

The Fraud Examiner



ACFESM

Association of Certified Fraud Examiners

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September/October 2010 Issue

Message from the President

The following major items of interest from the ACFE's 21st Annual Fraud Conference at the Gaylord National Resort and Convention Center in Washington, D.C. during the period of July 25-30, 2010, are presented for your information:

- (1) The following Chapter Members represented our Chapter very well at the Conference: Chapter President Joe Dervaes (ACFE Foundation Board of Directors Meeting); Peter Tobin (Chapter Representatives Meeting); Marty Biegelman, Julie Bollerud; Dr. Bob Holtfreter; Robert & Carol Morgan; Kathy Rupert; Luz Sears; Ron Sells, and John Tollefsen. We hope to see even more Chapter members at next years' Conference at the San Diego Convention Center in San Diego, CA, June 12-17, 2011.
- (2) The following Chapter Members received special recognition at the Conference: (a) Chapter President Joe Dervaes (Monday General Session—receiving a Special Certificate of Appreciation for authoring the Frauds Finer Points By-Line Column in *Fraud Magazine*, one of eight regular columnists recognized for their long-term writing efforts for the ACFE's international journal and for their dedication to enriching members' careers and adding to the fraud examination body of knowledge; and, Tuesday and Wednesday General and Lunch Sessions—introducing the members of the ACFE Foundation Board of Directors from the main podium and presenting several ACFE awards to winners from around the world); and, (b) Julie Bollerud (Tuesday General Session—receiving the Chapter Newsletter of the Year Award for 2010 which was presented to the Pacific Northwest Chapter/ACFE).
- (3) I am very proud of our Chapter in many respects, but especially when it comes to the exceptional manner in which we participate in the ACFE annual awards program. This year is no exception when we were recognized as the recipient of the Chapter Newsletter of the Year Award for 2010. This award recognizes the Chapter Newsletter that is of the highest quality and is delivered to recipients on a regular and timely basis. The members of the Web-Site and Newsletter Committee have labored very hard to make this award a reality since our current Newsletter format was developed by Julie Bollerud in January 2009. The Newsletter Editor is Chapter President Joe Dervaes who authors most of the input for this bi-monthly publication. Other contributors of Newsletter material include Julie Bollerud, John Tollefsen, and Jim Tyrrell. Julie edits the final document and prepares it for distribution to all.

Please join me in congratulating all of these Chapter super-stars who represent us so well in a wide variety of Chapter and ACFE activities. Yeah TEAM!

Joe Dervaes
President

Upcoming Training

October 21-22, 2010, Joint Chapter/ACFE Annual Fraud Class

Type:
Joint Chapter/ACFE
Annual Fraud Class

Dates:
October 21-22, 2010

Time:
8:00 a.m.—4:30 p.m.
(Registration daily at
7:30 a.m.)

Topic:
Interviewing
Techniques for
Auditors—Eliciting
Information

Speaker:
Don Rabon, Deputy
Director of the North
Carolina Justice
Academy (retired) -
ACFE Adjunct Faculty
Member

Where:
DoubleTree Hotel,
18740 International
Boulevard, SeaTac,
WA

Price:
The registration fee
for this fraud class is
\$695 for ACFE
members and \$845 for
non-members—
attendees can save \$95
for early registration

Registration:
Register directly with
ACFE at
www.ACFE.com or
contact the ACFE at 1-
800-245-3321

October 21-22, 2010, are the dates of our joint Chapter and ACFE Annual Fraud Class.

This event will be held at the DoubleTree Hotel, 18740 International Boulevard (across the street from the airport), SeaTac, WA.

The title of this two-day class is: "Interviewing Techniques for Auditors—Eliciting Information".

There are 16 hours of Continuing Professional Education available to all who attend this fraud class.

The ACFE's instructor for this fraud class will be Don Rabon, Deputy Director of the N.C. Justice Academy (retired).

Registration for this fraud class is directly with the ACFE. To register, contact the ACFE at 1-800-245-3321, or at www.ACFE.com. The estimated cost of this class is \$695 for ACFE Members and \$845 for non-members. There is also an early registration option which saves attendees \$95 each. Contact the ACFE for additional details and registration procedures.

This fraud class includes the following segments:

Introduction; Planning the Interview; Fundamentals of Eliciting Information; Dealing with Difficult People; Internal Versus External Auditors; Applying Professional Skepticism during the Interview; Developing Valu-

able Questions on the Fly; Preparing for the Unexpected; Documenting and Reviewing the Interview; and, Wrap-Up.

There is an \$8 daily parking fee at the hotel. So, car pooling is recommended. The hotel places a parking validation machine in the training room for our use to obtain the discounted parking fee. So, bring your parking stub with you to the class (instead of leaving it on the dash board of your car). Then, pay the parking fee at the first floor designated kiosk in the hotel lobby. After that, your validated and paid parking stub gets you out of the parking facility at the end of the day.

The Chapter Board of Officers will assist with registration.

