

CFE UPDATE  
July-August 2007

Chapter Board of Officers

President: Joseph R. Dervaes, CFE, CIA (253) 884-9303.

Vice-Chair of ACFE Foundation Board of Directors, 2003 Cressey Fraud Lifetime Achievement Award Winner, ACFE Fellow, Regent Emeritus, prior member of the Board of Review, Chapter Distinguished Achievement Award Winner for 1995, and ACFE 2007 Award Winner for Achievement in Community Outreach and Service, Association of Certified Fraud Examiners; Founding President, Librarian, and WebMaster, Pacific Northwest Chapter/ACFE. [joeandpeggydervaes@centurytel.net](mailto:joeandpeggydervaes@centurytel.net); Vaughn, Washington, Retired.

Vice-President and Training Director: Norman J. Gierlasinski, PhD, CFE, CPA, CIA. 2002 ACFE Outstanding Achievement in Anti-Fraud Education Award Winner, and the Chapter Distinguished Achievement Award Winner for 1996, Association of Certified Fraud Examiners; Professor of Accounting, Central Washington University (Des Moines Center) (206) 439-3800, Extension 3825. [normang@cwu.edu](mailto:normang@cwu.edu); Des Moines, Washington.

Secretary-Treasurer: Roger B. Gulliver, CFE, CPA, CISA, CBA. President, Gulliver and Associates PS (253) 735-2392; the Chapter Distinguished Achievement Award Winner for 2000; [rbg1@mindspring.com](mailto: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; the Chapter Distinguished Achievement Award Winner for 2004. [bmcbride@dfi.wa.gov](mailto:bmcbride@dfi.wa.gov); Olympia, Washington

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

The Pacific Northwest Chapter was the ACFE's CFE Chapter of the Year Award Winner for 2006. What a magnificent achievement! Congratulations and thanks go to all who have played a part in helping to develop the Chapter over the years. Great job!

Be sure to mark the following calendar year 2007 fraud training meetings on your personal schedule and plan to attend.

August 29, 2007 (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.

Chapter Member and Board of Officers Director-At-large Bernadette McBride, CFE, CPA, will speak on the topic of “Crash of a Credit Union”. This is a real life case study about how greed and fraud at the top of the organization led to the collapse of a local credit union. Bernadette has first-hand experience with this case, and the presentation should be exciting. Bernadette currently works as a Senior Financial Examiner for the Securities Division of the Washington State Department of Financial Institutions.

October 17-19, 2007 (Wednesday-Friday). Joint Chapter and Association of CFEs Fraud Training Classes at the Doubletree Hotel, 18740 International Boulevard; SeaTac (across the street from SeaTac International Airport), (206) 246-8600. There is an \$8 (estimated) 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 7:30 a.m. The class begins at 8:00 a.m. and ends at 4:25 p.m. each day. Register directly with the ACFE by calling 1-800-245-3321 (Austin, TX), or by accessing the Association's web-site at [www.ACFE.com](http://www.ACFE.com). The class includes 16 hours of continuing professional education credit. You must contact the ACFE to actually register for this class. Ask for Diane Lloyd, Events Registrar ([dlloyd@ACFE.com](mailto:dlloyd@ACFE.com)).

(a) October 17, 2007. The topic for this one-day fraud class is Investigating Conflicts of Interest. The speaker for this class has not yet been announced by ACFE. The registration fee for attending this training class is \$249 for ACFE members and \$299 for non-members (all fees are estimated).

Conflict of interest can present significant fraud allegations for corporations, government agencies, fiduciaries, customers and suppliers. It is also one of the most difficult areas of fraud to investigate and obtain adequate evidence. Improper investigations can create counterclaims and civil actions against organizations and fraud examiners. In this class, participants will gain an understanding of how and why conflicts arise and how to spot warning signs of conflicts of interest, plus leave with an understanding of issues specific to these types of engagements.

(b) October 18-19, 2007. The topic for this two-day fraud class is Professional interviewing Skills. The speaker for this class has not yet been announced by ACFE. The registration fee for attending this training class is \$595 for ACFE members and \$695 for non-members (all fees are estimated).

What are people hiding from you? Criminals, clients, customers, and even colleagues may each be hiding something from you. This class will teach participants how to be more effective in asking questions and evaluating responses so that they can better detect lies and deception from everyone they interview. Even experienced professionals will improve their interviewing skills with this renowned course.

Note: The Association will provide breakfast pastries and mid-morning and mid-afternoon refreshments on all three days of these training classes. The Association will provide lunch only on the first day of the two-day training class. Attendees will be on their own for lunch for the one-day training class and for the second day of the two-day training class. For Members of the Pacific Northwest Chapter/ACFE, the Chapter will sponsor your lunch on the days when ACFE does not provide this service. The Chapter Board of Officers will assist with registration duties for this class.

December 3, 2007 (Monday). Joint Chapter/WSCPA=s 11<sup>th</sup> Annual Fraud Conference at the SeaTac Marriott Hotel; 3201 South 176<sup>th</sup> Street, SeaTac (across the street and up the hill a short distance from SeaTac International Airport). The registration fee for members of the WSCPA and the Pacific Northwest Chapter is \$195 (estimated) for this conference. There is also an \$8 (estimated) 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 7:30 a.m. The conference begins at 8:00 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 Rachel Ingalls, Conference Administrator.

There will be four sessions at the annual fraud conference, each lasting two hours. Confirmed information is as follows:

Session #1 (8:00 – 10:00 a.m.). The *Washington State Attorney General's Office, Consumer Protection Division*, will provide a panel discussion with four speakers and topics. They are: (a) Shannon Smith – issues of privacy and data security; (b) Rebecca Henderson – computer forensic investigations and technology trends and changes; (c) Becky Sears – computer fraud and identity theft education and outreach, general trends and statistics related to these issues; and, (d) Katherine Tassi – the Attorney General's Office litigation and enforcement efforts with respect to Internet fraud and spyware, as well as some enforcement actions throughout the United States.

Session #2 (10:00 a.m. – Noon). Chapter Member Guido Van Drunen will speak on the topic of *Traveling in Style on Your Company's Nickle*. He will also be presenting this seminar at the ACFE Annual Fraud Conference and Exhibition in Orlando, FL in July 2007. Travel fraud is always an interesting topic and has broad application to attendees who perform accounting services for others because this type of fraud occurs in all industries and organizations.

