

The Fraud Examiner



Pacific Northwest Chapter

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November/December 2014 Issue

Message from the President

Pacific Northwest Chapter Annual Fraud Conference

Registration is now open for the Pacific Northwest Chapter/ACFE 1st Annual Fraud Conference. The one-day conference will be held on May 8, 2015, at the La Quinta Inn & Suites in Tacoma, WA. There will be four dynamic speakers presenting on topics including ACFE Ethics, insurance fraud, securities fraud, and the role of investigative journalism in fighting fraud. Chapter Members and Associate Members can attend for as low as \$100 (\$125 for non-members). See additional details on pages 8-9 and on the Chapter website (www.fraud-examiners.org). I hope to see you there for great fraud training and an opportunity to network with other fraud-fighting professionals!

Pacific Northwest Chapter/ACFE Fraud Seminars

One of the Chapter's most important missions is providing training for its members. The Board of Officers is always looking for speakers for these events. Our 2-hour Fraud Seminars are held at our downtown Seattle Training Facility (28th Floor of the Old Key Towers Bldg.—1000 2nd Avenue), and a 1-hour Fraud Seminar is held in conjunction with the Annual Business Meeting in Tukwila. The Seattle Fraud Seminars are held the 2nd Wednesday in February and August, and the 1st Wednesday in December. The Annual Business Meeting is held on the 2nd Wednesday in June. In terms of topics, anything related to fraud prevention, detection, investigation and prosecution is great and, in particular, cases literally "ripped from the headlines". Some of the best training comes from the speaker's own work experience. If you are interested in being a speaker, know someone who would benefit from this experience or have heard a great speaker recently at some other training, please contact me for more information, and thanks for your support of the Chapter's fraud training mission!

Robert A. Goehring/Chapter President/(253) 856-5262/President@fraud-examiners.org.

Chapter Members In The News

The following Chapter Members have been active in our community outreach programs as follows:

(1) On October 1, 2014, Chapter Board Officer Board Member-At-Large James S. Peet, Ph.D. CFE, owner of Peet and Associates, LLC in Enumclaw, WA represented the Pacific Northwest Chapter/ACFE at the University of Washington—Tacoma Accounting Student Association's 9th annual Meet the Professionals event. This

event helps connect accounting students from the Milgard School of Business with area employers and other professionals. As Chapter representative, James was able to share about the benefits and opportunities of careers fighting fraud, as well as share information about the Chapter and our Scholarship Program. James met with approximately 30 students.

(2) In June 2014, Chapter Member Dr. Robert (Bob) Holtfreter, CFE, CPA,

Distinguished Professor of Accounting and Research at Central Washington University, received the Lybrand Certificate of Merit, a national research award from the Institute of Management Accountants (IMA) for an outstanding contribution to accounting literature. He was honored at the IMA's 95th Annual Conference in Minneapolis, Minnesota. Adrian Harrington, a former student in his Fraud Examination course, co-authored the article. His article,

(Continued on page 2)

Upcoming Training

Type:
Bi-Monthly Chapter
Fraud Seminar

Date:
December 3, 2014

Time:
2:30—4:30 p.m.

Topic:
Secrets to Success While
Performing Employee
Embezzlement Fraud
Examinations

Speaker:
Joseph R. Dervaes, CFE,
ACFE Fellow, CIA

Where:
Downtown Seattle at
1000 Second Avenue in
the Training Room on
the 28th Floor of the
Washington State
Housing Finance
Commission's offices.
The building is located
across the street and
one block north of the
Jackson Federal Building
(corner of Second
Avenue and Spring
Street).

Price:
The seminar fee is \$20
for Members and \$25 for
non-members. Student
Members may attend
this event at no cost.

Registration:
Register and pay the
Chapter at the door.
Pre-registration is not
required for this event.

Chapter Members in the News—Continued

(Continued from page 1)

“Will Hackers Win the Battle?” was published in the January 2014 issue of *Strategic Finance*, the award-winning journal of the IMA. It was “one of the best articles of the year” according to Kathy Williams, Vice-

President and Editor-in-Chief of the IMA. He has written approximately 60 peer-reviewed articles over the past five years that focus on financial fraud, mainly in the identify theft and cybersecurity areas.

Other Chapter members are encouraged to notify President Robert Goehring (President@fraud-examiners.org) about their recent or future presentations or publications so that these events can be publicized in the newsletter.

December 3, 2014, Chapter Fraud Seminar in Seattle— Secrets to Success While Performing Employee Embezzlement Fraud Examinations

SPECIAL NOTICE:

Jeremy Leder, federal agent with the U.S. Postal Service in Seattle, WA, was scheduled to speak on the topic, “U.S. Postal Inspector’s Role in Fighting Financial Fraud.” Unfortunately, he will not be able to present due to a scheduling conflict.

