

CFE UPDATE

July-August 2005

Chapter Board of Officers

*President: Joseph R. Dervaes, CFE, CIA (360) 710-1545
Vice-Chair of ACFE Board of Directors, 2003 Cressey Fraud Lifetime Achievement Award Winner, ACFE Fellow, Regent Emeritus, and Distinguished Achievement Award Winner for 1995, 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
2002 ACFE Outstanding Achievement in Fraud Education Award Winner, and Distinguished Achievement Award Winner for 1996, Association of Certified Fraud Examiners; 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; Distinguished Achievement Award Winner for 2000; 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) 791-8824; Distinguished Achievement Award Winner for 2004.
bmcbride@dfi.wa.gov, Olympia, Washington*

*Director-At-Large: Robert A. Goehring, CFE, CPA
Audit Manager, City of Kent - Finance Department, (253) 856-5262; Distinguished Achievement Award Nominee for 2005; rgoehring@ci.kent.wa.us, Kent, Washington*

Association and Chapter Fraud Training and Meeting Dates

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

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 B What Can CFEs Do?

September 20, 2005. Joint Chapter and Seattle Chapter/WSCPA two-hour training meeting. The speaker will be Chapter President, Joseph R. Dervaes, CFE, CIA, Audit Manager for Special Investigations, Washington State Auditor=s Office. Joe is the 2003 Cressey Fraud Lifetime Achievement Award Winner, a Member of the ACFE Board of Directors, ACFE Fellow, Regent Emeritus, and Distinguished Achievement Award Winner at the Association of CFEs. The topic will be Accounts Receivable Fraud using a handout from writings in his By-Line Column, Frauds Finer Points, published in The Fraud Magazine. The meeting is held at the Washington Athletic Club in downtown Seattle from 7:30-9:30 a.m. Additional information on registration procedures will be provided as the information becomes available. Some training information may be available at the WSCPA web-site or by contacting them directly by calling 1-800-272-8273 (Bellevue, WA).

October 17-19, 2005. Joint Chapter and Association of CFEs Fraud Training Classes at the DoubleTree Inn Hotel, 18740 International Boulevard; SeaTac (across the street from SeaTac International Airport).

The subject of a one-day class on October 17, 2005, will be Building Your Fraud Examination Practice. The registration fee for this class is \$249 for ACFE Members and \$299 for Non-Members.

The subject of the two-day class on October 18-19, 2005, will be Communicating the Results of Your Fraud Examination. The registration fee for this class is \$595 for ACFE Members and \$695 for Non-Members. There is also a \$95 savings for early registration.

Note: The Association will provide breakfast pastries, lunch, and mid-morning and mid-afternoon refreshments on each of these training days. Speakers are to be announced at a later date. The Chapter Board of Officers will perform registration duties at these training classes.

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](http://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 currently scheduling speakers and topics for the annual fraud conference.

(Confirmed). The speaker for the 8:00 a.m.-10:00 a.m. session will be Ms. Sydney M. Diamond, CFE, CISSP. Sydney is the President of Diamond and Diamond, LLC. The title of her presentation has not yet been decided. But, she specialized in preventing, detecting, and investigating computer fraud. In fact, she's just heading to the publishers with her book on small business security.

(Confirmed). The speaker for the 10:00 a.m. - Noon session will be Mr. Jim Cronin, CFE, MPA. Jim is a Specialized Investigator with Cronin and Associates in Mukilteo, WA. The title of his presentation has not yet been decided. But, Jim has lots of new investigative toys to share with those who attend the Conference. Internet searches are his investigative specialty.

(Confirmed). The speaker for the 1:00-3:00 p.m. session will be Ms. Linda L. Saunders, CFE, CPA, CGFM. Linda is the Owner and Fraud Manager of Forensic Accounting Consultants in Quilcene, WA. She is a former President and current Member of our CFE Chapter. The title of her presentation has not yet been decided. But, she will be presenting a cash disbursements fraud case study at the conference.

(Confirmed). The speakers for the 3:00-5:00 p.m. session will be Ms. Suzanne Sarason and Ms. Leslie Pearsall, 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.

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).

Our host, the State of Washington Housing Finance Commission, controls the conference room where our meetings are held. In February 2005, the Commission revised its security for access to its training room. We are NO LONGER required to sign-in with the receptionist on the 27th Floor to obtain a visitor's badge. Please report directly to the training room on the 28th Floor of the building.