Session #3 (1:00-3:00 p.m.) Chapter Member Ken Wilson will speak on the topic of The Dental Queen. He will focus on the reasons why the group of dentists in an Olympia Dental Clinic could have detected this \$1.9 million fraud over a 6.5 year period of time, but didn't. The bookkeeper (10 years) and her husband (17 months) will be sentenced in May 2007 under a preliminary plea bargaining agreement with the Thurston County prosecuting Attorney's Office. Ken Wilson performed the investigation for this disbursement fraud for the prosecutor. The bookkeeper spent \$200,000 on clothers, \$100,000 at restaurants, \$185,000 on hotels, \$74,000 on airline tickets, and \$32,000 at Starbucks. She forged company checks to pay off credit cards for herself and her husband and laundered some of the money through her husband's business. The couple also owned a boat, personal watercraft, expensive jewelry, and a BMW with a vanity license plate that read "Envy Us". This case was included in a new ACFE book published in July 2007 by John Wiley and Sons, Inc. The book includes fraud case studies from 62 authors who are members of the ACFE, and is entitled *Fraud Casebook: Lessons from the Bad Side of Business*.

Session #4 (3:00-5:00 p.m.). Chapter Member Gayle Seyl will speak on the topic of *Why Healthcare Fraud is So Rewarding*. She will focus on the perceived benefits to the provider, patient, and payer, as well as the economic costs of healthcare fraud to society. Actual fraud case studies will illustrate the key learning objectives for this session. This seminar topic will have board application to attendees who specialize in performing accounting services for all types of health care providers.

President Joe Dervaes and Vice-President Norm Gierlasinski will co-chair 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).

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 27<sup>th</sup> Floor to obtain a visitor=s badge. Please report directly to the training room on the 28<sup>th</sup> 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.

### (1) Links to ACFE and Chapters

The Board of Officers has identified the following CFE Chapter web-sites that may be useful to our Members. Here they are:

Association of Certified Fraud Examiners B [www.ACFE.com](http://www.ACFE.com)  
Pacific Northwest Chapter/ACFE B [www.fraud-examiners.org](http://www.fraud-examiners.org)  
Oregon Chapter/ACFE B [www.oregon-acfe.org](http://www.oregon-acfe.org)  
Spokane Chapter/ACFE B [www.spokanefraud.org](http://www.spokanefraud.org)  
Vancouver, B.C., Canada Chapter/ACFE B [www.cfevancouver@yahoo.cca](mailto:www.cfevancouver@yahoo.cca)

### (2) Additional Fraud Links

The Board of Officers provides the following additional links to its Chapter Members as a public service. Here are just a few of them:

Complaints about Internet Fraud may be filed with the Internet Fraud Complaint Center ([www.ifccfbi.gov](http://www.ifccfbi.gov)).

Complaints about e-mail and mail fraud may be filed with the U.S. Postal Inspection Service ([www.usps.gov/postalinspectors](http://www.usps.gov/postalinspectors)). The primary use is for Nigerian (and other African countries) fraud e-mails or letters that are received. PS Form 8165 (Mail Fraud Report) lists many other uses as well. This form may be downloaded and then mailed to the U.S. Postal Inspection Service to file a complaint and submit the fraudulent document received. The mailing address is U.S. Postal Inspection Service, Inspection Service Support Group, 222 South Riverside Plaza, Suite 1250, Chicago, IL 60606-6100.

The U.S. Postal Inspection Service web-site lists additional links to the The Chamber of Commerce and the Better Business Bureau ([www.bbb.org](http://www.bbb.org)), county or state Office of Consumer Affairs. In this state, that=s the Washington Attorney General=s Consumer Protection Division at [www.wa.gov/ago](http://www.wa.gov/ago), or nationally at [www.naag.org](http://www.naag.org). The Federal Trade Commission can be reached at [www.ftc.gov](http://www.ftc.gov).

Identity Theft links are at the Identity Theft Unit sponsored by the Washington State Patrol and the Washington State Department of Licensing at [www.dol.wa.gov](http://www.dol.wa.gov); [www.idtheftcenter.org](http://www.idtheftcenter.org); [www.consumersunion.org](http://www.consumersunion.org); and [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft).

John E. Reid and Associates, Inc. (Fraud Interview Training), Chicago, IL, [www.reid.com](http://www.reid.com). The Reid Preferred Group of Associations (RPGA) number for the Pacific Northwest Chapter/ACFE is A20-049. The RPGA number must be shown on the registration form in order to receive a discount on seminar registrations or to purchase products.

### (3) Minutes from Chapter Board of Officers Meeting – June 27, 2007

(a) Call to Order. President Joe Dervaes called the semi-annual meeting for June 27, 2007, to order at 10:15 a.m. at the MacDonalds Restaurant in Tukwila near our training site for the day. Present were Board of Officer members: Joe Dervaes, Norm Gierlasinski; Roger Gulliver; and, Robert Goehring. Bernadette McBride was absent due to a work commitment.

(b) Minutes. The Board of Officers unanimously approved the meeting minutes for the semi-annual meeting held in Seattle on February 28, 2007.

(c) Old Business. There was no old business. All items from prior meetings have been completed and there are no open action items to be dealt with at this time.

(d) New Business.

(1) The Board of Officers authorized President Joe Dervaes and/or Vice-President Norm Gierlasinski needs to contact the Washington Society of CPAs about the financial arrangements for our future joint Annual Fraud Conferences. Since the WSCPA keeps the majority of the proceeds from this event, we need an alternative way to increase the CFE Chapter's proceeds. Average proceeds have been only about \$150 each year. The Chapter will ask the WSCPA to add \$10 to the Conference registration fee for every attendee, regardless their status as a CFE or CPA, beginning with the 2008 Annual Fraud Conference. The WSCPA will collect these funds and remit them to the CFE Chapter upon completion of the Conference. This \$10 fee per attendee will be in addition to any other proceeds from the Conference as determined by the WSCPA's financial model for the event. The Board of Officers unanimously approved this action.