Wednesday, December 3, 2014, is the date of our next fraud training seminar in the **Training Room** of our downtown Seattle training facility. There are 2 hours of Continuing Professional Education available to all who attend this event.

The cost of this fraud seminar is \$20 for Members and \$25 for non-members. Student members may attend this event at no cost. Pre-registration is not required. Register and pay at the door.

The topic of this fraud seminar is Secrets to Success While Performing Employee Embezzlement Fraud Examinations. The speaker is Joseph R. Dervaes, CFE, ACFE Fellow, CIA. Joe retired after 42.5 years of audit and fraud examination services in 2006 as

the Audit Manager for Special Investigations for the Washington State Auditor’s Office. He was responsible for managing the agency’s Fraud program and participated in over 730 fraud cases involving losses of over \$13 million during his 20-year tenure in this position. In 2003, Joe received the ACFE’s coveted Donald R. Cressey Award for his lifetime contributions to fraud detection, deterrence, and education. His is the former Chair of the Board of Regents (Regent Emeritus), former Chair of the ACFE Foundation’s Board of Directors, and a former member of the Board of Review, serving 13 consecutive years on these ACFE international leadership positions which ended in 2011. He is also President Emeritus of the Pacific Northwest Chapter/ACFE, serving 19 consecutive years on the Chapter’s Board of Officers until his retirement in 2012.

This session presents many of the concepts you’ll need to remember in order to succeed during employee embezzlement fraud examinations. It is a summary of the life experiences the speaker dealt with while

spending a career understanding employee embezzlement schemes in the workplace. It includes general concepts for fraud examinations, and important internal control issues dealing with fraud schemes in cash receipting, accounts receivable, disbursements, and payroll. These concepts to remember come directly from the speaker’s life experiences investigating fraud cases in state and local government in the state of Washington.

This session will give the attendees a wide range of knowledge about the most common types of fraud employees commit against their employers in both the public and private sector. Come and find out how to improve your own fraud examination practice.

This class is just one more example of the fine training opportunities the Chapter sponsors for its members.

Overview of the Chapter Fraud Seminar in Seattle— February 11, 2015

This Chapter Fraud Seminar will be held on February 11, 2015, at our downtown Seattle training facility. There are 2 hours of Continuing Professional Education available to all who attend this event.

The speaker and topic for this event have not yet been determined.

This information will be published in the Chapter's January-February Bi-Monthly Newsletter (issued

mid-January 2015), as well as the Chapter website (www.fraud-examiners.org).

New Chapter Members

Please welcome the new members who joined the Chapter during the period September 2014 through October 2014:

CFEs:
<none>

Associate Members:
<none>

Student Members:

- Daniel Cooksey
- Erica Walker

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.

Free ACFE CPE with Members Only Webinars

For dues paying ACFE members the ACFE offers free training. The webinars are typically 60 minutes in length and are equal to 1 credit hour of ACFE approved CPE credits.

Archived webinars will be available for 12 months from the date of the live event. More information can be found

at <http://memberwebinars.acfe.com>.

Recent Archived Webinars include:

- How to Catch a Tax Cheat - Using Advanced Analytics to Detect and Pursue Tax Evasion
- Virtual Identity in the

Digital Economy

- Maximizing Investigative ROI
- Global Financial Crime Networks Create New Crime Paradigm
- Detecting and Preventing Procurement Fraud

Additional Training Opportunities—John Reid & Associates

John E. Reid and Associates, Incorporated, Chicago, Illinois, announces the following training classes on "The Reid Technique of Interviewing and Interrogation" for the state of Washington in 2014:

- December 2-5, 2014, Seattle, WA (Holiday Inn-Seattle, 211 Dexter Avenue North)

The seminar fees are as follows:

- 1-Day Advanced (\$240)
- 3-Day Seminar (\$450)
- 4-Day Combined (\$580)

These are the RPGA Discount Rates.

Prior to registering, be sure to contact Chapter President Robert Goehring to obtain the Chapter's RPGA Discount Code. This discount is only available for Chapter members and may not be transferred to non-Chapter members.

Call 1-800-255-5747, Ext. 14 or 24 to register for any of these classes, or visit their website at www.reid.com.

Learn how to assess the credibility of statements; how to structure the flow of the

interview to maximize the flow of information; how to use behavior provoking questions in the interview process; how to persuade a suspect to tell the truth about their involvement in criminal activity; and, how to handle denials, overcome objections, and use alternative questions.

In the Advanced Program, learn to psychologically profile suspects for interrogation, develop specialized tactics for juvenile interrogations, and more.

**-Renew Membership and report CPE at the same time
-20 CPE required, 10 of which must be fraud related, and 2 of which must be ethics
-10 hours can be carried over every 12 months**

Highlights of Joint Chapter/ACFE Fraud Class October 23-24, 2014—Hilton Seattle Airport & Conference Center—SeaTac, WA

October 23-24, 2014, were the dates of our joint Chapter and ACFE Annual Fraud Training Class. This event was held at the Hilton Seattle Airport, 17620 International Blvd., SeaTac, WA. Registration began at 7:30 a.m. each day.

