:00 p.m.) Kyle Bollmeier/CourtTrax. He will be speaking on the topic of "Public Records Research Techniques".

President Joe Dervaes and Vice-President Norm Gierlasinski 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.

Be sure to mark the following calendar year 2005 fraud training meetings on your personal schedule and plan to attend:

February 23, 2005 (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 speakers will be Suzanne Sarason and Leslie Pearson, Investigators/Financial Examiners from the Washington State Department of Financial Institutions. The topic will be: "Ponzi Schemes". The presentation includes a discussion of a current case study about a recent Ponzi Scheme that was investigated in this state.

March 2005 (dates not yet confirmed). Joint Chapter and Association of CFE's Two-Day Fraud Training Class at the Doubletree Hotel, 18740 International Boulevard; SeaTac (across the street from SeaTac International Airport), (206) 246-8600.

The subject of the two-day class will be "Professional Interviewing Skills. The estimated registration fee for this class is \$575 for ACFE Members and \$695 for Non-Members.

Note: The Association will provide breakfast and lunch for the first day of this training class, and breakfast only for the second day of this training class. Lunch on the second day will be on your own.

Special Note: The Chapter will provide lunch for the second day of this training class. See the Chapter Board of Officers on the day of the class for further details on this extra bonus for Chapter members. This is one way the Chapter can provide more benefits to members for attending these important training events.

June 29, 2005 (Wednesday). Annual Chapter Business Meeting and Fraud Training Seminar; (Restaurant name and address has not yet been determined); Bellevue, WA. 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 a brief Chapter annual business meeting. The fraud training seminar begins at approximately 1:00 p.m. and lasts for one hour. Door prizes will be awarded.

The speaker for this meeting will be David Vicente, Anti-money Laundering Specialist from the Taxpayer Education and Communication Unit of the Small Business/Self-Employed Operating Division of the Internal Revenue Service, Oakland, California. The topic will be “Anti-Money Laundering Outreach”.

July 11-13, 2005 (Washington, D.C.). Association’s 16th Annual Fraud Conference. Register for this conference at www.cfenet.com. The meeting times are from 1:00-5:00 p.m. on July 10, 2005, for the Pre-Conference; 8:30 a.m. – 12:30 p.m. on July 13, 2005, and from 8:30 a.m. – 4:30 p.m. on all other days during the Main-Conference and Post-Conference period. The estimated discounted registration fee for Association members is \$795 for the Main-Conference. The regular registration fee for non-members is \$895 for the Main-Conference.

Vice-President Norm Gierlasinski will be the Pacific Northwest Chapter’s official representative at the Chapter Representatives Meeting held in conjunction with the Annual Fraud Conference. He will provide a report to the Chapter on the events of this meeting.

President Joe Dervaes anticipates that he will be a break-out speaker at the Conference on an unannounced topic. He will also attend the Chapter Representatives Meeting.

August 31, 2005 (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 speaker for this meeting will be: Frank Walker, CFE, PI, CEC, CBC, BSBE. Frank is a Chapter Member. The topic will be: “Selling Fraud Prevention By Persuasion – What CFEs Can Do”.

October 26, 2005 (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 speaker and topic for this meeting have not yet been determined.

December 2, 2005 (Friday). Joint Chapter/WSCPA's 9th Annual Fraud Conference at the SeaTac 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 will co-chair the 9th Annual Fraud Conference. The Chapter Board of Officers is working on the tentative list of speakers and topics for the annual fraud conference (to be announced).

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 up 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.

If you're looking for parking, Special Events parking rates (\$5) apply for the parking garage at Benaroya Hall, just two blocks north of the training facility on Second Avenue.

News About the ACFE Fellow Program

Marilyn Peterson, CFE, Chair of the Board of Regents of the Association of CFEs, made the following announcement about the Fellow Program in the August 2004 Regents Column on the ACFE web-site (www.cfenet.com).

At its July 11, 2004, semi-annual Board of Regents meeting, the Regents voted to award Joseph R. Dervaes, CFE, CIA with a second term as a Fellow of the Association for his work in the field and his two written submissions: (1) Internal Controls and Fraud: The Public Treasurer's Guide to Understanding Employee Embezzlement in the Government Workplace; and, (2) Fraud Detection and Development Manual. Joe was the first Fellow named, and terms have been for four years. He also received the Donald R. Cressey Award in 2003. Congratulations Joe!