Highlights of the August 11, 2010, Bi-Monthly Chapter Fraud Seminar

August 11, 2010 (second Wednesday) was the last bi-monthly fraud training seminar at our downtown Seattle training location (1000 Second Avenue in the **Training Room** on the 28th floor of the Washington State Housing Finance Commission's offices).

We were blessed with two speakers, both Senior Prosecutor for Elder Abuse in the Economic Crimes Unit of the King County Prosecutors Office, Seattle, WA. They were: Page Ulrey and Kathy Van Olst. Ms. Ulrey graduated from Amherst College and Northeastern University School of Law, and has

worked at the King County Prosecutor's Office since 1998. She was appointed to the newly-created position of elder abuse prosecutor in the Criminal Division in 2001 where she prosecutes cases of vulnerable adult neglect, financial exploitation, sexual assault, physical assault, and homicide. Ms. Van Olst has similar professional credentials.

Their topic was "Elder Financial Exploitation". The tag-team approach by these two outstanding speakers for this presentation dealt with the scope, extent, definition, and impact of elder financial exploi-

tation. They also discussed undue influence, and how it is perpetrated. Finally, they talked about what participants should do if they suspect elder financial exploitation, as well as what local efforts are being undertaken to address the problem.

This seminar included one of the most lively participant and speaker interactions we have witnessed in many years. There were many exciting questions and enlightening answer throughout this most informative session. And, a fun and educational time was had by all who attended the event.

Overview of December 3, 2010, Joint Chapter/WSCPA Annual Fraud Conference

Friday, December 3, 2010, is the date of our joint Chapter and WSCPA Annual Fraud Conference. This event will be held at the Meydenbauer Center, 11100 N.E. 6th Street, Bellevue, WA.

There are 8 hours of Continuing Professional Education available to all who attend this event.

The Conference Co-Chairs are Chapter President Joe Dervaes and Chapter Training Director Dr. Norm Gierlasinski.

Registration for this event is directly with the WSCPA at www.wscpa.org. There is a Chapter/WSCPA member discount for the Conference. To receive this discount, CPA members may register by using the WSCPA's web-site; but, CFE Members must call the WSCPA at 1-800-272-8273.

Speaker #1 – Joseph R. Dervaes, CFE, ACFE Fellow, CIA, Chairman of the ACFE Foundation Board of Directors; and, President of the Pacific Northwest Chapter/ACFE. In 2006, Joe retired as Audit Manager for Special Investigations from the Washington State Auditor's Office after 42.5 years of federal, state, and local government audit and fraud examination services. In 2003, he received the ACFE's prestigious Donald R. Cressey Award for his lifetime contributions to fraud detection, deterrence, and education.

Topic: Accounts Receivable Fraud Case Study (8-9:00 a.m.). The speaker discusses one of his largest accounts receivable fraud

cases (\$290,200 in 6.5 years) which illustrates why no organization should hire a crook, even one with a lot of experience (all bad).

Topic: Computer Disbursement Fraud Case Study (9-10:00 a.m.). The speaker discusses his most complex and sophisticated computer disbursement fraud case study (\$236,925 in 1.5 years).

Speaker #2 – R. Timothy Crandell, Assistant Attorney General in the Social and Health Services Division, State of Washington. Tim is an advisor to the Medicaid Program.

Topic: Fraud in the Health Care Industry (10-11:00 a.m.). The speaker discusses medical fraud and examines the ways fraud pervades the health care industry.

Topic: The Medicaid Audit Process (11-Noon) The speaker discusses how the Medicaid program approaches audits of medical providers, which is frequently the backbone of a criminal prosecution.

Speaker #3 – Honorable Rob McKenna, Washington State Attorney General. Rob is the chief legal officer of the state.

Topic: Current Events in the Attorney General's Office (12:30-1:30 p.m.). Honorable Rob McKenna will discuss many of the ways his office is making a difference every day for the people of the State of Washington.

Speaker #4 – Doug Walsh,

Chief, Consumer Protection Division, Washington State Attorney General's Office. Tim helps foster a fair and competitive marketplace for consumers and businesses in the state.

Topic: Operations and Civil Law Enforcement Under the Consumer Protection Act in Washington (1:30-2:30 p.m.). The speaker identifies the key elements of consumer protection laws in the State of Washington and discusses the operations of his office which have important implications for every citizen, as well as consumer protection case studies from his life experiences dealing with this most sensitive area.

Speaker #5 – Marie Rice, CFE, CIA, CICA, Auditor at People to People Ambassador Programs in Spokane, WA; and, President of the Spokane Chapter/ACFE. In 2010, Marie received the ACFE's award for Outstanding Achievement in Community Service and Outreach.

Topic: Know the People (2:30-3:30 p.m.). Auditors are taught to document internal controls and business processes, but people affect those same systems. This session will discuss the importance of including personal motivation in the audit planning process.