The class was entitled, "Fraud Risk Assessment". The ACFE course leader was Janet M. McHard, CFE, CPA, President McHard Accounting Consulting, LLC.

There were 16 hours of Continuing Professional Education available to all who attended this class.

The class explained how organizations can integrate anti-fraud initiatives into their risk management programs to:

- Develop a system of internal controls

- to address the entity's fraud risks
- Identify, assess and manage fraud risks from all sources
- Support fraud risk management initiatives by establishing an anti-fraud culture and promoting fraud awareness throughout the organization
- Address and respond to any instances of fraud

Registration for this fraud class was directly with the ACFE at (800) 245-3321, or at www.ACFE.com. Pre-registration was required for this class.

The cost of this class was \$795 for ACFE Members and \$945 for non-members. There was a \$95 discount for early registration (deadline—September 23,

2014).

Parking was available at the hotel at a discounted rate (\$10).

There were 47 people that attended this class, including 12 members of the Pacific Northwest Chapter/ACFE. Attendees were from all over the United States, as well as from Canada, France and Germany.

Janet M. McHard did an outstanding job of presenting the material as well as actively engaging with the class participants. And, her message was well received by the attendees as evidenced by the continuous feedback and interaction during this class. Four of the most creative attendee interactions were rewarded by ACFE gifts.

Start Planning for the ACFE 26th Annual Global Fraud Conference and Exhibition—June 14-19, 2015—Baltimore, MD

Join nearly 3,000 anti-fraud professionals at the 26th Annual Fraud Conference in Baltimore, MD June 14-19, 2015.

Location:
Baltimore Convention Center
One West Pratt Street
Baltimore, MD 21201
(410) 649-7008

Individual Registration:
Register online or contact the ACFE at (800) 245-3321.

Group/Team Registration:
Contact the ACFE at (512) 478-9000 or e-mail groupregistration@acfe.com for registration information, including group pricing that is available for teams of 3 or more from the same organization.

The Pacific Northwest Chapter/ACFE will again participate in team

registrations.

There were six members of the Pacific Northwest Chapter/ACFE that attended the June 2014 event as part of the ACFE Team Registration process and received at least a \$100 registration discount.

Members must register through the Chapter in order to participate in the Chapter Team Registration Process.

Expected Team Registration Process:

1. Complete the ACFE Supplemental *Attendee Form* (http://www.fraudconference.com/uploadedFiles/Fraud_Conference/25th/content/registration/25th-annual-reg-form-groups-supplemental.pdf) and send it via e-mail to [\[examiners.org\]\(http://examiners.org\). Do not send payment at this time! You will be billed by the ACFE. Clearly indicate whether you will be attending the Full Conference or the Main Conference.](mailto:President@fraud-

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2. Chapter President Robert Goehring will complete the ACFE *Group Registration Form* and will provide it to the ACFE with the related individual Supplemental Attendee Forms in late March/early April 2015.
3. After registration, each member will be responsible for making their own hotel reservations and signing up for their break-out sections at the Conference.
4. Chapter President Robert Goehring will notify all participating members via e-mail regarding the final count and pricing.

The Tidbit: Scam Alerts— (1) Meet The New Target Of Identity Theft; and (2) How To Find Lost Life Insurance Policies

Scam No. 1. This information was paraphrased from the Summer 2013 issue of USAA Magazine (usaa.com) by Hillary Chura.

Meet The New Target Of Identity Theft.

Cyberthieves are searching for fresh Social Security numbers. Here's how to protect this financial information for your child.

The fear of someone stealing your child's identity doesn't normally hit the top of the chart of things to worry about. There are other things on your list to worry about, such as colic, bullying, field trips, colds, and poor grades. But now it's time to add identity theft to your list.

In December 2012, the non-profit "Identity Theft Assistance Center's" report found:

- One in 40 households with children under 18 experienced child identity fraud.
- Child identity fraud is more difficult to detect and resolve than adult identity fraud.
- Social Security numbers are the most commonly used piece of information by cyberthieves.

Children's Social Security numbers are a clean slate. Hospitals often encourage parents to apply for a Social Security number for any newborn. Many parents dutifully lock the card away

for safekeeping and don't give it another thought until someone requests the number.

Military families that move every few years are vulnerable because they have shared personal information about their children with schools, doctors, and organizations, trusting that it would be confidential and no thieves were listening in to steal the numbers.

What parents don't know is that thieves can attach an unlawfully obtained fresh Social Security number to multiple names or birthdates to set up phony IDs. The false identifications can then serve as launching pads for unauthorized users to obtain credit, employment, a driver's license, medical care, and other government benefits.