The Regents also voted to eliminate the requirement for follow-up submissions and "emeritus" status for Fellows. Becoming a Fellow now requires a written submission of 15,000 words (which may be in one document or may be a compilation of shorter pieces), five letters of nomination from CFEs, ten years experience in the field and five years as a Certified Fraud Examiner. All Fellows will now be named without term limits and will serve at the pleasure of the Board of Regents. A Fellows' Board and a mentoring program will also be initiated to assist those who may want to become Fellows, but need extra encouragement or are unsure if they understand the criteria for the Fellows Program. The Fellows Board will review new applications for Fellow status and make recommendations to the Board of Regents. Its members will also serve as mentors to those working toward Fellow status. The Fellows' Board will be appointed by the Board of Regents from among the people who are currently Fellows (Joseph Dervaes, Joseph Koletar, Martin Biegelman, Dennis Dycus, Robert DiPasquale, Karn Tierney, Gerard Zack, and Marilyn Peterson).

Editors Note: Please take note of the fact that two of the eight Fellows are Members of the Pacific Northwest Chapter/ACFE (25%). That's a fine achievement. Each Fellow has made a contribution to expand the ACFE Fraud Common Body of Knowledge. Note also that Joe Dervaes will go down in ACFE history as the only Fellow required to submit two thesis documents and to be granted a second term as a Fellow. There will be no others. So, there goes our "lead-the-force" CFE in action again. Congratulations to Joe for his significant contributions to the success of the ACFE!

News About the ACFE Private Non-Profit Organization Board of Directors

On August 23, 2004, the Association announced the list of the ten final candidates for the ACFE's private non-profit board of directors. The Association sent out the same message in the September 2004 "Fraud News". The ten names will be submitted to the Association's certified membership who will then vote to elect five representatives for this new Board. After voting ends, the Association will use the new Board to make application to the Internal Revenue Service for approval of a Section 501(c)(6) membership association. The biography and photo of each candidate will be posted on the Association's web-site (www.cfenet.com) prior to the ballot going on-line for voting. The on-line ballot will be available for voting during the period September 15 through October 14, 2004.

The Pacific Northwest Chapter is well represented in the Association's list of finalists for the new Board, and is proud to announce that two of the 10 candidates are members of our Chapter. The ten candidates in alphabetical order for the new Board are:

Martin T. Biegelman (Fellow); Nancy S. Bradford; Robert Cohen; Joseph R. Dervaes (Fellow, Prior Chairman, Board of Regents); Dennis F. Dycus (Fellow); Pedro A. Fabiano; George P. Farragher; Joseph W. Koletar (Fellow, Prior Chairman, Board of Regents); Philip C. Levi; and Marilyn B. Peterson (**Fellow**, Current Chairman, Board of Regents).

Five of the ten candidates are Fellows, and three of the Fellows are or were the Chairman of the Board of Regents during their terms in office. These are key Association leaders.

Congratulations to all who have volunteered to be considered for the new Board. And, a special congratulations goes to Joe Dervaes and Marty Biegelman for representing the Chapter so well. It will be an honor for any CFE to serve in these prestigious positions. May the membership select the best five CFEs in the elections.

The Pacific Northwest Chapter Board of Officer wholeheartedly supports the election of Joe Dervaes and Marty Biegelman to this new Association Board. Therefore, your Board of Officers encourages you to make sure that every CFE votes in the upcoming elections. Each vote is important.

Association and Chapter Scholarship Programs

(1) Chapter Letter to Association Scholarship Winner, Aaron Ashcraft from WSU (Pullman Campus).

On August 4, 2004, the Association of Certified Fraud Examiners officially announced the recipients of the 2004-2005 Ritchie Jennings Memorial Scholarship awards. These scholarships are in honor of Tracy Ritchie, CFE, and Larry Jennings, CFE, who both died in a terrorist attack in Pakistan on November 12, 1997. The winners were selected by the Continuing Education Committee and approved by the Board of Regents. Each recipient received a \$1,000 grant. The Association will be sending you a check soon.

On behalf of the Pacific Northwest Chapter, Association of Certified Fraud Examiners, it is my pleasure to add my congratulations to you for being selected as one of the 2004-2005 scholarship winners. The applicants for these scholarships were extremely competitive. You should be justly

proud that your application stood head and shoulders above the rest, gaining you a spot in the top 30 recipients worldwide. This is an outstanding achievement!

You are an outstanding student at Washington State University (Pullman Campus) and most deserving of this award. The Pacific Northwest Chapter sincerely hopes these funds will help you achieve your educational goals. Your selection also makes a fantastic statement about the quality of the students who attend our fine educational institutions in the Pacific Northwest.

Scholarship Winner Response.

On August 15, 2004, Aaron Ashcraft wrote: First of all, I would like to thank you and the Pacific Northwest Chapter for the letter of recommendation that you wrote for me in the Association of CFEs Scholarship Program. I am very grateful for the scholarship and will use it to finish out my undergraduate degree at Washington State University and then start my Master's Degree at WSU in January.

I apologize for the late reply to your congratulations e-mail. I just finished an internship in San Jose, California for Ernst & Young and was in the process of moving back to Washington to complete schooling.