We meet at the training room promptly at 2:30 p.m., hold a 30 minute networking session at 3:30 p.m. in the middle of the class, and then complete all fraud seminars at 4:45 p.m. sharp. The Commission has asked us to depart the training room

promptly because their duty day ends at 5:00 p.m. We appreciate using this fine training facility for our fraud seminars, and respectfully request everyone abide by the Commissions rules.

If you're looking for parking, Special Events parking rates (approximately \$6) usually apply for the parking garage at Benaroya Hall, just two blocks north of the training facility on Second Avenue.

(1) Minutes of Semi-Annual Meeting of the CFE Chapter Board of Officers.

The Chapter Board of Officers held its semi-annual business meeting at the McDonalds Restaurant near SouthCenter Mall in Tukwila prior to the June 29, 2005, annual luncheon business meeting and fraud training seminar (12:00-2:00 p.m.). Present were Joe Dervaes, Norm Gierlasinski, and Roger Gulliver. Bernadette McBride and Robert Goehring was unable to attend the meeting and fraud seminar due to illness and an out-of-town work engagement, respectively. After a call to order by President Joe Dervaes, the following items were discussed and/or acted upon at the meeting:

(a) By unanimous vote, the Board of Officers approved the minutes from its February 23, 2005, meeting.

(b) Recognition of Board of Officer actions that were taken between semi-annual business meetings (February 23, 2005, and June 29, 2005) were as follows:

(1) By unanimous vote on April 26, 2005, the Board of Officers approved a recommendation that the Chapter pay \$500 towards the expenses of Dr. Robert Holtfreter to attend the Annual Fraud Conference in Washington, D.C. during July 2005, so that he might personally receive the ACFE's 2005 Outstanding Achievement in Accounting Award. Dr. Holtfreter can attend the Conference at no cost due to his status as an educator.

(2) By unanimous vote on May 5, 2005, the Board of Officers approved a recommendation that the Chapter support Emily C. Beschen, as our Chapter's primary representative in the ACFE's 2005-2006 Ritchie-Jennings Memorial Scholarships Program. There are 30 scholarships awarded each year for \$1,000 each. If Ms. Beschen wins an ACFE scholarship, the Chapter scholarship of \$500 will not be awarded this year. If Ms. Beschen does not win an ACFE scholarship, she will automatically receive the Chapter scholarship of \$500. Ms. Beschen is a student at Western Washington University. The Board of Officers wishes her great success in the scholarship competition this year.

The Board of Officers confirmed these actions and incorporated them into the minutes of this meeting for reference purposes.

(c) Announcements to be made to the Chapter Membership at the Annual Business Meeting as recommended by the Board of Officers at its February 23, 2005, meeting.

(1) By unanimous vote on February 23, 2005, the Board recommended that Robert A. Goehring, CFE, CPA, Director-At-Large, receive the Chapter's 2005 Distinguished Achievement Award for his outstanding service to the Association, the Chapter, and the community. This recommendation will be presented to the membership for approval at our annual business meeting in June 2005.

(2) Door prizes will be awarded at the annual business meeting (5 gift certificates for \$25 each to Barnes and Noble Bookstores).

(d) There was a continuing discussion about a proposed Chapter Fraud Training Outreach Program into the Community (i.e.; civic organizations, senior citizen groups, AARP, the Attorney General's Office Consumer Protection Division, the Washington State Patrol's Identity Theft Unit, the Washington State Department of Financial Institutions, the Washington Society of Certified Public Accountants, The Internal Revenue Service's VITA Program, etc.). No further action was taken. This item will be tabled to a future meeting.

(e) There was a continuing discussion about speakers at Chapter fraud training events for the remainder of Calendar Year 2005. All speakers have been confirmed for the rest of the year. The Board of Officers will now begin working on speakers for Calendar Year 2006.

(f) The semi-annual business meeting of the Board of Officers was adjourned by Chapter President Joe Dervaes, and members then attended the Chapter Annual Business Luncheon and Fraud Seminar at the Bahama Breeze Restaurant at SouthCenter (Tukwila).

(2) Minutes of the Annual Business Meeting of the CFE Chapter.