The illegal activity can go undetected for years because parents don't typically monitor their children's identities. A child shouldn't have a credit file until he or she turns 18 and legally can apply for a credit card or student loan. In a 2012 study of 42,232 U.S. children, Cylab at Carnegie Mellon University found that 10.2 percent of the children's Social Security numbers were used by someone else. This is 51 times higher than for adults whose Social Security number had been used by someone else to commit fraud. Of the 4,311 numbers breached, 76 were attributed to fraud and 24 percent were attributed to file contamination. Regardless

of the reason, the impact is the same – the child is unable to use his or her Social Security number because it has been assigned to someone else.

Scam No. 2. This information was paraphrased from an article from the June 2, 2013, The New Tribune, Tacoma, WA by Jim Miller (Savvy Senior).

How To Find Lost Life Insurance Policies.

Dear Savvy Senior: When my father passed away, we thought he had a life insurance policy, but haven't been able to track it down. Do you know of any resources that might help? - Searching Family.

Dear Searching Family: Lost or forgotten life insurance policies are quite common in the U.S. It's estimated that \$1 billion in benefits from unclaimed life insurance policies are waiting to be claimed by rightful beneficiaries. There isn't a national data base to track down these policies, but there are a number of strategies and a few new resources that can help your search. Here are several to get you started.

Search Records. If our dad died recently, searching through his financial records is a good first step. Check his files for a policy, records of premium payments, or bills from an insurer. Also contact his employer or former employer benefits

(Continued on page 6)

Scam Alert

Summaries:

(1)

“Children's Social Security numbers are a clean slate.”

(2)

“It's estimated that \$1 billion in benefits from unclaimed life insurance policies are waiting to be claimed by rightful beneficiaries.”

The Tidbit—Continued

(Continued from page 5)

administrator, insurance agents, financial planner, accountant, attorney, or other adviser and ask if they know about a life insurance policy. Check safety deposit boxes, monitor the mail for premium invoices or whole-life dividend notices, and review old income tax returns, looking for interest income from and interest expenses paid to life insurance companies.

Contact the Insurer. If you suspect that a particular insurance company issued the policy, contact their claims office and ask about it. The more information you have, like your dad's date of birth and death, Social Security number, and address, the easier it will be to track down any policy. Contact information of some big insurers include: Prudential (1-800-778-2255); MetLife ("www.metlife.com/policyfinder"); AIG (1-800-888-2452) Nationwide (1-800-848-6331); Forethought (1-800-331-8853), John Hancock ("www.johnhancock.com") – click on "Contact Us", then on "Account Search

Request".

Get State help. Some state insurance departments have a policy locator service program that can help you locate lost insurance policies or offer other resources that can help you in your search. To reach your state insurance department, contact the National Association of Insurance Commissioner's web-site at "naic.org" – click on "States and Jurisdictions Map".

Search Unclaimed Property. If your dad died more than a few years ago, benefits may have already been turned over to the unclaimed property of the state where the policy was purchased (see escheating rules for your state – after one year, unclaimed funds must be sent to the state for further safekeeping). Go to "www.missingmoney.com", a web-site of the National Association of Unclaimed Property Administrators, to search records from 38 states, Puerto Rico, and the District of Columbia. The pull down menu under Links connects you to a map and addresses for unclaimed property agencies. Or, to

find links to each state's unclaimed property division, use "unclaimed.org".

If your dad's name or a potential benefactor's name produces a hit, you'll need to prove your claim. Required documents vary by state and are listed on each state's claim forms. A death certificate may also be needed. To obtain a copy of your dad's death certificate, contact the vital records office in the state where he died, or go to "www.vitalchek.com".

Tap MIB Database. The MIB Group Inc. is an insurance membership corporation whose main purpose is fighting fraud. It offers a policy locator service to help consumers in their searches for life insurance policies. This service only tracks applications for individual policies made since 1996. The service costs \$75, requires an original death certificate, and takes about 7-10 days to produce a report. To learn more, visit "www.policylocator.com".

Chapter Registers as Supporter of the ACFE's International Fraud Awareness Week—November 16-22, 2014

The Pacific Northwest Chapter/ACFE has again registered as a supporter of the ACFE's International Fraud Awareness Week activities during the period November 16-22, 2014.

Organizations around the world lose an estimated five percent of their annual revenues to fraud annually, according to the ACFE 2014 *Report to the Nations on Occupational Fraud And Abuse*. If applied to the 2013 estimated Gross World Product, this translates to a potential projected global fraud loss of nearly

\$3.7 trillion,

This program will help to cast a spotlight on this urgent problem. This week-long campaign encourages business leaders and employees to proactively take steps to minimize the impact of fraud by promoting anti-fraud awareness and education activities.

Individuals and organizations may join the discussion through the ACFE Insights blog. Contact the ACFE's media relations specialist for additional

information.

Our Chapter has been speaking to university students in our geographic area about being trained in the detection and prevention of fraud, as well as ACFE and Chapter scholarship opportunities.