This is the last week before the semester starts up here in Pullman, so things will be busy again. I look forward to finishing up the undergraduate degree and then moving onto the Master's program. This fall I even have a class from Charlie Bame-Aldred, Assistant Professor of Accounting at WSU, which I am looking forward to. Thank you again and I hope our paths cross in the future.

(2) Chapter Letter to Chapter Scholarship Winner, Tanya Bogush from WSU (Vancouver Campus).

On August 4, 2004, the Pacific Northwest Chapter of the Association of Certified Fraud Examiners officially announced the recipient of the 2004 Scholarship award. The winner was selected by the Scholarship Committee and approved by the Board of Officers.

On behalf of the Chapter, it is my pleasure to announce that you have been selected as the 2004 scholarship winner. Congratulations! The recipient receives a \$500 grant. Your scholarship check is enclosed.

The applicants for this scholarship were extremely competitive. You should be justly proud that your application stood head and shoulders above the rest. This is an outstanding achievement!

You are an outstanding student at Washington State University (Vancouver Campus) and most deserving of this award. The Pacific Northwest Chapter sincerely hopes these funds will help you achieve your educational goals. Your selection also makes a fantastic statement about the quality of the students who attend our fine educational institutions in the Pacific Northwest.

Scholarship Winner Response.

On August 23, 2004, Tanya Bogush wrote: Thank you very much for this wonderful news! You'll understand that in my situation, every bit helps. And, this award was much needed and is greatly appreciated. I would also like to thank you for the excellent recommendation letter the Chapter wrote for me. When I read it, I almost had tears in my eyes! Thanks.

I will keep in mind your offer of assistance with the CFE certification. Possibly, in a year or two, I will undertake that challenge. Thank you again for all your help and support.

In Memory

The Chapter Board of Officers sadly reports the death of one of our members. Carol Steiner-Olsen reported that Stephen R. Steiner, CFE, CPA died on June 20, 2004. His former company, Stephen R. Steiner, P.S., has been dissolved. Carol Steiner-Olsen can be reached at Steiner Accounting Services, Inc.; 2430 – 240th Street S.E.; Bothell, WA 98021; (425) 483-1951; ca.olsen@verizon.net.

New Group Forming to Study for the ACFE's Preparatory Course for the CFE Examination

Aaron Sparks, Associate Member, has requested that the Chapter establish a group for all Associate Members who want to take and pass the CFE Examination. He was studying for the test, took a new job, fell out of the habit of studying, and now needs to get back into a study mode to complete the task to obtain this important professional credential. Sometimes, it takes a study group to encourage participants to make the self-discipline commitment to complete the ACFE's computer software self-study course. So, this is your opportunity!

For all of you Associate Members out there, here are some interesting statistics. About 76% of those who take the CFE Examination pass all parts on the first try. And, 97% of those who passed took the ACFE Preparatory Course for the CFE Examination. So, there is a real valuable lesson contained in those statistics. While a bit on the pricey side, the statistics say to take the course. And, your Chapter Board of Officers concurs. Another piece of good news is that the ACFE guarantees that you will pass the CFE Examination if you take the Preparatory Course. If you do not pass the test on your first attempt, you can continue taking the CFE Examination as many times as it takes for you to pass it at no additional charge. That's a pretty generous offer.

If you are a recent CFE who has taken and passed the CFE Examination and would be willing to meet with this new group of Associates who want to follow in your footsteps, please contact Chapter President Joe Dervaes by telephone at (360) 710-1545 or by e-mail at dervaesj@sao.wa.gov. I'm sure you have some valuable information to share with prospective CFEs about what you did to pass the CFE Examination and the time it took for you to complete the task.

And, if you're an Associate Member who wants to really get serious about passing the CFE Examination, this class is for you. Please contact Chapter President Joe Dervaes. So, don't miss this grand opportunity. Get in on the ground floor for this new study group.

Other Training Opportunities

(1) On August 5, 2004, the Puget Sound Chapter of the Institute of Internal Auditors made the following announcement about a future training opportunity in Seattle. The three day class is entitled: "Comprehensive Entry Level Training for Auditors". There are 24 hours of Continuing Professional Education available for attendees. The class is offered on Tuesday, Wednesday, and Thursday, October 19-21, 2004, from 8:30 a.m. to 4:30 p.m. Additional training details will be announced later. To register for the class, please e-mail Auroro.Mendoza@seattle.gov, or call her at (206) 233-1091 for additional information. The class is suitable for new auditors and for those preparing to take Part one of the CIA Examination.