Topic: Correlation, Expectation, and Fraud (3:30-4:30 p.m.). Fraud risk is inherently subjective, but can be measured quantitatively. This session will use case studies to demonstrate the application and benefit of using predictive modeling in fraud risk assessments.

New Chapter Members

Please welcome new members who joined the Chapter during the period mid-July to mid-September 2010:

CFEs:

- Lael Byington
- Raj Johal
- Linda Barksdale
- Kim Lamson
- Brady Rector
- Jo Dempski

Associates:

- Donna Van Zandt
- Michele Klein
- Sharleen Bonville
- Andrew McIntosh
- Ramona Moffat

Students:

- Toni Jefferson

New CFEs:

-

We have several Chapter members who are currently studying for the CFE Examination. So, we expect to see their names listed in this section of the newsletter in the near future. Let's all wish them success in this most important professional matter.

ACFE Announcements

“He couldn’t help feeling that it was so **unfair**...
 Apart from all those repossessions, bankruptcies, and sudden insolvencies, what had he actually done that was **bad**, as such? He’d only been moving numbers around.”
 -Terry Pratchett

(1) After its 20th Anniversary, the ACFE has provided a free webinar exclusively for ACFE members entitled “Using the Report to the Nation to Enhance Your Anti-Fraud Efforts”.

(2) Use the new Fraud Risk Assessment Tool to assist your organization in identifying fraud risks and developing a fraud risk response.

(3) Visit the ACFE’s Online Communities (Anti-Fraud Technology and Financial Institutions) to connect with other ACFE members, access shared documents, and blog or participate in discussion forums.

(4) Enroll in Auto Dues Service and receive a 5% discount in addition to saving time by setting up your membership

dues to be paid automatically each year.

Visit ACFE’s web-site (www.ACFE.com) to find out additional information about these topics. All you have to do is click on “fraud resources” on the home page and follow the prompts. It’s easy to do.

Ways to Complete The New ACFE Ethics Training Requirement

The ACFE offers some ethics-related on-line self study courses to help members satisfy the new CPE requirement of 2 hours of ethics. They are: Ethical Theory for Fraud Examiners; and, Practical Ethics for Fraud Examiners.

Additionally, CFE s may use ethics CPE obtained to satisfy their CPA license if the training falls within one of the following categories:

(1) Regulatory Ethics; (2) Behavioral Ethics; or, (3) Professional Ethics.

Some ACFE courses may be counted toward both fraud-related and ethics-related CPE requirements, such as: Ethics for Fraud Examiners; and, ACFE Code of Professional Ethics.

Read more about ACFE CPE requirements at: <http://www.acfe.com/career/maintaining-cfe.asp>.

2011 CPE reporting requires all ACFE Members to complete 20 hours of training, two hours of which must be in the area of “ethics”. Certify CPE when renewing ACFE membership.

CPE Compliance for Certified Fraud Examiners

-Renew Membership and report CPE at the same time

-20 CPE required, 10 of which must be fraud related

-10 hours can be carried over every 12 months

When you renew your annual dues you must certify your CPE compliance.

You are required to earn 20 hours of CPE from January 1, 2010 through December 31, 2010, 10 of which must be fraud related.

For 2009, your required CPE hours will be calculated and prorated based on your anniversary month.

Report your CPE Compliance for 2009 and 2010 in your anniversary month in 2010

(online or call).

You may carry over 10 hours of CPE every twelve months. Hours earned before January 1, 2009, are not eligible for carry over.

Now you can find all your CPE information in one convenient place. Browse the [CPE Dashboard](#) for information and updates on:

-How CPE Works
 -2009-2010 CPE Transition
 -Your anniversary month and prorated CPE for 2010

You may access the [CPE Dashboard](#) from your [My Account](#) section or at ACFE.com/CPE.

It is understandable that you may have questions, so feel free to contact the ACFE’s CPE Compliance Team or Member Services by calling (800) 245-3321 or +1 (512) 478-9000, or by e-mail at CPE@ACFE.com.

The Tidbit: Scam Alerts—No. 1: Fictitious Tech Support Offers May Be Identity Theft Attempts; and, No. 2: New Health Care Law

Scam No. 1. This article was paraphrased from the November 2009 American Association of Retired People (AARP) Bulletin by Sid Kirchheimer.

They claim to be Internet security watchdogs offering help with a computer virus you mistakenly downloaded. However, their real intention is to get remote access to your files. It's the "tech support scam," a ruse that has made headlines overseas and now is quietly targeting computer users in the US.

It starts with a phone call from someone claiming to be from a software provider such as Microsoft, Norton, or McAfee, or from your computer's manufacturer. You are told that your computer has a virus and may be in danger of losing all of its stored data. But, the caller can help avoid that if you just follow their instructions.

Don't take the bait! What they usually try to do is to get you to download software that they say will fix the virus. What the software really does is give them remote access to your computer and everything on it – your passwords, online banking accounts, everything!

In some cases, users are directed to the website www.logmein123.com, which gives the hackers remote access to your computer, allegedly to 'fix the problem.' Or, they may ask you to provide your user name and password.