(2) The Chapter needs to award its student scholarship for 2007. Our Chapter's primary representative to the ACFE (Brianna Herington) won a \$1,000 student scholarship from the ACFE. This award will be announced after approval by the ACFE Foundation Board of Directors on July 15, 2007. The two Chapter student scholarships will be awarded to Emily Beschen and Matthew Overfield. Emily previously won an ACFE scholarship as an under-graduate student at WWU in 2005. She graduated from WWU and will be attending Lewis and Clark Law School in Portland, OR. Matthew Overfield applied directly to the ACFE for a student scholarship, but was not an award winner. He has a 4.0 grade point average in Accounting from St. Martins College. The Board of Officers unanimously approved the award of a \$500 scholarship to Emily Beschen and Matthew Overfield, authorized Treasurer Roger Gulliver to disburse the funds from the Chapter treasury, and authorized President Joe Dervaes to write a letter to each student congratulating them on the award of the scholarship and their fine academic achievements after July 15, 2007, the date the ACFE makes its announcement about student scholarship award winners.

(3) There will be a Webmaster change after our annual luncheon business meeting today. Member Kent Hansen will be transferring this duty to President Joe Dervaes. He will also be donating the necessary software to the CFE Chapter so that we can continue to appropriately maintain the web-site and distribute the bi-monthly CFE Chapter

newsletter. We need to thank Kent for his prior work as Webmaster and for his tax deductible donation of the computer software so that we can maintain the web-site in the future. The Board of Officers unanimously approved that President Joe Dervaes write this letter as well as any costs associated with making this change.

(4) The Chapter has been asked to partner with Seattle Secure World for its October 2007 information technology Conference. There would be a group discount for members who attend the Conference and a potential for a Chapter representative to speak at the Conference. After discussing this matter, and after considering the Chapter's prior decisions not to link or partner with other organizations for such purposes, the Board of Officers unanimously authorized President Joe Dervaes to contact this organization to advise them that we would be pleased to advertise the Conference, but that we would not partner with them in this effort.

(5) All fraud seminar and conference speakers have been confirmed for our training schedule for the rest of calendar year 2007. The Board needs to begin preliminary planning for speakers for the 2008 season now, particularly the February 27, 2008, fraud seminar in downtown Seattle since we will not have another Board meeting until that time. The Board discussed its initial plans to fill these vacancies and will be working throughout the year to complete the training schedule. No action was necessary at this time.

(e) Adjournment. There being no further items of business to discuss, the semi-annual Board meeting was adjourned at 11:15 a.m. by President Joe Dervaes, and the Members then attended the annual business meeting and fraud training seminar at Noon at the Bahama Breeze Restaurant in Tukwila.

(4) Minutes from Annual Membership Meeting – June 27, 2007

(a) Call to Order. President Joe Dervaes called the annual business meeting for June 27 28, 2007, to order at 12:45 p.m. at the Bahama Breeze Restaurant in Tukwila.

(b) Old Business. There was no old business. All items from prior meetings have been completed and there are no open action items to be dealt with at this time.

(c) New Business.

(1) Information Items. The Board of Officers reports the following major items of business for information to the Membership.

(a) President Joe Dervaes was selected as the winner of the ACFE's Achievement in Outreach/Community Service Award (2007). He will receive the award at the Annual Fraud Conference in Orlando, FL on July 17, 2007.

(b) Vice-President Norm Gierlasinski will be our Chapter Representative for the annual meeting held in conjunction with the 18<sup>th</sup> Annual Fraud Conference and Exhibition in

Orlando, FL on July 15, 2007. The Chapter will pay not more than \$500 towards his travel expenses while attending the meeting at the Conference. He will prepare a report of the meeting after the Conference that will be published in a future Chapter newsletter.

(c) The Chapter purchased a new DVD player for our TV set-up in the downtown Seattle training room. It is currently on site at that location.

(d) There will be a Webmaster change after today's meeting. Member Kent Hansen will be transferring these duties to President Joe Dervaes. He will also be donating the related software to the Chapter so that we can continue to maintain the web-site and distribute the newsletter as we have in the past.

(e) All fraud seminar and conference speakers have been confirmed for our training schedule for the rest of calendar year 2007. The Board of Officers is currently working on speakers and topics for our calendar year 2008 training schedule.

(2) Action Items. The Board of Officers reports the following major items of business for action by the Membership.

(a) The Chapter Board of Officers has selected Member Dale Bonn as the CFE Chapter's Distinguished Achievement Award winner for 2007. President Joe Dervaes will submit the nomination package to ACFE in Fall 2007. The Board requests the Membership to approve this action today. The motion was made, seconded, and approved by unanimous voice vote of the members present at the meeting.

(b) The Chapter's primary representative for the ACFE Scholarship Program, Briana Herington from the main campus of Central Washington University, won a \$1,000 scholarship for 2007. This award will be announced after the ACFE Foundation Board of Directors approves the 30 scholarships at its meeting on July 15, 2007, held in conjunction with the Annual Fraud Conference in Orlando, FL. The Board of Officers selected Emily Bechen and Matthew Overfield to receive one of the Chapter's student scholarships of \$500 each for 2007. Emily won an ACFE \$1,000 scholarship in 2005 for her under-graduate work at WWU. This award will be for her law degree program at Lewis and Clark Law School in Portland, OR. Matthew Overfield applied directly to the ACFE for a scholarship but was not an award winner. He has a 4.0 grade point average in Accounting from St. Martins College. The Board requests the Membership to approve this action today. President Joe Dervaes will write a letter to the scholarship winner. The motion was made, seconded, and approved by unanimous voice vote of the members present at the meeting.

(c) Other. A drawing was held to select the winners of the five door prizes previously authorized by the Board of Officers. Each prize is a \$25 gift certificate to a local book store. The winners of the five door prizes were as follows: Deborah Mitchell, Jill Kirshaw, John Steinhoff, Roger Gulliver, and George Burten.

(d) Adjournment. The annual business meeting was adjourned at 1:00 p.m. by President Joe Dervaes, and the Members then attended the fraud training seminar scheduled at the Bahama Breeze Restaurant in Tukwila.

(5) Additional Fraud Training Opportunities

(a) The Spokane Chapter/ACFE announces the speakers and topics for its two-day Annual Fraud Conference (October 18-19, 2007) to be held at the Mukogawa Fort Wright Institute Commons Building which is near the Spokane Airport. Details follow:

Brian Eckersley, Spokane Police Department. He will speak on the topic of Appropriate Techniques for Conducting and Interview or Interrogation in Any Situation.