(2) On August 18, 2004, the Puget Sound Special Investigators conference on Insurance Fraud – Target Washington will be held at the Knutzen Family Theater, 3200 S.W. Dash Point Road, Federal Way on October 7, 2004 (8:00-4:30 p.m.). The cost is varies depending upon membership category. Register for the conference on-line at: <http://waiasiu.com/conference.htm> or print your confirmation and mail it to PSSI, PO Box 2201, Bothell, WA 98041. Topics include Independent Medical Exam, Anti-Terrorism, Identity Theft, Computer Forensics, and Forensics-Photography and Fingerprinting. Special speakers include representatives from the New Jersey State Insurance Fraud Prosecutor and the Washington State Department of Labor and Industries.

(3) On September 14, 2004, John E. Reid and Associates, Inc., and The Reid Institute, (1-800-255-5747, announced that it will present the Fifth Annual Reid Conference for Investigative Training. The conference features a variety of topics that will add to the investigative skills of all participants. The featured speakers are recognized experts in their respective fields of training. Participants who are members of the Reid Preferred Group of Associations receive a discounted tuition rate of \$275. (Non RPGA members and non institute members cost is \$375.)

The conference will be held November 2 – 4, 2004 in Chicago Illinois and pre-registration is required to ensure space availability. To register, feel free to print out and mail in the attached (word document) Conference Flyer/Registration form – or - if you prefer, you can register on line at www.reid.com. (To ensure your RPGA member discount be certain to include your RPGA member association code number. In the blank asking for Reid Membership Number simply write RPGA and then your code number.) Participants will receive a confirmation letter upon receipt of registration. All participants will also receive a handbook of the speaker's talks and a Certificate for attending the Conference.

This year's topics include Understanding Employee Theft; Preventing False Confessions; The Art of Verbal Judo; Work Place Violence – Assessing Threatening Communications; and The Profiling Process – The Myths, Realities and Potentialities. For more detailed information regarding topics, tuition, conference site and hotel accommodations please refer to the attached flyer.

Job Opportunities

(1) As executive search consultants, EFL Associates, an executive search consulting firm, is recruiting for a Director of Fraud Management for lock/line. The organization provides administrative services to support insurance programs for wireless communication devices, extended warranty programs for land line telephone and consumer equipment, and event based

debt protection programs. It is a wholly-owned subsidiary of DST Systems, Inc., a \$2.4B publicly held company. Both lock/line and DST Systems are headquartered in the Kansas City metropolitan area. If interested, contact: Tara Burgess, Research Manager, EFT Associates, at (913) 451-8866 or via e-mail at tburgess@eflkc.com.

(2) Cathy Roberts, Recruitment Consultant, Office of Human Resources, Washington State Department of Transportation, P. O. Box 47310 Olympia, WA 98504-7310, (360) 705-7048, announces an opening for the Director of Internal Audit, WSDOT. Notice WMS 04-032 remains from September 14, 2004 open until filled. Interested applicants can find detailed information about this position and application directions at http://www.wsdot.wa.gov/employment/job_openings/wms_04_032.htm.

The Use of Computer Technology at Work and at Home

Paul Dunn, Technical Services Manager, Information Technology, City of Kent, (253) 856-4611, pdunn@ci.kent.wa.us has provided the following information to us for distribution to Chapter members. Let's all thank Paul for this valuable contribution to our Chapter newsletter. The purpose of this information is to provide you with some background information that relate to your use of technology at work and at home. This article includes the following:

(1) SPAM - Not just a lunchmeat. We recently measured the amount of Unsolicited Commercial Email (aka SPAM) that we receive via the internet. Overall, 35% of all our incoming email is blocked by our filters as SPAM. If you add email that is carrying a virus or worm, this number rises to just over 50% of all incoming email. The folks that write these SPAM emails are clever, and they are constantly revising their techniques in the attempt to get past SPAM filters. What this means to you, dear user, is that from time to time, a SPAM message may slip through to your mailbox. You can safely just delete the message.

Here are a few SPAM-buster tips that you can use both here, and at home for your personal email accounts:

- Be very careful about who you give your email address to. If you shop online, you should know that some merchants sell your email address to the Spammers. Read the small print. If you have any doubt about how someone will be using your email address, see the next tip below:
- Open a "throw-away" email account, and use its email address instead of your own. Hotmail, Yahoo, Bigfoot, and NetZero are just three of the many services available.
- Never, ever click on the "Unsubscribe me" or "Remove me from this list" links in a SPAM email. All you are doing is letting the Spammers know two things: 1) You read all the way through to the end of their email, and 2) Your email address is active, thus increasing its value when sold as part of a list. Attempting to unsubscribe is simply going to INCREASE the amount of Spam you receive.