How are users targeted? You name and telephone number can be accessed from online telephone directories. Some calls may be made with an auto-dialer that calls numbers in sequence.

One user received several such calls from men with foreign accents saying they worked for her "computer monitoring firm." When the user asked which firm, at least three correctly guessed Norton, and another fudged. Each scammer said it was extremely urgent that the user go online immediately so they could help the user get rid of the virus by letting them have remote access to their computer. The user wisely sent an e-mail to Norton about this. And, of course, they had no idea what the user was talking about.

Be on the alert for trouble signs:

- The warning that you have a computer virus comes to you by telephone or e-mail. If a real virus is ever detected, you're likely to receive a security update or warning directly on your computer.
- Callers try to sell subscriptions for "computer monitoring", or "security services". Giving hackers your credit card information creates an added danger.
- When you answer the call, you hear a ringing tone. That indicates a callback system that could result in expensive long-distance charges to you, since these individuals often call you from Europe or Asia.

If you believe you've already fallen for a phony "tech support scam", contact a computer repair company to stop the hackers' remote access. Also, notify your bank and credit card companies, and monitor your statements for any unauthorized charges.

Scam No. 2. This article was paraphrased from the June 2010 AARP Bulletin by Patricia Barry.

State insurance commissioners and attorneys general are warning consumers about a new wave of scams that are exploiting uncertainties about the new health care law.

- Con artists may call, e-mail, or show up at our door saying that under the law you must have health insurance or go to jail. They may even identify themselves as government officials and describe the policies they're selling as "ObamaCare" insurance.
- "People are terribly confused and in some cases frightened" about the new laws says Oklahoma's insurance commissioner and vice-chair of the antifraud task force of the National Association of Insurance Commissioners. "And, that's something a scammer is going to look for – the opportunity to take advantage of someone who doesn't know better."
- For the record: The requirement to have health insurance doesn't begin until 2014, and even then you can't be jailed for not having it. No real government official sells insurance, no "limited enrollment periods" exist, and there is no such thing as ObamaCare coverage.

□ Ways to protect yourself: never sign up for an insurance policy without calling your state insurance department to find out whether the policy is legitimate and the seller is licensed. Never give your credit card, bank account, or Social Security Account Number to anyone you don't know. And, familiarize yourself with at least the main requirements of the health care reform law. Check out the AARP Bulletin's guide to the new law at: www.bulletin.aarp.org/reform_guide.

Scam #1:
"If a real virus is ever detected, you're likely to receive a security update or warning directly on your computer."

Scam #2:
"Scams on the rise in wake of the new Health Care Reform law."

News From the Trenches—September 2010—By John J. Tollefsen, CFE, JD, CCS

Attacking trusts and other asset protection schemes in which the settlor is NOT a beneficiary

The previous article explained how Washington law and Federal bankruptcy law have provisions allowing creditors to attack trusts in which the settlor is a beneficiary. In those situations, all subsequent creditors may be able to attach the trust's assets.

If the settlor is not a beneficiary, reaching the assets of the trust is far more difficult. The primary means of attack is as a fraudulent transfer or perhaps a preference in bankruptcy court.

Fraudulent transfer in Washington
Washington adopted the Uniform Fraudulent Transfer Act (UFTA) in 1988 to replace the Uniform Fraudulent Conveyance Act (UFCA) of 1945. The UFCA was the first Washington statute to replace the common law developed under the Statute 13 Elizabeth (1570).

Under UFTA, there is no requirement that a creditor first obtain a judgment to reach property fraudulently transferred by a debtor. A creditor without a judgment may attach or garnish the property, may enjoin its further transfer, or may have a receiver appointed to control the property. Since prejudgment remedies usually requires the posting of a sizeable bond and is not final until the fraudulent transfer is proven, the creditor often chooses to establish the fraudulent character of a transfer in court first.

What is a "transfer"?

A "transfer" includes every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with an asset or an interest in an asset, and includes payment of money, release, lease, and creation of a lien or other encumbrances (RCW 19.40.011 (12)). Exempt and fully encumbered properties are not considered to be "assets" (RCW 19.40.011(2))

"Transfer" includes involuntary transfers such as transfers of interests in foreclosures, other security realization proceedings, and lease terminations based on the debtor's default. However, in general, non-collusive foreclosure proceedings are not voidable. UFTA also provides that transfers of interests in connection with credi-

tors' realization under security agreements in compliance with UCC Article 9 and with termination of leases under lease default provisions are not voidable (RCW 19.40.081(f)).

Statute of limitations for fraudulent transfers

UFTA has three statute of limitations, each of which bars the claim, not just the remedy: 1) a four-year limit for constructively fraudulent transfers based on lack of reasonably equivalent value having been given; 2) a one-year limit for insider preferential transfers; and, 3) a discovery rule as an alternative to the four-year limit for transfers made with actual fraudulent intent. Under the UFTA statute of limitations, this cause of action is extinguished four years after the transfer was made or the obligation was incurred or, if later, one year after the transfer or obligation was or could reasonably have been discovered by the claimant (RCW 19.40.091(a)).