The Chapter Board of Officers hopes there will be additional future activities as well.

Fraud Law—November 2014—By John J. Tollefsen, CFE, JD, CCS

Overview of Whistleblower Protection under Dodd-Frank and Sox

(continued from Sep/Oct 2014)

Overview of SOx § 806

Proceedings under SOx § 806 are governed by the rules and procedures and by the burdens of proof of the aviation safety whistleblower provisions contained in the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (“AIR21”). As with AIR21, the Secretary of Labor has assigned responsibility for administering SOx § 806 to the Assistant Secretary for Occupational Safety and Health Administration (“OSHA”).

OSHA has issued a final rule establishing procedures and time frames for the handling of retaliation complaints under SOx § 806. The rule addresses complaints to OSHA, investigations by OSHA, appeals of OSHA determinations to a U.S. DOL administrative law judge (“ALJ”) for a de novo hearing, hearings by ALJs, and review of ALJ decisions by DOL’s ARB, to which the Secretary has delegated authority to issue final agency decisions under SOx.

Regulations promulgated by DOL set forth four required elements of a prima facie case under SOx § 806: (1) “The employee engaged in a protected activity or conduct”; (2) “The named person knew or suspected, actually or constructively, that the employee engaged in the protected activity”; (3) “The employee suffered an unfavorable personnel action”; and (4) “The circumstances were sufficient to raise

the inference that the protected activity was a contributing factor in the unfavorable action”.

In interpreting SOx § 806’s substantive requirements and burdens of proof, the DOL and the courts have looked to agency and judicial decisions under AIR21, as well as other OSHA-enforced whistleblower statutes, such as the Energy Reorganization Act (“ERA”), which provides protection to employees who report nuclear safety violations. As has happened with the other whistleblower statutes enforced by OSHA, the DOL and the courts borrow heavily from case law developed under Title VII and other discrimination statutes.

The belief by the whistleblower of a violation must be subjectively and objectively reasonable. The subjective standard requires the employee to sincerely believe in good faith that there is a violation. The objective standard requires that the potential violation must be such that a reasonable person would believe there is a violation. The whistleblower does not need to have all the facts or understand the law correctly.

In practice, the subjective standard is almost always present. The whistleblower adamantly insists there is impropriety.

The objective standard is a barrier for the whistleblower in many cases. The employer can provide an expert witness that testifies the evidence discovered by the whistleblower is not a real violation of the laws listed in SOx § 806. For example, an internal auditor may

complain to the audit committee that the internal control of two signatures on a check is being thwarted by a manager who is forging the second signature. The manager is angered and arranges for the internal auditor to be fired. The employer defends by claiming there is no violation because the checks were issued to the proper payee and it suffered no harm. There is no way for an objective person to believe there was fraud on shareholders or any other violation of SOx § 806. The result is that internal auditors reporting thwarting of internal controls are often unprotected by SOx § 806.

There is a civil cause of action under SOx § 806 in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank”) which is covered in the next section. This statutory action provides additional protections for whistleblowers and extends the statute of limitations.

(Next: Whistleblower protection under Dodd-Frank)

John J. Tollefsen, J.D., LL.M., is the founder of Tollefsen Law PLLC, an attorney, Certified Fraud Examiner, and Certified Controls Specialist.

John@TollefsenLaw.com. See TollefsenLaw.com for more information regarding fraud law. A footnoted version of this article as it written will be posted at <http://tollefsenlaw.com/whistleblower-protection-under-dodd-frank/>

John Tollefsen is also the Chapter Training Director, member of the Chapter’s Website and Newsletter Committee and the contributor for all of the information presented in this column.

“My father used to always say to me that, you know, if a guy goes out to steal a loaf of bread to feed his family, they’ll give him 10 years, but a guy can do white-collar crime and steal the money of thousands and he’ll get probation and a slap on this wrist.”

-Jesse Ventura

May 8, 2015—Pacific Northwest Chapter/ACFE Annual Fraud Conference—La Quinta Inn & Suites—Tacoma, WA

Friday, May 8, 2015, is the date of our Chapter's first Annual Fraud Conference. Registration begins at 7:30 a.m. and a continental breakfast will be provided. The conference begins at 8:00 a.m. and ends at 4:20 p.m. Lunch will be provided from noon to 12:30 p.m.

The conference will be held at the La Quinta Inn & Suites (1425 East 27th Street), Tacoma, WA. There is no charge for parking at the hotel.

There are 8 hours of Continuing Professional Education available to all who attend this event. **This will include training that meets the ACFE annual 2-hour Ethics CPE requirements for Certified Fraud Examiners.**

The Conference Coordinator is Chapter Board Member-at-Large Pete Miller, CFE, CPA. Pete Miller and Chapter President Robert Goehring, CFE, CPA will serve as Conference Co-Chairs.