(2) PHISHING - Protect your identity (and your bank account). You may have seen or heard media coverage about this new threat. Here's what typically happens: You receive a very

authentic looking email that appears to come from a financial institution, credit card company or well known online merchant that advises you of some sort of "problem" with your account. Typically, the email will ask you to respond by clicking on a link that will take you to an authentic looking web site where you will be asked to provide detailed information such as credit card numbers, PIN's etc. Please know that your bank or credit card company will NEVER ask you to tell them information of this nature. Even if your bank "lost" this key information, they would be able to recover it from their backup tapes. You may want to contact your bank or credit card company's Anti-Fraud department to let them know you have received an email of this nature.

(3) NIGERIAN INHERITANCES - And flying monkeys. It seems that this is the season for more and more of these emails to be making the rounds. Because the language in these letters is unique, and the email is targeted to specific addresses, the Spam filters will usually pass these right on through to you for your reading pleasure. Essentially, the scheme plays out like this: The sender claims to be some sort of mid-level civil servant or lawyer who has been charged with distributing the multi-million dollar estate of a deceased national. For one reason or another, they require your help to claim the money. From here, the scheme gets creative, and is directly tailored to the gullibility of the responder. The bottom line is that there is no steamer trunk full of 100 dollar bills sitting in a security company's vault in Lagos. For more information on these scams, follow this link: <http://home.rica.net/alphae/419coal/> Your chances of actually getting any money out of these schemes are about the same as your chances of being abducted by a large flock of flying monkeys. Just delete the emails.

Editor's Note: I send these types of messages to the U.S. Postal Inspection Service; Inspection Service Support Group; 222 South Riverside Plaza, Suite 1250; Chicago, IL 60606-6100. You can download PS Form 8165, Mail Fraud Report, for the USPS web-site at www.usps.gov/postalinspectors. Fill it out and mail it to them. They have a task force that addresses subjects such as this.

(4) EXPENSIVE AREA CODES - Why dialing these could cost you a lot. Here's another seasonal phenomenon that is getting some attention again. There are a number of Caribbean nations that have area codes that are operated by companies whose sole purpose is to collect exorbitant long distance charges (In some cases as high as \$200.00/minute! - ouch!). Because most of these countries and area codes can be dialed without dialing a country code (Area Code + Number), and because new area codes pop up almost weekly here in the USA, you could unwittingly make a call to one of these outfits.

Generally, they will place a call to you or your voicemail or pager, leaving a message to call regarding a sick relative or some other urgent message. When you call the number back, the folks on the other end will attempt to keep you on the line as long as they can in order to send your phone bill into the stratosphere.

We've blocked the <known> offensive area codes from being dialed in the City's telephone switch, but your cell phones and home phones can still dial these numbers.

Three of the most common area codes used by these scams are: 809, 284, 876 - but be wary, these are not the only ones.

There are a couple things you can do to guard against this toll fraud:

- Be wary of unexpected phone messages with odd area codes.

- If it really sounds like a legitimate message, try to call it back COLLECT.

- Check the Area Code for its location. Any of the web sites for your phone or cell phone company should have indexes for area codes. Here is link that you can use to look up an area code: <http://www22.verizon.com/areacodes/>

John E. Reid and Associates, Inc.

250 South Wacker Drive, Suite 1200
Chicago, Illinois 60606-5826
www.reid.com

Established 1947

312-876-1600
800-255-5747
Fax 312-876-1743

August, 2004 www.reid.com Monthly Web Tip
The Use of Evidence During an Interrogation: Part I

Types of Evidence

Evidence represents information used to help establish a fact. It may be inculpatory (supporting guilt) or exculpatory (supporting innocence). There are four broad categories of criminal evidence, each with its own strengths and weaknesses.

Circumstantial evidence involves such things as the suspect's opportunity to commit a crime (alibi), his access to commit a crime (special means or knowledge) and motive (financial or psychological). Even if a particular suspect has opportunity, access and motive to commit a crime, in all likelihood, so too do other suspects. Consequently, circumstantial evidence is the weakest proof of a suspect's guilt.

Testimonial evidence involves human inferences or interpretation. For example, an eye witness who relies on memory to pick out a suspect from a line-up is offering testimonial evidence. Other examples include behavior symptom analysis, polygraph, handwriting analysis, medical and psychiatric opinions and information provided by an informant. While testimonial evidence tends to directly link the suspect to a crime, its accuracy can range from chance levels to within the 90th percentile.

Forensic evidence describes scientific testing that matches an unknown sample to its source. Examples of forensic evidence include fingerprints, tool marks, DNA, hair and fiber analysis, toxicology reports as well as ballistics. While forensic evidence is extremely accurate, it rarely proves a suspect's guilt. Rather, the evidence may indicate that the suspect was at the crime scene, had sex with the victim or that a bullet was fired from a gun owned by the suspect.