Washington holds the UFTA continues the common law and UFCA rule that a claimant must have knowledge of the fraudulent nature of a transfer before the statute of limitations begins to run. *Freitag v. McGhie*, 133 Wash. 2d 816, 947 P.2d 1186 (1997), as amended, (Dec. 18, 1997) (5-4 decision), overruling *McMaster v. Farmer*, 76 Wash. App. 464, 886 P.2d 240 (Div. I 1994). Therefore, an action may be commenced (under the discovery rule) any time within one year of the discovery of the fraudulent nature of the transfer rather than within one year of the discovery of the transfer.

Transfer of an "asset"

The statute of limitations period starts to run when the transfer of an "asset" is made. An "asset" is property owned by the debtor in which the debtor has equity. Fully encumbered property is therefore not an asset (RCW 19.40.011(2)(i)). Property exempt under either state or federal non-bankruptcy law is also not an asset (RCW 19.40.011(2)(ii)). A transfer is made when the transfer is perfected under the relevant law. A transfer of real property other than a fixture occurs when the transfer is perfected so that a good faith purchaser cannot acquire an interest in the asset from the debtor

that is superior to the interest of the transferee (RCW 19.40.061(1)(i)). A transfer of an asset that is not real property or that is a fixture is made when it is so far perfected that a creditor on a simple contract cannot acquire a judicial lien superior to the interest of the transferee (RCW 19.40.061(1)(ii)). If the transfer is not perfected before commencement a UFTA action, the transfer is deemed made immediately before the commencement of the action (RCW 19.40.061(2)). If applicable law does not permit perfection of a transfer, the transfer is made when it becomes effective between the debtor and the transferee (RCW 19.40.061(3)).

Transfer made "voidable"

Under UFTA fraudulent transfers are made voidable, not void. Therefore, if a transfer is complete, title will have passed to the transferee and perhaps to a subsequent transferee or transferees. Those parties will be entitled to notice and an opportunity to be heard on any seizure of the property as well as on avoidance questions. A good-faith transferee will be protected to the extent of value given. Protection may be afforded by: a lien on the asset or retention of any interest received, enforcement of any obligation incurred, or a reduction in the amount of the liability on the judgment (RCW 19.40.081(e)).

UFTA also provides that the principles of law and equity supplement it unless displaced by the provisions of UFTA. It includes as supplemental possibilities the law merchant and the law relating to principal and agent, estoppel, laches, fraud, misrepresentation, duress, coercion,

To be continued in the next article. . . .

John J. Tollefsen is the founder of Tollefsen Law PLLC, an attorney, Certified Fraud Examiner, and Certified Controls Specialist. For additional information, he may be reached as follows: john@tollefsenlaw.com.

Chapter Members in the News

Chapter Member Linda Saunders will be presenting the following fraud seminars this Fall:

(a) Washington Association of Legal Investigators Fall Training at the Shoreline Community Center in Shoreline, WA (October 23, 2010). The topic will be: "The Fraud Trial — A Case Study of the Innocent."

(b) National Business Institute in Seattle, WA (www.nbi-sems.com) (October 28, 2010). The topic will be: "Accounting 101 for Attorneys."

(c) WSCPA/CFMA Pacific Northwest Construction Industry Conference at the

Bell Harbor International Conference Center in Seattle, WA (November 11-12, 2010). The topic will be: "Fraud in Construction Accounting - So you Think You Only Need to Worry About the Economic Downturn in the Construction World."

Chapter President Joe Dervaes will be presenting the following fraud seminars this Fall:

(a) Regional Bank Representatives Meeting on September 9, 2010, in Everett, WA. The topics will be: "What is a Certified Fraud Examiner" and "Current Hot Topics of Fraud".

(b) The Spokane Chapter/ACFE's Region-

al Fraud Training Event on October 6, 2010, at the Columbia Basin College in Pasco, WA. The topic will be: "Accounts Receivable Fraud".

All of these reported activities are an integral part of our Chapter's Community Outreach Program each year. And, kudos to all for participating in these activities and events throughout the year. The Chapter Board of Officers appreciates your fine efforts.

Other Chapter members are encouraged to notify President Joe Dervaes about their recent or future presentations.

Pacific Northwest Chapter/ACFE—Winner of the ACFE's 2010 Chapter Newsletter of the Year Award

Annually, the ACFE proudly recognizes the contributions of anti-fraud professionals worldwide through its prestigious Outstanding Achievement Awards Program.

This year, the ACFE selected the Pacific Northwest Chapter/ACFE as the winner of the 2010 Chapter Newsletter of the Year Award.

The award was presented on Tuesday, July 27, 2010, at a General Session ceremony during the 21st Annual Fraud Conference held at the Gaylord Resort and Convention Center in Washington, D.C.