Sam E. Antar, former CPA and former Chief Financial Officer of Crazy Eddie, Incorporated. During the 1980's, Sam and his cousin Eddie Antar and uncle Sam M. Antar (co-founders of the company) helped mastermind one of the largest securities frauds of its time. The topic is Inside the Mind of an Economic Predator.

Brock Phillips, CFE, CPA, Forensic Accounting Manager from Microsoft Corporation's Financial Integrity Unit, Redmond, WA. His unit is housed within the Internal Audit Department, and is comprised of a team of investigators responsible for the prevention, detection, and investigation of both internal and external fraud. His topic is employee Frauds.

Ed Hewitt, CFE and owner of Financial Safeguards LLC. His topic is real estate fraud.

Gene Ferraro, CFE, PCI, CPP, President and CEO of Business Controls, Incorporated in Littleton, CO, and ACFE faculty member. His topic is How to Conduct Proper and Ethical Investigations. Mr. Ferraro is a published author and speaks frequently on the topics of workplace investigations and crime in the workplace.

The Securities Division of the Washington State Department of Financial Institutions will make a presentation on the topic of Investment and Securities Fraud.

There will be a panel discussion by Kirk Kimberly, Dick Sayre, Patrick Johnson, and Larry Carlier on the topic of Financial Exploitation of Vulnerable Adults.

Additional details about the Spokane Chapter's Annual Fraud Conference can be obtained from its web-site at [www.spokane-fraud.org](http://www.spokane-fraud.org). Or, contact Marie Rice, CFE, CICA, Griffiths, Dreher, & Evans, PS directly at (509) 326-4054, [marie@grifco.com](mailto:marie@grifco.com). There is 16 hours of Continuing Education Credit possible for attending all of this two-day fraud conference.

(b) John E. Reid and Associates, Incorporated from Chicago, IL announces that it will be presenting its 3-Day Interview and Interrogation and 1-Day Advanced Seminar on *The Reid Technique of Interviewing and Interrogation* in Lynnwood (Seattle area) WA at the

Lynnwood Convention Center during the period July 31 – August 3, 2007. Registration for these training classes must be arranged directly with the course sponsor. Contact them at 1-800-255-5747, extension 24. Additional information can also be obtained by visiting their website at [www.reid.com](http://www.reid.com).

The normal fee for the 3-Day Seminar is \$575 per person and \$775 for the full 4-Day Program. As a participant in the Reid Preferred Group of Associations members of the Pacific Northwest Chapter/ACFE can attend the 3-Day Seminar for the reduced fee of \$420 per person - a savings of \$155 per person, or \$550 for the full 4-Day Program – a savings of \$225. The Reid Preferred Group of Associations (RPGA) number for the Pacific Northwest Chapter/ACFE is A20-049. The RPGA number must be shown on the registration form in order to receive a discount on seminar registrations or to purchase products.

(c) The Institute of Internal Auditors announces that it will be presenting its 4-Day 2007 Western Regional conference, The Evolution of Progressive Auditing, at the Portland Hilton Hotel in Portland, OR during the period August 19-22, 2007. The Conference will include a track specifically on the topic of Fraud. Registration for these training classes must be arranged directly with the course sponsor. You can see further details about this conference at <http://www.2007iawrc.com>.

#### (6) Change in ACFE Membership Dues

On July 3, 2007, Jeff Kubiszyn, Chapter Development Manager, made the following announcement about a change in ACFE membership dues. His message is quoted below:

“I would like to share with you some information about the recent change in ACFE dues. The paragraph below explains the reason for the increase in the event you are asked about it by members in your chapter.

As you know, ACFE works hard to provide our members with world-class information and member benefits that are unmatched in the anti-fraud community. We also strive to keep our prices for services and training as low as possible in order to give you the best value possible for your training dollar. As a part of our commitment to keeping prices low, we have not raised associate membership dues since 1996. However, in order to keep pace with our members’ needs and the rate of inflation over the last eleven years, associate membership dues will increase to \$125.00 effective July 1, 2007. And CFE Membership dues will increase to \$150 Canada. This increase will be used to support important investments in new technology and programs to aid in serving you and the profession. These are essential for the ACFE to continue to be a world-class professional association long into the future.

The ACFE is committed to supporting the profession and educating the professional in the global fight against fraud. If you have any questions about your membership please feel free to call Member Services at (800) 245-3321 / +1 (512) 478-9000 or email [memberservices@ACFE.com](mailto:memberservices@ACFE.com).”

## (7) Chapter Members in the News

(a) Chapter President Joe Dervaes received the ACFE's 2007 Award for Achievement in Outreach and Community Service at the 18<sup>th</sup> Annual Fraud Conference and Exhibition at Walt Disney World in Orlando, FL on July 17, 2007. The ACFE believes strongly that members should be active members of their community and committed to helping improve the quality of life where they live and work. This commitment can be fulfilled through volunteerism and community partnerships. The Outreach and Community Service Award is presented to an ACFE member that has made an outstanding contribution in their community. The nominee must demonstrate having been an active volunteer in community projects that have resulted in a recognized improvement of a community. The nominee should also be active in their local chapter, college, or university.

Joe's nomination package cited his volunteer and community service in many areas, including:

(1) The ACFE. Joe is a Regent Emeritus, ACFE Fellow, prior member of the ACFE Board of Review, prior adjunct faculty member, and Vice-Chair of the ACFE Foundation Board of Directors. His duty and service on the Foundation Board is the highest position any Certified Fraud Examiner may hold in the fraud profession. He drafted the material for the ACFE Foundation web-site in 2006. It highlights the Foundation's annual student scholarship program for candidates majoring in accounting or criminal justice programs at institutions of higher learning throughout the world. In 2003, he received the ACFE's coveted Donald R. Cressey Award, a lifetime achievement award for fraud deterrence, detection, and education. This is the top fraud award in the world and is similar to the Pulitzer Prize in Journalism. He also authors a by-line column on Frauds Finer Points in every issue of *Fraud Magazine*, the ACFE's international journal, including six installments of a series of articles on Cash Larceny in 2006. Two ACFE Fellow thesis documents (both fraud manuals) are available to members only at the ACFE web-site at: [www.ACFE.com](http://www.ACFE.com). He was one of 62 authors of fraud case studies that were published by the ACFE in July 2007 entitled *Fraud Casebook: Lessons From the Bad Side of Business*. The book is composed of 62 fraud cases written by CFEs and handpicked by Joseph T. Wells, founder and chairman of the ACFE. Each case provides a real world example and entertaining look into the complex social factors behind fraudulent behavior. Joe's case study is entitled: "These Weights Didn't measure Up!" It describes a fraud case involving a freight vendor who submitted false invoices to the Washington State Liquor Control Board and up until recently represented the largest fraud case in the state's history. The vendor falsely billed the agency for \$839,796.90 in services that were not performed during a three-year period. The irregularities involved inflated weights on legitimate deliveries, deliveries that did not occur, and double billings.