Direct evidence describes evidence that directly links the suspect to a crime. An example is finding property stolen during a burglary in the back seat of the suspect's car that was pulled over

two blocks from the home that was burglarized. Other examples include a surveillance video clearly showing the suspect robbing a clerk or an employee caught smoking marijuana in the company washroom. Direct evidence represents the strongest proof of a suspect's guilt, but rarely exists.

The Psychology of Evidence

The suspect who is caught "red-handed" committing a crime (faced with direct evidence) will almost always readily admit their crime. It is important for investigators to understand why suspects who are caught under this circumstance confess. One possibility is that they are caught so soon after the crime that they have not had time to think of ways to excuse away the incriminating evidence. Another possibility is that a suspect experiences the most guilt immediately after committing a crime. Based on more than 50 years of empirical observations, we can state that neither of these explanations are likely. Rather, the primary reason a suspect who is essentially caught committing a crime readily confesses is because he is absolutely convinced that the investigator knows he is guilty. The suspect recognizes that no amount of rationalization or justification can possibly offer a credible excuse for the obvious evidence of his guilt, so he tells the truth. This concept is worth repeating in a different way. A suspect is unlikely to tell the truth during an interview or interrogation unless he is absolutely convinced that the investigator knows he is guilty.

Portraying high confidence in a suspect's guilt starts with the investigator's demeanor and statements. If an investigator casually enters the room and says, "Larry, after talking to you and looking over everything I don't think you're telling the complete truth" the suspect will immediately recognize that the investigator does not have clear evidence (or confidence) of his guilt. It is not human nature for a suspect to increase the investigator's confidence of his guilt by confessing.

Assuming there is no direct evidence linking the suspect to the crime, an investigator must rely on other forms of evidence to persuade the suspect that there is no doubt of his guilt. Of course, circumstantial, testimonial or forensic evidence are never positive proof of a suspect's guilt so the investigator must use whatever evidence is available and present it in such a way as to maximize its persuasive impact. In this regard, investigators must appreciate that interrogation relies extensively on implication and innuendo -- It is not so much the hand you are dealt, but how you play the cards that counts.

The Decision to Introduce Evidence

The first question an investigator must address with respect to presenting evidence to a suspect is whether to present it at all. The danger of presenting evidence is that by doing so often reveals the weakness of the investigator's case and also gives the suspect something tangible to attack. Many of the interrogations we conduct only involve circumstantial and testimonial evidence against the suspect (opportunity, access, motive, propensity, behavior symptom analysis). Under this circumstance we rarely comment on specific evidence during an interrogation. Rather, we start the interrogation with a statement such as, "Jim, I have in this folder the results of our entire investigation and all of the evidence clearly indicates that you did (issue)." From that point on, often there is no further reference to evidence.

If evidence is presented during an interrogation, it should be used only to overcome barriers such as persistent but weak denials or when the suspect is reluctant to accept the alternative question. Under this circumstance the investigator should not tell the suspect, "Bill, here is all of the evidence we have against you." To do so will often fortify the guilty suspect's belief that he can explain away the evidence and escape consequences. Rather, the investigator should select the most incriminating piece of evidence and present it as if it was the tip of the iceberg. For example, "Bill, I'm not going to sit down with you and go over piece by piece all of the evidence we have collected on this case but let me just show you this one piece. Remember earlier you said you left work that night at 6:30. Here is an affidavit from your supervisor who clearly remembers you leaving work that night at 5:15. That means you had plenty of time to do this."

Using Weak Evidence to Imply Further Evidence

From the outset of an interrogation, the guilty suspect is asking himself the question, "Does the investigator really know that I did this?", e.g., "Is there really evidence of my guilt." One way to imply the existence of strong evidence against a suspect is for the investigator to attack the evidence that does exist. Consider a homicide where it is known that the suspect acknowledged being with the victim shortly before her death and recently breaking off that relationship. Under this circumstance it may be very persuasive to tell the suspect the following:

"Mike, I've talked to a lot of people who have done the same thing that you did. I know you're sitting in that chair and asking yourself, 'What proof do they have?' We talked earlier about the fact that you saw her the day this happened and have no alibi. You know what. There are probably 100,000 people in this city who have no alibi at the time she died. You told me about your breakup with her. During our investigation we identified a number of people who were upset with her and also had a motive to do this. The evidence we have has nothing to do with your opportunity or motive. I wish I could lay everything we have out on the table so you could see where I am coming from but at this stage of the investigation I can't do that. The only reason I'm talking to you is to find out the circumstances that led up to your decision to do this... [continue with theme]."

Using Evidence to Attack the Suspect's Credibility

Consider a hit and run case where there is circumstantial evidence indicating that the suspect's vehicle (which matched the description of the vehicle involved in the accident) had front end repair work done the day after the accident. During the interview the investigator could show the suspect the work order from the body shop and ask for an explanation. The deceptive suspect is likely to offer an explanation such as saying that his car was damaged in a parking lot the day of the hit and run so he took it in for repairs. The innocent suspect, of course could tell the same story. An axiom of interviewing is to never reveal evidence to a suspect until first giving the suspect a chance to volunteer the information.