The Chapter Newsletter of the Year Award is made to the Chapter newsletter that is of the high-

est quality and is delivered to recipients on a regular/timely basis.

Julie Bollerud, Chapter Board of Officers Director-At-Large, Webmaster, and Member of the Web-Site and Newsletter Committee was present to receive the award. The following were also present to support her: (a) Joe Dervaes, Chapter President, Newsletter Editor, and Chair of the Newsletter and Web-Site Committee; and, (b) John Tollefsen, Web-site and Newsletter Committee Member.

The Chapter has an outstanding Web-Site. If you have not visited it recently, go to www.fraud-examiners.org and find out more about our activities and events. The web-site was totally reorganized in 2009 and is updated

regularly.

The Chapter revitalized its Newsletter and adopted its current format in January 2009. The newsletter timely announces many ACFE items of interest and all Chapter fraud training events. It also recognizes Chapter members in the news. Chapter members also contribute to regular columns entitled: "The Tidbit" (current fraud scams); and, "From the Trenches" (fraud cases and legal matters of interest).

The Chapter Board of Officers congratulates the Web-Site and Newsletter Committee for producing an outstanding publication for the membership. It's nice to know that the ACFE also recognizes the quality of the Newsletter too. Yeah TEAM!

Report from ACFE Chapter Representatives Meeting—July 25, 2010— Washington, D.C.

The ACFE Chapter Development Manager, Jeff Kubiszyn, presided over the meeting of about 80 chapter member attendees from 130 ACFE chapters. The largest ACFE Chapter represented has about 300 members (South Africa, but it also has Corporate memberships so Affiliate individual members increase the count to +/-1200); while the smallest chapter has 10 members. Originally, the minimum was 10 members to form a chapter; but now 20 members are required.

The diversity of the group provided the opportunity for small and newer chapter representatives to gain insight and network to resolve specific issues during the last half hour of the three hour meeting.

Chapter representatives were reminded that the *ACFE Report to the Nations* now has International statistical data incorporated and that a new Power Point presentation will be available in the Fall from the ACFE to assist members in using this report for fraud presentations. In addition, a new ACFE Compensation Guide is now available for members.

There is also an ACFE Chapter Leader Community website to assist chapter officers. Jeff re-

mind ed the group that he wanted to hear any ideas you have especially on topics like membership recruitment, meetings, events, board member problems, community projects and scholarships.

The ACFE Membership List has now been reformatted with the date for CFE certification noted and also identifies members by zip code. The National ACFE member list, however, does not have an email address for everyone. So forward that information if you see it is missing.

There will also be a "Chapter Events Calendar" on the ACFE website with a link to any local chapter websites.

SOCIAL NETWORKS: ACFE is also going to create a "Linked-In" webpage for the association so local chapters can 'link-in', if desired.

ACFE Facebook in the Fall.
Note: If a Facebook account is created it must be managed for "friends" because if it is public then there can be issues. (The New Orleans CFE Chapter found they had Africa and Nigerian 'Facebook friends' who used that link – probably for their own – fraudulent - purposes). If it is 'private' then only designat-

ed members can be 'friends' – so it has to be managed.

Website creation software was a query of several chapters, and other attendees referenced STAR CHAPTER or CVENT, with the latter receiving a recommendation as more professional but also more expensive. A shareware user friendly option mentioned was JOOMLA.ORG, by the New Orleans Chapter. But a warning was expressed to review the disclosures and be careful about how data is shared and be aware of any advertising links.

Jeff announced a new ACFE Foundation scholarship program of \$53,000, but with a staggered award structure: 1 at \$10,000, 2 at \$5,000, 4 at \$2,500 and 23 for \$1,000. A Chapter Challenge was proposed with chapters donating \$5 for new members and linking to a scholarship drive challenge based on chapter size. The timeframe of September to February was mentioned because scholarship awards are made in April.

Jeff then briefly discussed the topic of LEADERSHIP – from the perspective of assisting Chapter Leaders with his thoughts on the traits of leaders as well as some myths for Chapter Officers to consider when managing and

organizing a member chapter.

Leaders can be autocratic, lassie-faire or democratic-collaborative. Knowing that and how to deal with each type can help accomplish a chapter's goals. A list of Leader Traits was presented to include: Be Creative-Diplomatic-Tolerate Stress-Be Organized and Be a Communicator.

The myths emphasized by Jeff were: Leaders Lead, Followers Follow; Leaders Tell People What To Do and Followers Do It. Leadership is POWER, Leadership is POSITION.

Basically, Chapter Offices just need to know how to manage members to get the best results for the chapter. Remember: "Managers do things right, Leaders do the right thing!"

Chapter officers need to know WHY People Don't Volunteer –

- 1) WIIFM (What's in it for me?)
- 2) How much time will it take?
- 3) Nobody asked me! Have an answer when you ask! Consider HOW can they make a difference? An answer – Volunteering will improve your presentation, negotiating, delegation, fundraising and planning skills. And who knows, it might get you your next job!