(2) The Pacific Northwest Chapter/ACFE. Joe is the current and founding Chapter President and member of the Scholarship Committee. He has served on the Board of Officers since the Chapter was organized in 1993, and his fraud training manual entitled *Fraud Detection and Development* is posted on the Chapter's web-site at:

examiners.org. He is the editor of the Chapter's bi-monthly newsletter and serves as Chapter Librarian and WebMaster. He also maintains all of the Chapter's administrative files and responds to all Chapter inquiries from citizens. All of these activities contributed to the Pacific Northwest Chapter/ACFE being recognized by the ACFE as the CFE Chapter of the Year Award winner in 2006.

(3) The SOX Institute. Joe is a member of the advisory committee of the SOX Institute Board of Directors. The Institute is the global leader in Sarbanes-Oxley training and certifications. Congressman Oxley, Chairman of the House Committee on Financial Services, was one of the authors of the Sarbanes-Oxley Act and is the honorary chairperson of the Institute. Joe's area of expertise is to advise the Institute about the area of Chapter operations.

(4) The State of Washington. Joe has made fraud education for citizens, finance officers in government, and professional associations his mission in life. This is his passion. Prior to his retirement on July 31, 2006, Joe presented fraud seminars on various topics and of various lengths to state agencies, local governments, and professional associations during his two decades of service as Audit Manager for Special Investigations for the Washington State Auditor's Office. During his tenure with the agency, he monitored all fraud audits throughout the state and participated in the investigation of over 730 fraud cases involving losses of over \$13 million in the past 20 years. He spoke about the topic of fraud about once a week, every week, every year helping to educate leaders in state and local government about the importance of internal controls and the risk of fraud. He also made similar presentations to other CFE Chapters throughout the United States and Canada. In 2006, his public service and fraud educational contributions were recognized by the Washington Finance Officers Association upon his retirement after 42.5 years of audit service with the award of an Honorary Lifetime Membership in the Association. He is one of only a few of the rank and file members of this Association that have ever been granted this prestigious award.

(5) Historic Vaughn Bay Church. Joe is the registered agent, treasurer, a trustee, and worship service leader for this church in his community of Vaughn and has served in these capacities since 1999. He is responsible for maintaining all accounting records and making all financial reports for this organization.

(6) Vaughn Bay Cemetery Association. Joe is the President of this private non-profit, non-endowment organization and has served on its Board of Directors for over 20 years. He maintains many of the association's official records, is the editor of the annual newsletter to members, and performs burial services for a number of cremation burials each year as a community service to the members. He also raises and lowers the U.S. and State of Washington flags at the cemetery on national holidays, and places over 160 miniature U.S. flags on the graves of veterans buried at the cemetery for the Memorial Day weekend each year. This cemetery in his community of Vaughn is one of the best maintained cemeteries in the area and annually hosts the "Aisle of Honor" sponsored by Key Peninsula Veterans Institute, a group dedicated to honoring our nation's veterans. The Institute and Cemetery Board jointly constructed the only Veteran's Memorial on the

Key Peninsula a few years ago. Memorial Day activities at the Cemetery include a Veterans Memorial Service and the flying of approximately 280 5'x9' casket-size flags for veterans. They are truly a sight to behold blowing in the wind. The Institute recognized the Cemetery Board of Directors for its service to the community during 2006.

Please join the Chapter Board of Officers in congratulating President Joe Dervaes on this fine professional achievement. Keep up the great work Joe!

(b) Chapter President Joe Dervaes also recently received a special award sponsored jointly by the Association of Public Treasurers of the United States and Canada and the Washington Municipal Treasurers' Association on Saturday. Kris Tompkins, Treasurer, City of Port Orchard, hosted a barbeque for about 30 municipal finance officers at her lake property in Mason County for the informal event on Saturday July 7, 2007. In 2005, Joe Dervaes authored a fraud manual that is now used as the source of all fraud training offered by the APT. It's entitled: "Stop That Fraud – The Public Treasurers' Handbook on Fraud Deterrence and Detection". Stacey Crane, Executive Director of APT was also on-hand for the festivities. Kris and Stacey presented Joe with a framed cover of the fraud manual, personally autographed by each, with the following personalized inscription: "Our thanks to you for this amazing contribution!" What a nice surprise. Joe has supported both of these organizations with fraud training for many years.

Please join the Chapter Board of Officers in congratulating Chapter President Joe Dervaes on this special award from the APT (US&C) and the WMTA. Keep up the great work Joe!

(c) Chapter Member John J. Tollefsen, CFE, JD, Tollefsen Law Office, will be the featured speaker at the Oregon Chapter/ACFE's fraud seminar meeting on September 13, 2007, at 11:30 a.m. His topic will be *Civil Fraud: A Case Study*. Congratulations John for representing our Chapter so well.

#### (8) Chapter Member Seeking Employment

Chapter Member David A. Hughes, CFE, is seeking employment. David has a B.A. Degree from Chaminade University of Honolulu, Hawaii, and passed the CFE Examination in 2006. He retired from the U.S. Customs Service and Department of Homeland Security in 2006 with approximately 29 years of service as a federal law enforcement officer/investigator, including the past 24 years as an investigator. In this capacity, he has both conducted investigations and supervised a staff responsible for conducting a wide variety of criminal and internal criminal/administrative investigations. These include internal affairs investigations, money laundering, currency smuggling, narcotics trafficking, immigration violations, and fraud. He has also prepared threat assessments and crisis management plans. David is well versed in all aspects of investigations, including court testimony. He has extensive training in the field, including attending the John Reid & Associates Basic and advanced Interviewing and Interrogation classes.