Participants can register online through the Chapter website (www.fraud-examiners.org).

The cost of this event is \$125 for participants that register and pay on or before April 15, 2015; \$150 between April 16, 2015 and April 30, 2015; and \$175.00 after April 30, 2015. Chapter members will receive a \$25 discount from these rates. Chapter members must be current on their Chapter dues to be eligible for this discount.

Pre-registration for this fraud conference is not required. However, a limited number of same day registrations will be available for an additional \$25 fee (total regular fee \$175 non-members, \$150 members).

Participants that cancel in writing after April 15, 2015, will be given the option of transferring their registration to another person, or applying their registration fee to the 2016 Annual Fraud Conference. No refunds or credit will be given for "no shows".

The speakers and topics for this conference are listed below and on pages 9 and 10. See the Chapter website (www.fraud-examiners.org) for more information.

Andrew McIntosh, CFE
Investigations Editor for Agence QMI-QMI News Agency



Topic:

Investigative Journalism and the Fight Against Fraud

Andrew McIntosh, CFE, is investigations editor for Agence QMI - QMI News Agency, a multimedia (newspapers, TV and the Web) news service of Quebecor Media, the largest private media company in French Canada. He also acts as a U.S. West Coast correspondent as required from his base in Seattle. Andrew is also a member of the Pacific Northwest Chapter/ACFE.

He has worked across North America as an investigative reporter for the *Sacramento Bee* in California, the *National Post* in Ottawa, Ontario, *The Globe and Mail*

in Toronto, *The Ottawa Citizen* and *The Montreal Gazette* in Quebec.

A graduate of Concordia University in Montreal, he has made a career of exposing political and police corruption, business fraud, and waste and mismanagement of taxpayers' and shareholders' money.

A recognized expert on municipal, state and federal Freedom of Information Acts in the United States and Canada, McIntosh is a three-time winner of the National Newspaper Award, Canada's highest journalism honor, and was a finalist three other times. He has also won four Canadian Association of Journalists Awards for outstanding investigative journalism, including two awards for innovative data journalism projects.

TOPIC AND DESCRIPTION: **Investigative Journalism and the Fight Against Fraud**

In this session, Andrew McIntosh, CFE will explain how he and his unit exposed money laundering by a violent street gang leader (now killed), a ring that trafficked \$60 million in fake construction invoices; and the thefts of airline passenger's money and valuables by airport security screeners across North America. He has also taken

aim at expense account misspending, a bid-rigging scheme involving \$25 million worth of legal and HR contracts, as well as fraud by numerous Canadian municipal and union officials.

In California, McIntosh's probe into several deaths and thousands of injuries across the U.S. that were caused by nail guns with flawed designs triggered a state sponsored construction industry safety summit and won an award from the Society of American Business Editors and Writers and was a finalist for both the U.S. Investigative Reporters and Editors Awards and the Loeb National Business Writing Awards.

His probe into flaws and loopholes in California's state paramedic licensing and continuing education system led to state hearings, legislative changes and a new law signed by Gov. Arnold Schwarzenegger.

When not reviewing endless piles of records and conducting interviews, Andrew (still) plays ice hockey, canoes and spends too much time in airplanes.

Pacific Northwest Chapter/ACFE Annual Fraud Conference—Continued

Michael Kinsley, CFSA, CFE

Manager, Internal Audit
Russell Investments

TOPIC AND DESCRIPTION:

To Be Announced In the Chapter January/
February 2015 Newsletter

Mark Couey

Director of the Special Investigations Unit
of the Washington State Office of the
Insurance Commissioner.



Topic:

Criminal Insurance Fraud in Washington State

Mark Couey is
the Director of
the Special
Investigations

Unit of the Washington State Office of the
Insurance Commissioner. He has over 30
years of law enforcement experience,
having worked for both the Oregon State
Police and Washington State Patrol prior
to the Office of Insurance Commissioner.

Over 14 years of his career have been

spent working in various investigative
assignments. Some of these included
Detective Sergeant assigned to the
Criminal Investigation Division; Section
Commander as a Lieutenant assigned to
Narcotics, and as a Division Commander,
first as the Captain over the WSP's
Investigative Assistance Division and later
the Special Operations Division.

Mark has an Associate's Degree in
Criminal Justice, as well as a Bachelor's
Degree in Economics from Oregon State
University. He is a graduate of the
International Association of Chiefs of
Police (IACP) "Leadership in Police
Organizations" course. He has obtained
supervisor, manager, and executive level
certifications from the Criminal Justice
Training Commission.

Mark is also a graduate of the DEA's Drug
Unit Commander Academy as well as the
FBI's National Academy, both at Quantico,
Virginia. He is an executive board

member of the Washington Association of
Sheriffs & Police Chiefs.

Mark is honored to represent the Office
of the Insurance Commissioner as the
Director of the Special Investigations Unit.
The unit investigates fraud perpetrated
against insurance companies and pursues
criminal charges against organized groups
and individuals involved in various
fraudulent schemes.