Jeff and some chapter representatives mentioned: How do you deal with Board members who are inactive! Some chapters

have specific "Code of Responsibility" commitment language in their bylaws; other chapters mentioned "Politics" governs board members, but also acknowledged that some of these chapter board members can "open doors" or have contacts that are well worth their inactive status.

Realize that Government employees do not receive time off for meetings – now new rules require they must take vacation time!

Jeff asked – Do you have a Chapter "Greeter" at events to get people involved? What is your 'Members vs. Non-members' at meetings or events?

As for Speakers – Dealing with them can be an issue so remember the ACFE is there to help! Call them for ideas and possibilities.

Does the Chapter have an 'Ethics Policy' and/or 'Conflicts of Interest Policy' in bylaws? Something to consider.

Where possible, have specific topics distributed prior to scheduled meeting so OPEN ended questions arise and try to get volunteer answers.

In NYC the ACFE Chapter requires Board members to PRE-

PAY the entire year of meetings and event costs – so that encourages attendance of board members!

Chapters need specific GOALS and accomplishment requires measurement - to be successful.

Consider requiring Committee participation before anyone can be added to the Chapter Board – gives chance for "evaluation" of both ability and time commitment to benefit the chapter.

The Chapter Board of Officers selected Chapter Member Peter E. Tobin, CFE, CPA, CIA, Audit Manager CAG at Perkins Coie, LLP in Seattle, WA to be our Chapter Representative at this important meeting which was held in conjunction with the ACFE's 21st Annual Fraud Conference. This is his report on the proceedings. Thanks for this fine update Peter!

New Electronic Discovery Management Course Announced at the University of Washington, Seattle, WA

"An education isn't how much you have committed to memory, or even how much you know. It's being able to differentiate between what you know and what you don't."

-Anatole France

Chapter Member Chris Brown, CFE, provided the following information for the membership:

The University of Washington (Main Campus—Seattle, WA) has a certificate course in "Electronic Discovery Management" that may be of interest to CFEs. It covers the following:

- The legal framework governing electronic discovery.
- Records management.
- Sources of electronic evidence.
- The electronic discovery process.

The course starts in Fall 2010. The details of this course can be found at:

<http://www.pce.uw.edu/prog.aspx?id+3645&terms=lectronic+discovery>

John E. Reid and Associates, Incorporated—Other Training Opportunity

John E. Reid and Associates, Incorporated will be offering a three-day "Interview and Interrogation Seminar" and/or a one-day "Advanced Course" at the Lynnwood Convention Center in Lynnwood, WA from November 2-5, 2010. There will be between 24 and 32 hours of continuing professional education credits available for those who attend this training.

Our Chapter participates in the Reid Preferred Group of Associations (RPGA) discount program for professional associations by agreeing to notify our members of their seminar dates and location. The RPGA number for the Pacific Northwest Chapter/ACFE is A20-049 and must be provided to John E. Reid and Associates, Incorporated at the time of registration for any training.

Register for training directly with Reid and Associates, Incorporated at: www.reid.com, or by telephone at 1-800-255-5747, extension 18. The RPGA discounted registration fee is \$450 for the three-day class and \$580 for the four-day class.

Chapter Member Receives Honorary Degree of Doctor of Laws from Utica College

Martin (Marty) T. Biegelman, Pacific Northwest Chapter/ACFE member, received the honorary degree of Doctor of Laws (LL.D.) at Utica College's commencement ceremony on May 16, 2010, in Utica, New York. Presenting the honorary degree were Todd S. Hutton, Ph.D., President of Utica College, and Lawrence Gilroy, Secretary of the Utica College Board of Trustees. See page 69 of the September/October 2010 issue of *Fraud Magazine* for a related article and

photograph of the event.

The trustees voted to grant Marty Biegelman the honorary degree for "his work on behalf of the students and faculty of Utica College, his leadership role as chair of the Economic Crime Institute of Utica College, and his lifetime contributions to fraud prevention and anti-corruption compliance."

Marty Biegelman was the ACFE's recipient of the prestigious Donald R. Cressey lifetime fraud achievement award in July 2008. He is an ACFE Fellow and ACFE Regent Emeritus. In addition, he just completed a five year term on the ACFE Foundation's Board of Directors in July 2010. Marty currently serves as the Director of Microsoft's Financial Integrity Unit in Redmond, WA. He is also a retired inspector with the U.S. Postal Inspection Service.

Newsletter Delivery Method to Change—Action Needed on Your Part!

Our Chapter is moving to a new technology for the distribution of our award winning newsletter. We manually distribute the newsletter to the membership on a bi-monthly basis. At the present time. However, this is a very time consuming process. We want to revise our procedures so that the newsletter can be automatically distributed to you in electronic form in the future.