If you, or someone you know, are aware of any job openings in your organization or elsewhere that require David's extensive investigative experience, please contact him directly at [dasutyni@comcast.net](mailto:dasutyni@comcast.net). He currently lives in Lynnwood. Thanks.

(9) Additional Fraud Training Opportunities

(a) The Institute of Internal Auditors announces that it will be presenting its 2007 Western Regional Conference in Portland, OR during the period August 19-22, 2007. The conference includes a track specifically on the topic of fraud. If interested, obtain further details from their web-site at <http://www.2007iiaawrc.com/>. As of July 26, 2007, the conference has the capacity for approximately 50-75 more attendees (total expected attendance 275-300), and there are still some special rate hotel rooms available at the Portland Hilton for attendees traveling from out of town.

(b) John E. Reid and Associates, Incorporated from Chicago, IL announces that it will be presenting its 3-Day Interview and Interrogation and 1-Day Advanced Seminar on *The Reid Technique of Interviewing and Interrogation* in Portland, OR at the Governor Hotel during the period September 5-7, 2007. Registration for these training classes must be arranged directly with the course sponsor. Contact them at 1-800-255-5747, extension 24. Additional information can also be obtained by visiting their website at [www.reid.com](http://www.reid.com). The normal fee for the 3-Day Seminar is \$575 per person. As a participant in the Reid Preferred Group of Associations members of the Pacific Northwest Chapter/ACFE can attend the 3-Day Seminar for the reduced fee of \$420 per person - a savings of \$155 per person. The Reid Preferred Group of Associations (RPGA) number for the Pacific Northwest Chapter/ACFE is A20-049. The RPGA number must be shown on the registration form in order to receive a discount on seminar registrations or to purchase products.

(c) The 2007 Financial Crimes and Digital Evidence Conference will be held at the Valley River Inn in Eugene, OR during the period September 11-13, 2007. This Conference is sponsored by the Federal Bureau of Investigation, the U.S. Postal Inspection Service, the U.S. Attorneys Office, and various Oregon agencies. Please contact Linda Hawkins at: [lhawkins@portlandpolice.org](mailto:lhawkins@portlandpolice.org) or (503) 832-0539 for further information.

(d) Chapter Member John J. Tollefsen, CFE, JD, Tollefsen Law Office, will be the featured speaker at the Oregon Chapter/ACFE's fraud seminar meeting on September 13, 2007, at 11:30 a.m. in Portland, OR. His topic will be *Civil Fraud: A Case Study*. Please contact the Oregon Chapter/ACFE directly for additional information. The Chapter can be reached at: [www.oregon-acfe.org](http://www.oregon-acfe.org).

(e) The Oregon Chapter of the International Association of Special Investigation Units announces its annual Insurance Fraud Conference and Expo at the McMenamins Kennedy School in Portland, OR on October 3, 2007. Please contact the organization at: <http://www.or-iasiu.org/training> for further information.

(f) The Northwest Fraud Investigator's Association announces its Fall 2007 Conference in Richland, WA during the period October 10-12, 2007. The title of the Conference is Deception Detection. Please contact the organization at: <http://www.nwfia.org/righlandconferenceregistration> package for additional information.

(g) The Oregon Chapter/ACFE announces its October 13, 2007, chapter luncheon fraud meeting on October 13, 2007, at 11:30 a.m. in Portland, OR. The speaker will be David W. Simpson, Director of Security, Nike Incorporated, and his topic will be *Trademark Fraud*. Please contact the Oregon Chapter/ACFE directly for additional information. The Chapter can be reached at: [www.oregon-acfe.org](http://www.oregon-acfe.org).

(h) The Spokane Chapter/ACFE announces the speakers and topics for its two-day Annual Fraud Conference (October 18-19, 2007) to be held at the Mukogawa Fort Wright Institute Commons Building which is near the Spokane Airport. Details follow.

Brian Eckersley, Spokane Police Department. He will speak on the topic of Appropriate Techniques for Conducting and Interview or Interrogation in Any Situation.

Sam E. Antar, former CPA and former Chief Financial Officer of Crazy Eddie, Incorporated. During the 1980's, Sam and his cousin Eddie Antar and uncle Sam M. Antar (co-founders of the company) helped mastermind one of the largest securities frauds of its time. The topic is Inside the Mind of an Economic Predator.

Brock Phillips, CFE, CPA, Forensic Accounting Manager from Microsoft Corporation's Financial Integrity Unit, Redmond, WA. His unit is housed within the Internal Audit Department, and is comprised of a team of investigators responsible for the prevention, detection, and investigation of both internal and external fraud. His topic is employee Frauds.

Ed Hewitt, CFE and owner of Financial Safeguards LLC. His topic is real estate fraud.

Gene Ferraro, CFE, PCI, CPP, President and CEO of Business Controls, Incorporated in Littleton, CO, and ACFE faculty member. His topic is How to Conduct Proper and Ethical Investigations. Mr. Ferraro is a published author and speaks frequently on the topics of workplace investigations and crime in the workplace.

The Securities Division of the Washington State Department of Financial Institutions will make a presentation on the topic of Investment and Securities Fraud.

There will be a panel discussion by Kirk Kimberly, Dick Sayre, Patrick Johnson, and Larry Carlier on the topic of Financial Exploitation of Vulnerable Adults.

Additional details about the Spokane Chapter's Annual Fraud Conference can be obtained from its web-site at [www.spokane-fraud.org](http://www.spokane-fraud.org). Or, contact Marie Rice, CFE, CICA, Griffiths, Dreher, & Evans, PS directly at (509) 326-4054, [marie@grifco.com](mailto:marie@grifco.com).

There is 16 hours of Continuing Education Credit possible for attending all of this two-day fraud conference.

(i) The National Association of BUNCO Investigators, Inc. announces its two-day Transient Criminal Activity Conference at the Red Lion Inn at SeaTac, WA during the period October 22-23, 2007. The Conference will focus on crimes against the elderly and non-traditional organized crime topics. Please contact the organization at [www.nabihq.org](http://www.nabihq.org) for additional information.

**PACIFIC NORTHWEST CHAPTER  
ASSOCIATION OF CERTIFIED FRAUD EXAMINERS  
(August 29, 2007)**

**SPEAKER: Bernadette McBride, CFE, CPA**

Bernadette McBride is a Certified Public Accountant and a Certified Fraud Examiner. She serves as a Director-At-Large on the Board of Officers of the Pacific Northwest Chapter of the Association of Certified Fraud Examiners. She received the 2004 Distinguished Achievement Award from the Association of Certified Fraud Examiners for meritorious service in the detection and deterrence of fraud.