In the case of the hit and run, the investigator should first ask whether the suspect's car had sustained any recent front end damage and whether the vehicle had any recent repairs. An innocent suspect will truthfully acknowledge this information. On the other hand, the deceptive suspect, who has not been told about the work order, may lie and deny having any repair done to

his vehicle. During an interview the investigator should allow the suspect to tell this lie and accept it. Later, during the interrogation, if the investigator needs to introduce evidence the work order can be brought up and used to attack the suspect's credibility. The dialogue may be as follows:

"Tom, I wouldn't be talking to you this way unless I knew for sure that you did this. A lot of the questions I asked you earlier I already knew the answer to. For example, you said that your car had no front end damage and had not been repaired. Look at this work order dated the day after the accident. I'm sure you recognize it. The biggest problem you've got right now is your credibility. At some point there may be a concern that this wasn't an accident at all and that maybe you purposely aimed your car at that man because maybe you thought he was having an affair with your wife. Or maybe someone might claim that you were paid money to hit that man. Now, I don't think either of those things happened but if you don't start telling the truth no one is going to believe anything you say!"

Establishing the Credibility of Testimonial Evidence

When the primary evidence against a suspect is testimonial, the investigator may need to bolster the strength of that evidence in the suspect's mind. This is best accomplished through the use of statements that appeal to the suspect's logic and common sense. For example, if a victim or witness identified the suspect as the perpetrator of the crime the investigator may comment that the victim or witness has no motive to lie. In the case where the witness or victim knows the suspect personally, the investigator may state that this is clearly not a case of mistaken identity. Similarly, the details of an informant's statements could be revealed to bolster that evidence.

For legal reasons an investigator must be cautious about overstating the accuracy of detection of deception procedures such as the polygraph technique, CVSA or behavior symptom analysis. Some courts have ruled that, for example, attempting to convince a suspect that the CVSA was infallible constitutes a deceptive statement that shocks the conscience of the court or community. Rather, the investigator should rely on logical arguments in supporting the strength of testimonial evidence as the following dialogue illustrates:

I: "Linda, I'm sure that over the last 25 years you've had friends or relatives lie to you and you could usually tell when they were lying right?"

S: "Yeah."

I: "Would you agree that when you were younger it was harder to tell when people lied to you than when you got older and had more life experiences?"

S: "Sure."

I: "Well, I've had specific training in evaluating behavior symptoms. That's what I do in my job. I interview people and evaluate their behavior. And I've been doing this for almost 15 years. I wouldn't be talking to you this way if I wasn't convinced that you did this."

Next month we will discuss additional strategies relating to the use of evidence during an interrogation.

John E. Reid and Associates, Inc.

250 South Wacker Drive, Suite 1200
Chicago, Illinois 60606-5826
www.reid.com

Established 1947
312-876-1600
800-255-5747
Fax 312-876-1743

September, 2004 www.reid.com Monthly Web Tip
Selecting The Proper Alternative Question

The Reid Technique of interrogation relies on two important underlying psychological principles. The first is that it is much easier for a person to tell the truth if that person is allowed to couple his admission with some moral justification. Consequently, we teach that an investigator should suggest possible moral justifications which allow the suspect to save-face when telling the truth. Second, it is psychologically wrong to expect a suspect to suddenly break down and tell the complete truth about his crime. It is often necessary to allow the suspect to initially make a first admission of guilt and then attempt to develop the full confession. In the Reid Technique the first admission of guilt is elicited by asking an alternative question.

An alternative question offers the suspect two choices concerning some aspect of his crime, accepting either choice results in the first admission of guilt. Examples of an alternative question include, "Did you plan this thing out for months in advance, or did it just happen on the spur of the moment?" or, "Did you steal that money to buy drugs and booze, or was it used to help out your family?" As these examples illustrate, the choices presented in an alternative question generally contrast an undesirable characteristic of the crime to one that is desirable. Because the incriminating implication of either choice is very transparent it would be appropriate to ask, "Why doesn't the suspect simply reject both choices and deny involvement in the crime?" Indeed, some guilty suspects do. But for many guilty suspects an alternative question offers an impetus or incentive to tell the truth.

The psychology of the alternative question relies on the importance human beings place on their self-concept and esteem. No guilty suspect wants the investigator or other people to believe things about his crime that are not true. To preserve his self-image, the suspect feels a strong need to correct erroneous assumptions by the investigator. Actual examples of this include an interview of an ex-con where I made the comment, "I see you have served four years at (state penitentiary)." The suspect immediately corrected me and said, "It was only 3 years 9 months!" During another interview the suspect indicated that her husband was no longer living with her. I asked, "Are you divorced?" She angrily corrected me and stated, "No. We're merely separated." These examples illustrate the strong inner drive within each of us to protect our self-image.