Therefore, in order to continue receiving future newsletters, you will need to opt into our new newsletter distribution system. Current newsletter subscribers will receive an e-mail very soon asking them to join a mailing list. The e-mail will have the subject: "Request for confirmation of subscription to the mailing list [newsletter@fraud-examiners.org]". The contents will look similar to:

We received a request for subscription to the following mailing list:

Mailing list: newsletter@fraud-examiners.org

Moderator's e-mail address:
<one of the board members>

Your e-mail address: <the e-mail address we have on file for you>

You receive this e-mail for confirmation purposes. In order for your e-mail address to be added to the above-mentioned mailing list, please click the following link:

[http://
con-
firm.mailingliste.kundenserver.
de/cgi-bin/mlauth.cgi?
lang=en&cmd=CO&id=0LxiiH
-1PCTNf2QNA-015R8k-
772278](http://con-firm.mailingliste.kundenserver.de/cgi-bin/mlauth.cgi?lang=en&cmd=CO&id=0LxiiH-1PCTNf2QNA-015R8k-772278)

If you do not want your e-mail address to be added to the above-mentioned mailing list, all you have to do is simply ignore the message. However if you select this option, the Chapter will cease distributing the newsletter to you in the future. For further questions, please contact the moderator of the mailing list..

Accordingly, the Chapter Board of Officers requests that you click on the link

in the above referenced e-mail once you receive it. It is our hope that the next newsletter (i.e.; November/December 2010 issue) will be distributed using this new method. We will also be updating the link on our web-site for individuals who wish to be added to our Chapter newsletter distribution list for the first time. If you have any technical difficulties with this process, please contact Julie Bollerud at j_bollerud@hotmail.com. Thanks for your cooperation in helping us with this technology update. We look forward to bringing you quality Chapter newsletters as always.

-The Chapter Web-Site and Newsletter Committee

Chapter Receives the ACFE's 2010 Chapter Newsletter of the Year Award



Bruce Dorris, ACFE Program Director, presents the 2010 Chapter Newsletter of the Year Award to the Pacific Northwest Chapter/ACFE. Julie Bollerud accepted the award on behalf of the Chapter. She is a Director-at-Large on the Chapter Board of Officers, WebMaster, and Member of the Web-Site and Newsletter Committee.

Links to

ACFE Chapters

Pacific NW Chapter
www.fraud-examiners.org

Oregon Chapter
www.oregon-acfe.org

Spokane Chapter
www.spokane-fraud.org

Boise Chapter
www.boiseacfe.org

Big Sky Chapter (Montana)
kathy.arata-ward@josepheve.com

Vancouver, B.C.
www.cfevancouver.com

Edmonton Chapter
www.acfe-edmonton.com

Calgary Chapter
www.acfecalgary.com

International ACFE Headquarters

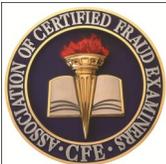
www.ACFE.com

*Do you have ideas for our
next newsletter?*

*Want to write the review for
the last fraud training you
attended?*

*We would love your
feedback!*

Contact Joe Dervaes at
joeandpeggydervaes@centurytel.net



Other ACFE Fraud Training Opportunities

- Auditing for Internal Fraud, Salt Lake City, UT, Sept. 20-21, 2010.
- Healthcare Fraud, Ft. Lauderdale, FL, September 20-21, 2010.
- CFE Examination Review Course, Washington, D.C., Sept. 27-30, 2010.
- Digital Forensics Tools and Techniques, New York, NY, Oct. 14-15, 2010.
- Investigating on the Internet, Austin, TX, October 18-19, 2010.
- Interviewing Techniques for Auditors; Seattle, WA, Oct. 21-22, 2010.
- CFE Examination Review Course, Austin, TX, November 1-4, 2010.
- Investigating Conflicts of Interest and Conducting Internal Investigations, Orlando, FL, November 15-17, 2010.
- 2010 ACFE Pacific Rim Fraud Conference, Melbourne, Australia, November 14-16, 2010.
- Legal Elements of a Fraud Examination, Las Vegas, NV, December 2-3, 2010.
- Principles of Fraud Examination, Austin, TX, December 13-16, 2010.

The ACFE contact point for all course offerings is Dianne Lloyd, Marketing Specialist, by phone at 1-800-245-3321, or at the web-site www.ACFE.com. Contact her for more information and actual registration procedures.

Other ACFE Chapter Annual Fraud Conferences

- Spokane Chapter Regional Fraud Training Class, Pasco, WA, October 6, 2010.
- Annual Fraud Conference, Spokane Chapter, November 2010 (www.spokane-fraud.org).
- Annual Fraud Conference, New Orleans Chapter, New Orleans Marriott at the Convention Center, December 2-3, 2010 (www.neworleansacfe.org).
- Joint Annual Fraud Conference, Pacific NW Chapter and WSCPA, December 3, 2010. Contact the WSCPA's Education Operations Manager, Rachel Ingalls, at 1-800-272-8273 if you are not a CPA to receive the discounted registration, or register on-line at the WSCPA's web-site at www.wscpa.org if you are a CPA.

The Chapter Board of Officers

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