The Chapter Board of Officers held its semi-annual business meeting and fraud training seminar at the Bahama Breeze Restaurant at SouthCenter (Tukwila) on June 29, 2005, (12:00-2:00 p.m.). After a call to order by President Joe Dervaes, the following items were discussed and/or acted upon at the meeting:

(a) Based upon a motion by Norm Gierlasinski and a second by Roger Gulliver, the Chapter Membership voted unanimous to accept the Board of Officer's recommendation that Robert A. Goehring, CFE, CPA, Director-At-Large, receive the Chapter's 2005 Distinguished Achievement Award for his outstanding service to the Association, the Chapter, and the community.

(b) The five door prizes (\$25 gift certificates to a local bookstore chain) were awarded to five members on the basis of a drawing using theater-style tickets that were provided to all who attended the meeting.

(c) Other items:

(1) There were 31 individuals present at the meeting representing excellent support of our Chapter's fraud training program.

(2) Dr. Robert Holtfreter was recognized. He will receive the Outstanding Achievement in Accounting Award at the ACFE=s Annual Fraud Conference in Washington, D.C. (July 11-13, 2005).

(3) Dr. Norman Gierlasinski was recognized. He will be our representative at the Chapter Representative=s meeting at the ACFE=s Annual Fraud Conference.

(d) Joe Dervaes was recognized. He will attend the Board of Directors= meeting at the ACFE=s Annual Fraud Conference, along with Marty Biegelman who was not present today.

(d) The Chapter=s annual business meeting was adjourned by Chapter President Joe Dervaes, who then introduced the speaker for the fraud seminar on Money Laundering Prevention provided by Theresa McGill from the Internal Revenue Service.

(3) Association and CFE Chapter Scholarship Programs B We Have Another Winner!

The Association of Certified Fraud Examiners sponsors 30 scholarships of \$1,000 each to deserving students in the accounting, business administration, or criminal justice fields. Each year, the CFE Chapter similarly sponsors two scholarships of \$500 each to these students.

The Association awarded 15 scholarships to international students. There were 28 applications from these overseas areas. The Association awarded 15 scholarships to students from the United States. There were 114 applications from the 50 states.

The CFE Chapter Board of Officers sponsored Emily C. Beschen as our primary representative in the 2005-2006 Ritchie-Jennings Memorial Scholarships Program. She was selected and will receive a \$1,000 scholarship award from the Association soon. Here=s some background information on Emily.

Emily is an absolutely outstanding candidate who has expressed a strong interest in the field of law. She is majoring in Sociology and Psychology at Western Washington University, and will obtain a special emphasis on law and the criminal justice program. Her future goal is to attend law school and become an advocate for privacy rights because she feels that the individual=s rights are being compromised more and more as technology increases while regulations remain the same. She definitely recognizes the need for a high standard of ethics in the professional world and wants to be a player when it comes to making significant changes in this area in the future.

Emily has already experienced the consequences of fraud first-hand in her early adult life. She volunteers 10 hours per week in the Washington State Attorney General=s Office where she acts as a consumer analyst mediating complaints between businesses and consumers. She has recently been assigned to be an outreach coordinator where

she locates local community centers, senior centers, and other groups that may benefit from identity theft education and prevention tips. She has also performed extensive research on policies which attempt to reduce identity theft, especially Washington State Senate Bill Number 1386, which will require all businesses to notify consumers if there has been a breach in their security system and private information may have been compromised.

Congratulations to Emily on her fine professional and educational achievements in life thus far. She has done a fantastic job and represents the youth of tomorrow very well. It is our privilege to sponsor her in these scholarship programs. There were no alternates this year due to the limited number of students who applied for these scholarship programs. Thus, neither of the CFE Chapter=s scholarships will be awarded this year.

(4) Award News from the Association

Dr. Robert E. Holtfreter from the Department of Accounting, School of Business and Economics, Central Washington University, Ellensburg, WA, was awarded the Association of Certified Fraud Examiner=s Outstanding Achievement in Accounting Award@ at the 16th Annual Fraud Conference in Washington, D.C., on Monday, July 11, 2005.

The Outstanding Achievement in Accounting Award is presented to an Association member who has made an outstanding contribution in the field of accounting. The recipient of this award must demonstrate that he or she has participated in a significant fraud investigation, developed and implemented a system of internal controls intended to prevent or deter fraud, or been instrumental in a large monetary recovery from the successful prosecution of a fraud or white-collar crime case.

Dr. Holtfreter is the CWU Distinguished Professor of Accounting and Research at CWU (1993-present), the Grant Thornton Distinguished Professor of accounting at CWU (1983-1989), and won the Washington Society of Certified Public Accountants Outstanding Educator Award (2001-2002). He can now add the ACFE Outstanding Achievement in Accounting Award to his resume.