Bernadette is also a member of the Northwest Fraud Investigators, the National White Collar Crime Center, and the Pacific Northwest License, Tax and Fraud Association.

Bernadette has worked fraud cases with the FBI, the Inspector General's Office, the Office of Thrift Supervision, the Secret Service, the U.S. Attorneys Office, the Securities and Exchange Commission, the Resolution Trust Corporation, and the Washington State Attorney General's Office. She currently works as a Senior Financial Examiner for the Securities Division of Washington State Department of Financial Institutions.

**SEMINAR DESCRIPTION: Crash of a Credit Union**

The topic of Bernadette's presentation is "Crash of a Credit Union". This is a real life case study about how greed and fraud at the top of the organization led to the collapse of a local credit union. Bernadette has first-hand experience with this case, and the presentation should be exciting.

**DATE:** August 29, 2007 **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 29, 2007 B 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.**

**SPEAKER: Bernadette McBride, CFE, CPA**

Bernadette McBride is a Certified Public Accountant and a Certified Fraud Examiner. She serves as a Director-At-Large on the Board of Officers of the Pacific Northwest Chapter of the Association of Certified Fraud Examiners. She received the 2004 Distinguished Achievement Award from the Association of Certified Fraud Examiners for meritorious service in the detection and deterrence of fraud.

Bernadette is also a member of the Northwest Fraud Investigators, the National White Collar Crime Center, and the Pacific Northwest License, Tax and Fraud Association.

Bernadette has worked fraud cases with the FBI, the Inspector General's Office, the Office of Thrift Supervision, the Secret Service, the U.S. Attorneys Office, the Securities and Exchange Commission, the Resolution Trust Corporation, and the Washington State Attorney General's Office. She currently works as a Senior Financial Examiner for the Securities Division of Washington State Department of Financial Institutions.

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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](http://www.fraud-examiners.org).**

JOHN E. REID AND ASSOCIATES, INC.  
**209 WEST JACKSON BOULEVARD, SUITE 400 CHICAGO ILLINOIS 60606**

*Investigator Web Tip - July / August 2007*

**THE ROLE OF A SUBJECT'S ATTITUDES  
IN THE DETECTION OF DECEPTION**

Early in John Reid's career, he had a secretary named Mildred. In addition to typing and filing reports, Mildred scheduled appointments and greeted subjects as they entered the lobby. Mildred had an uncanny ability to accurately predict the outcome of a subject's polygraph examination. After years of observing subjects' behavior as they waited for their examination, she noticed predictable differences between subjects who were later found to be truthful or deceptive during their polygraph examination.

The conversation Mildred had with these subjects was limited to finding out their name and letting them know if the examination would be at the scheduled time. She never questioned them about whether they committed the crime under investigation. Consequently, her observations were not at all related to whether the subjects told the truth or lied. Mildred's ability to correctly identify a subject's guilt or innocence can be explained through a construct called a person's attitude.

An attitude represents a person's expressed behaviors, thoughts and perceptions toward a situation or event. Unlike a personality, which is influenced by genetic and environmental factors and, therefore, tends to be fairly rigid throughout a person's lifetime, an attitude is dynamic and is influenced by expectations toward a specific situation or event. Both the innocent and guilty suspects each knew whether or not they committed the crime under investigation and whether or not they were going to tell the truth or lie during the polygraph examination. This expectation caused innocent and guilty suspects to form different attitudes, and consequently, display different behaviors while waiting for their examination.

To help understand the concept of attitudes, consider that you lived across the street from a high school. On this particular afternoon there was a soccer game held at the high school and you were able to observe the two teams leaving the field after the game. The players in the red jerseys are laughing and yelling and are slapping each other on the back and jumping up and down; they are anxious to interact with others and actively looking for people to talk to. The players in the green jerseys are quiet and appear emotionally distant. As they stroll to the parking lot their shoulders are bent forward and their eyes are glued to the pavement. They avoid interaction with others.

The players in the red and green jerseys are in the same environment at the same location, date and time. What makes them different is that one team knows that they won the soccer game and the other knows that they lost. As a result of this difference, players from the red and green team will form different attitudes at the end of the game. Based on observing the players' behavior and evaluating how they responded to similar stimuli one would be very likely correct to infer that the red team won the game.

The various techniques used to detect deception have, at their core, the fundamental concept that innocent and guilty suspects respond to the same stimuli differently not because they are lying or telling the truth, but rather, because of their underlying knowledge and awareness that they are innocent or guilty of the issue under investigation. For example, during a polygraph examination all subjects are asked a broad question to which the subject, in all probability will lie, or have difficulty answering truthfully. This question is called a *control question*. Because of different underlying attitudes, an innocent subject typically focuses his physiological attention toward the control question whereas the guilty subject typically ignores the control question and focuses his physiological attention to the questions addressing the crime under investigation. During a Behavior Analysis Interview both the innocent and guilty suspect may be asked the question, "Under any circumstance, do you think the person who (committed the crime) should be given a second chance?" The innocent suspect will typically not be willing to afford leniency whereas the guilty suspect often agrees that a second chance is warranted.

Some research has attempted to identify specific cues associated uniquely with lying (nature of eye contact, micro tremors in the voice, unique facial expressions, etc.). These efforts have not produced accuracies much above chance levels. There are so many variables that influence human behavior it is unlikely that man will ever identify any one unique behavior or physiological response that only occurs when someone tells the truth or lies. Conversely, field research has shown very promising results of inferring guilt or innocence (lying or truth-telling) by observing or measuring criteria based on attitudinal differences.

Certainly the behaviors Mildred observed such as being late for an appointment, excessive smoking, sitting in a chair far away from the door to the exam rooms, awkward attempts at levity, or hyper-awareness of time are not unique to guilt. Nor did Mildred receive any specialized training in detecting deception. Why was she often successful at predicting the outcome of polygraph results?

### **THE SUBJECTS ALL KNEW WHAT ISSUE WOULD BE COVERED DURING THEIR POLYGRAPH EXAMINATION**

Before coming to our office, each subject agreed to take a polygraph examination that would address a particular issue. Therefore, each subject knew whether or not he or she would be telling the truth or lying during the examination.