TOPIC AND DESCRIPTION: Criminal Insurance Fraud in Washington State

In this session, Mark Couey will present at
least three examples of successful
investigations and prosecutions. He will
also provide an overview of the
Washington State Office of the Insurance
Commissioner Special Investigations Unit,
the referrals it receives and other
information surrounding criminal
insurance fraud in Washington state.

Dr. Brian K. Steverson

John L. Aram Chair of Business Ethics in
the School of Business Administration at
Gonzaga University, and Faculty President.



TOPIC AND DESCRIPTION: Business Ethics—No Really, There is Such a Thing!

Dr. Brian K. Steverson is the John L.

Aram Chair of Business Ethics in the
School of Business Administration at
Gonzaga University, and Faculty President.
Prior to assuming the Aram Chair, in
2008, he was a member of the Philosophy
Department since 1992. Brian received
his Ph.D. from Tulane University in 1991.
His main areas of current scholarship are
business ethics, professional ethics, and
the ethics of entrepreneurship. His
research interests include the ethics of pre-
employment screening for psychopathic
disorders, the growing movement for
professionalizing business management,
the Jesuit model of business education,
and the use of choice architecture as a
management technique. His work has
appeared in *Environmental Ethics*, the *Online
Journal of Ethics*, *Topics in Contemporary
Philosophy*, the *Business and Professional*

Ethics Journal, the *Journal of Ethics &
Entrepreneurship*, and the *Journal of Jesuit
Business Education*.

TOPIC AND DESCRIPTION: Business Ethics—No Really, There is Such a Thing!

In this session, conference participants will
debunk the urban myth that "business
ethics" is an oxymoron (we will not,
however, prove the existence of Bigfoot)
by discussing what has come to be known
as the "social contract approach" to
business. Along the way, participants will
also develop a basic decision-making
methodology that business persons can
adopt to integrate basic ethical values into
the daily operation of their organizations.

Volunteer Opportunity — UW Fraud Victims Pilot Project - Winter 2014 Fraud Class—UW (Bothell Campus)

The Fraud Victims Pilot Project provides an opportunity for students attending an UW Forensic Accounting class who are interested in using their accounting skills to help fraud victims obtain some measure of justice. The volunteering CFE would work directly with the instructor to mentor the students and monitor the fraud case they are working on.

The project is comprised of the King County Prosecuting Attorney's Office (Economic Crimes Unit), three local police departments (Seattle, Bellevue and Kirkland), the University of Washington Accounting Instructors and the Pacific Northwest Chapter/ACFE. The Chapter's role is limited to helping advertise the project and providing advice regarding the project itself. The Chapter Membership as a whole and the Board of Officers will not be playing a direct or indirect role in specific fraud investigations selected for this Project.

A class was offered in Fall 2014 at the University of Washington (Bothell Campus). Students were required to register for the class by the end of August 2014. Unfortunately, a minimum of eight students was needed for a formal UW class. Because a sufficient number did not register for this class, it was not held. Hopefully, the prerequisite number of students will register for the upcoming Winter 2014 class.

The Winter 2014 class will meet once a week on Saturdays for three hours (9:30 a.m.—12:30 p.m.) at the UW's Eastside Leadership Center in Bellevue (140 Park Street). Parking is free at this location, and actual class dates have not yet been established.

The King County Prosecuting Attorney's Office has identified at least one elder care fraud case to be used by the students. It is in its final stages now and charges are expected to be filed in September 2014. Due to Washington's speedy trial requirements, a trial is expected within 90 days after charging occurs in the case. But, the actual trial dates in fraud cases vary and may occur 6-

12 months after charging, depending upon the circumstances. If only one case is ready for the students, then it is likely that more than one group of students will work on the same case, with the CFEs working in pairs to mentor them. There may also be a second fraud case involving a private sector small business ready for the students to use. If so, the CFEs will work in pairs to mentor the students on these separate cases.

Five Chapter Members volunteered for the Fall program: President Emeritus Joe Dervaes, Training Director John Tollefsen, Elizabeth Larson, Rick Osborn, and Mike Nurse. However, only three of these volunteers will be available for the Winter 2014 program. Rick Osborn and Mike Nurse had to drop out because of prior work engagements during this time.

Two key concerns raised by prospective volunteers in the past have been resolved:

- Insurance. Volunteers will be covered for insurance liability while working on this project by completing a King County volunteer form and being fingerprinted at the King County Sheriff's Office.
- Private Investigator License. The CFEs will not interview any suspects in the cases the students will be working on. Any interviews would be conducted by either the King County Prosecuting Attorney's Office and/or detectives from the appropriate law enforcement agency responsible for bringing the fraud case to the class for action. So no private investigator license is required for any CFE volunteering on this project.