It is, therefore, not surprising when a child abuse suspect is asked, "Did you have contact with those children to psychologically and emotionally scar them for life, or was it simply to display love and affection toward them?" that the suspect anxiously explains to the investigator that his sexual contact with the children was intended to show love and affection. Even though the suspect knows full well that he is admitting guilt when he makes this statement, he does so to

reject the implication that his intention was to cause psychological harm to his victims. To summarize, we believe that the impetus for a guilty suspect to accept the positive alternative question is to reject the implications of the negative choice. If our understanding of the alternative question is correct, it suggests a number of guidelines to consider when selecting an alternative question.

1. The negative choice should not be true. If the impetus behind an alternative question is to refute the implications of the negative choice, there is no psychological advantage realized if the undesirable (negative) choice reflects the truth. In an actual instance a single mother was interrogated concerning the theft of money from her employer. Factual information suggested that she needed this money to help support and care for her son so the alternative question presented during her interrogation was, "Did you blow this money on drugs or did you take it for your son?" Repeated efforts to encourage the suspect to agree that the money was needed for her son were unsuccessful. Finally, the investigator switched to a different alternative question. He asked, "Have you stolen money from every job you've ever worked, or was this the first job you've taken money from?" At this point she readily agreed that this was the first job in which she had stolen money. Once this initial admission was made, the full truth surfaced. As it turned out the money she stole did not go to her son at all. Rather, it went to buy heroine! Why did the initial alternative question fail to elicit an admission? We believe that the original choice did not emotionally motivate the suspect to refute the implications that the money was stolen to buy drugs (something she knew was true). Once the alternative question addressed something the suspect knew was not true (stealing from every job she has worked) there was an immediate incentive for her to let the investigator know that this was the first job she had stolen money from.

2. The negative choice must appear credible to the suspect. If a suspect is not at all concerned that people may believe the negative alternative, he is certainly unlikely to incriminate himself by accepting the positive choice. As an example, consider a suspect who is being interrogated on the issue of leaving the scene of a fatal accident. During this interrogation a possible alternative questions might be, "Were you paid by someone to strike that woman where you did this out of greed, or did you just leave the scene because you were scared?" Depending on the suspect's background and the circumstances of the crime, the suspect may not be at all concerned about people believing that he was some sort of paid assassin. If a suspect is not concerned that others may believe the negative choice, there is no incentive for him to refute it. Under this circumstance, the suspect is likely to reject both alternative questions and maintain his innocence.

A more productive alternative question to ask in the hit and run case might be, "Were you aiming your car at that lady because you were upset with her, or were you just unable to stop in time because of the dark clothes she was wearing?" The credibility of the negative side of the alternative question could be reinforced by talking about the prevalence of road rage or the effects of alcohol on a person's emotions. If the suspect accents the possibility that others might believe the accident may have been an intentional act of road rage (when in fact it wasn't), he may then be motivated to reject the implications of the negative side of the alternative question, i.e., let the investigator know that he simply was unable to stop his car in time.

3. Accepting either alternative choice must result in an admission of guilt. While the positive side of an alternative question should be attractive to the suspect, the attraction should not be

based on absolving the suspect of criminal responsibility for the crime he committed. It is not difficult to get a suspect to accept the positive side of an alternative question if there are no adverse consequences associated with that choice. The following are examples of improper alternative questions because accepting the positive choice does not represent an admission of guilt. (Notice, also, that the negative choice represents the truth):

"Did you rob that man or do you just know who did?"

"Did you intend to remove that document or did it accidentally end up in your brief case?"

"Did you kill your girl friend, or do you just feel responsible for her death?"

A suspect who acknowledges the positive side of any of the preceding alternative questions has not provided the investigator with any evidence of his guilt. Furthermore, once a suspect accepts a positive alternative question that holds no admission of guilt, the attraction of avoiding consequences for his crime may be so strong that, absent further evidence, it may not be possible to persuade the suspect to tell the complete truth about his crime.

In conclusion, selecting the proper alternative question is an important consideration in developing an interrogation strategy. The impetus for selecting the positive choice comes from the suspect's desire to refute the implications of the negative choice. Because of this, the negative choice should not be the truth, but must be credible in the suspect's mind. Finally, both choices must represent an admission of guilt. An experienced interrogator goes into an interrogation with several possible alternative questions in mind. If the suspect does not relate to the first one presented, the interrogator is mentally prepared to develop and present another alternative question in the effort to learn the truth.

(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".)