Congratulations to Dr. Holtfreter on this fine achievement. The Chapter wishes him well in all of his future personal and professional endeavors.

In a note to the CFE Chapter, Dr. Holtfreter wrote:

AMay I extend my sincerest thanks to you for nominating me for the ACFE award. I am honored to have been nominated and an elated about accepting the award at the annual meeting in Washington, D.C. I am also most grateful to you and the other Board Members for providing funding for me to attend the annual meeting and accept the award in person. Your continue support is greatly appreciated.@

(5) Job Opportunity

The Department of Social and Health Services announced a job opportunity for an auditor and consultant in its Administrative Services Division in Lacey, WA paying \$24.90 per hour and closing on August 10, 2005. To apply for this position, interested parties must submit a letter of interest specifically addressing the desirable qualifications listed in this announcement, a current resume, three current employment references (within one year), and the attached Profile Data questionnaire (voluntary). Please send all application materials to: Tori Yarbrough, Human Resource Manager, Department of Social and Health Services, Administrative Services Division, 4500 - 10th Avenue SE (Lacey), P.O. Box 45800, Olympia, WA 98504-5800, Yarbtrl@dshs.wa.gov, Fax: (360) 664-6181.

(6) Other Training Opportunities.

(a) The Oregon Chapter/ACFE announces the following training opportunity:

Operation Fraud B A two-day fraud conference in Portland, OR B September 29-30, 2005. There will be 9 fraud professionals presenting material in their particular areas of expertise.

Please visit the Oregon Chapter=s web-site for a complete listing of all fraud training offerings at: www.oregon-acfe.org.

(b) The Puget Sound Chapter/IIA announces the following training opportunities:

July 20-21	Accounting for Internal Auditors: Introduction
July 25-28	Accounting for Internal Auditors: Intermediate
July 28-29	Entry Level Audit Training
Sept 6-7	COSO Based internal Auditing with Jim Roth
Sept 8-9	COSO=s ERM Framework: A Practical Approach with Jim Roth

Also coming this Fall:

Tips and Tricks for Studying and Taking the CIA Exam
CIA Study Sessions
Skills for the New Auditor-In-Charge
ACL Fraud

For additional information, contact the Puget Sound Chapter/IIA at (260) 947-8769 or at www.pugetsoundiia@earthlink.net.

**PACIFIC NORTHWEST CHAPTER
ASSOCIATION OF CERTIFIED FRAUD EXAMINERS
(August 31, 2005)**

SEMINAR TOPIC: SELLING FRAUD PREVENTION BY PERSUASION B WHAT CAN CFEs DO?

If the facts spoke for themselves, fraud prevention programs would be universal. They are not. Therefore, something is missing √ the moral imperative to take action. The speaker will provide attendees with some tools that can be used to help make fraud prevention a moral imperative. The content integrates negotiation, coaching, sales, and interrogation techniques.

SPEAKER: FRANK WALKER, CFE, PI, CEC, CBC, BSBE

Frank began his professional career in advertising and all forms of responsible commercial persuasion in 1973 with the Leo Burnett Agency in Chicago where he was in the research and creative departments. In 1979, he left for Young and Rubicam in New York where he was a vice-president and marketing manager for all of its U.S. agencies in all disciplines.

In 1990, he started his own consulting practice and moved to Seattle. In the early 1990=s, he became a business and executive coach with credentialing from the NABC (now the WABC).

He is a graduate of the Harvard program on negotiation and the Sandler school of sales training. He has also taken course from Don Rabon on interviewing techniques. Frank is now a CFE and a PI in private practice, and is a Chapter Member.

His 20+ years in commercial persuasion plus his other training and experience makes him uniquely qualified to help us all become what in effect are sales people, selling fraud prevention to management.

DATE: August 31, 2005 **TIME:** 2:30 B 4:45 p.m. **CPE:** Two Hours CPE Credit

Location of Training Facility and Parking: 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). If you=re looking for parking, Special Events parking rates (\$6) apply for the parking garage at Benaroya Hall, just two blocks north of the training facility on Second Avenue.

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 (August 31, 2005 @ 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. Or, bring your registration form and payment to the Seminar for processing.

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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. Check out our web-site at: www.fraud-examiners.org.