Consider the situation where a man matches the general description of a rape suspect and is questioned two blocks from the assault. The investigator never identifies why he wants to talk to the man, but simply asks the man questions about his identity and recent activities. The man may be totally innocent of the rape and yet display "deceptive" attitudes for a variety of reasons (guilt to some unrelated matter, prior bad experience with authority, outstanding traffic warrant, etc.) Behavior symptoms of truth or deception are only valid if the subject knows if he is innocent or guilty of the issue under investigation.

## **THE SUBJECTS ALL HAD ADVANCED NOTICE OF THEIR EXAMINATION**

Field research investigating truthful and deceptive attitudes all involves subjects who have been given substantial notice for their interview or polygraph examination. Common sense would indicate that at least some of the attitudinal characteristics form as soon as a subject is informed of the issue under investigation knowing, at that instant, whether he or she is innocent or guilty of the act. However, attitudes may be somewhat affected by the amount of time that has elapsed between the commission of a crime and an interview.

For example, one of the attitudes commonly observed in innocent suspects is that they attempt to mentally solve the crime prior to the interview. In their mind, they eliminate possible innocent suspects, think about who may be guilty of the crime, and consider how the crime was committed along with possible motives for the crime. Guilty suspects, of course, do not go through this same mental process because they already know who committed the crime, how and why it was committed. It is possible this “crime solving mentality” takes time to develop and may not be apparent in a suspect who is questioned shortly after a crime was committed.

Further empirical support for this premise is offered from investigators who have reported that behaviors displayed by a guilty person questioned shortly after committing a crime (confusion, extreme anxiety, illogical explanations etc.) are not necessarily seen from guilty suspects who have been given notice for an interview and time to prepare responses. Similarly, an innocent subject who is interviewed shortly after being robbed or assaulted exhibits emotions such as fear, dread and anger which are readily apparent as sincere and genuine. However, if the interview is conducted several days after the event, the innocent subject’s emotions are often less intense and more ambiguous.

## **THE OBSERVATIONS WERE MADE IN THE SAME ENVIRONMENT**

Our lobby offers subjects a fairly limited choice of behaviors. They choose which chair to sit in, how to position themselves in the chair, what to do while in the chair and, if they speak, what to say and how much to talk. Furthermore, the lobby is relatively free from outside auditory or visual distractions. Because of the controlled environment, the subjects sitting within our lobby have very little extraneous stimuli to respond to other than their internal thoughts concerning the upcoming polygraph examination or interview.

Just as an experienced lifeguard can look at 50 swimmers in a pool and quickly discriminate between similar behaviors of frolic and distress, investigators become accustomed to evaluating suspects within a particular environment. A border patrol agent is familiar with how most people behave as they approach the inspection point; a traffic officer knows how the average person responds when pulled over for speeding and polygraph examiners learn to recognize the average person’s anxiety level during an examination.

An innocent or guilty person's attitudes may manifest themselves differently depending on the environment. For example, a guilty suspect may exhibit quite different attitudes depending on whether the interview was conducted in their home or at a police station. It is important that an investigator interprets a suspect's behaviors and thoughts as a function of the environment.

**THE SUBJECTS WERE ALL OPERATING FROM A HIGH LEVEL OF  
MOTIVATION**

Subjects who come to our office are facing serious consequences ranging from losing a job and their reputation to going to prison. The innocent subject is highly motivated to make certain our opinion is accurate, i.e., that he did not commit the crime. The guilty subject is equally motivated to convince us that he is innocent. If either suspect fails to accomplish their goal, serious consequences await them.

Consider that an innocent suspect is questioned about stealing a \$2000 deposit. The investigator starts the interview in the following manner: "Julie, I certainly don't believe that you took that deposit but, because of your position, I have to ask you these questions. Did you steal that \$2,000 deposit?" Because Julie is not motivated to convince the investigator of her innocence, the attitudes she displays may be quite different from other innocent suspects who are concerned that they may suffer the consequences for stealing the deposit.

Similarly, if Mildred worked in a bank and observed customers waiting in line for an open teller, it is unlikely that she would be very accurate at predicting which customers were going to deposit a check or withdraw money. The customers certainly have different expectations as they wait in line, but no strong drive or incentive to accomplish their goal. Without high levels of motivation drawing inferences from human behavior is an exercise in futility.

**THE SUBJECTS MILDRED OBSERVED WERE PRIMARILY ADULTS WHO  
WERE NOT SUFFERING FROM MENTAL OR INTELLECTUAL  
DEFICIENCIES**

Before we schedule a subject for a polygraph examination, we question the client about the subject's probable suitability for the examination. There are clearly intrinsic factors that can affect a subject's attitudes such as age, intelligence, psychological and emotional stability. There are also dynamic variables which can cause short-term changes in a person's attitudes or behavior. Examples of these include drug or alcohol use, fatigue, and emotions.

Given any two random human beings from two random regions of the planet earth, there will be far more similarities than differences. These two random human beings would predictably form the same attitudes based on their knowledge of whether or not they were innocent or guilty of the issue under investigation. The rare exception to this statement is when the person is fundamentally different in some way that affects their thought process

or ability to process information.

### **CONCLUSION**

The “behavior symptoms” investigators rely on to make assessments of a suspect’s credibility are not the direct product of telling the truth or lying. Rather, they are expressions of underlying attitudes the suspect forms as a result of knowing whether he is innocent or guilty of the issue under investigation.

Some events cause very obvious and predictable attitudes, e.g., striking one’s thumb with a hammer. Committing a crime and lying about it, however, does not fall within this category. Not all innocent or guilty suspects respond exactly the same way when questioned about a crime. While they both will form different attitudes, how the attitudes are expressed may be influenced by a number of different factors. Investigators need to be aware of these factors and take them into consideration when evaluating a person’s credibility.

*(This article was prepared by John E. Reid and Associates, Inc. as their Investigator Web Tip and was reprinted on our web site and/or distributed to our colleagues with their permission. To view additional Web Tips, go to [www.reid.com](http://www.reid.com); select ‘Educational Information’ and ‘Investigator Tip’. To request a copy of a specific ‘tip’ contact Janet Finnerty 1-800-255-5747 ext. 18 or [johnreid@htc.net](mailto:johnreid@htc.net).)*