Key considerations:

1. CFEs must be members of the Pacific Northwest Chapter/ACFE and participation must be approved by the Board of Officers.

2. Everyone participating in the Project must complete a background check.

3. The three police departments and/or the King County prosecutor will coordinate their efforts to find simple fraud cases to be used by the students.

4. The original source documents in the case will remain at the police department which advanced the case to be used. Copies of the documents will be forwarded to the UW instructor and will be kept in a secure location for use by the students and the CFEs. The King County Prosecuting Attorney's Office will serve as the contact on this effort.

5. The instructor and the volunteering CFEs will be the mentors for the students on the fraud case and will provide oversight and review the work performed by the students. Interviews will be conducted by police detectives and/or the prosecutor if needed.

6. During the period of the fraud class, students will be expected to meet with the CFE volunteers once per week for 3 hours when it is convenient for the CFE. This could be during the actual fraud class, or in the evenings or on weekends. The meetings could be at the Bothell campus or the Bellevue campus, the King County Prosecuting Attorney's Office, or the CFE's office.

7. If the students do not complete their work or issue a draft report before the class has been completed, it will be up to the CFEs to complete the work and issue the final report to the King County Prosecutor (procedures to be defined later).

Please contact President Emeritus Joe Dervaes, CFE, ACFE Fellow, CIA if you have any questions about this project or are interested in participating. Chapter membership will be notified regarding important developments through future Chapter newsletters and e-mails.

Ritchie-Jennings Memorial Student Scholarship Program (2015-2016)

Are you mentoring a college student? Do you have friends or professional associates with children in college? Could they use some additional financing to pay for tuition? Are they interested in Fraud Prevention, Detection or Investigation?

The ACFE Foundation supports the education of students worldwide enrolled in accounting, business, finance and criminal justice who wish to pursue a career in fraud examination or similar anti-fraud profession.

Four different scholarship amounts are awarded: one \$10,000 scholarship, two \$5,000 scholarships, four \$2,500 scholarships and twenty-three \$1,000 scholarships. The Ritchie-Jennings Memorial scholarships are awarded in U.S. dollars and include a one-year ACFE Student Associate membership. Scholarships will be paid directly to the student's university.

To be eligible to apply, the applicant must currently be enrolled full-time and

similarly enrolled during the 2015-2016 academic year with a declared major or minor in accounting, business administration, finance or criminal justice at an accredited, four-year college or university.

Undergraduates must be enrolled 9 semester hours (or equivalent) per term and graduates must be enrolled 6 semester hours (or equivalent) per term. To be considered, applicants must complete the Ritchie-Jennings Memorial Scholarship application with the following:

- Official transcript(s) showing all completed college or university courses
- Three letters of recommendation

Letters of recommendation should be obtained from an individual who may have worked with you in a professional or educational capacity such as an instructor or employer. At least one letter is preferred to be from a Certified Fraud

Examiner (CFE). Students are encouraged to meet with a local ACFE chapter to become acquainted with a CFE.

2015-2016 Scholarship Schedule:

- Application Deadline – completed online by **February 5, 2015**
- Scholarship Award Recipients Announced – April 17, 2015
- Scholarship Awards Distributed – April 30, 2015

The Pacific Northwest Chapter/ACFE also offers one \$1,000 annual scholarship (see below for more information)

See www.acfe.com/scholarship.aspx (ACFE Foundation) and www.fraud-examiners.org/scholarship_intro.shtml (Pacific Northwest Chapter/ACFE) for more information.

Help the next generation of fraud professionals meet their career goals by spreading the word about these scholarship opportunities!

2015-2016 Chapter Student Scholarship Program

There are two annual scholarship programs available to full-time university students seeking a major or minor in accounting, business administration, finance, or criminal justice programs in the Pacific Northwest. They are the ACFE Foundation's Ritchie-Jennings Memorial Scholarship Program (discussed above), and the Pacific Northwest Chapter/ACFE Student Scholarship Program.

The Chapter scholarship program is a \$1,000 award (increased from \$500) to eligible students attending a qualifying college or university in the state of

Washington. Winners of an ACFE Foundation scholarship are not eligible to receive a Chapter award for the same academic year.

Students interested in applying for the 2015-2016 Scholarship programs are encouraged to visit the Chapter website (www.fraud-examiners.org) or contact any Chapter Board Member to learn more about these programs. The application deadline is **February 5, 2015**.

Applicants must first apply directly for the Ritchie-Jennings Memorial Scholarship Program then provide the ACFE

Foundation complete application package and a resume to Chapter President Robert Goehring via e-mail at President@fraud-examiners.org or by USPS to P.O. Box 215, Auburn, WA 98071-0215.

There were no eligible applicants for the Chapter award for the current and two previous academic years. The Chapter's Community/University Outreach Committee will continue its extensive efforts in advertising these programs to area colleges and universities. The Board of Officers also implemented several new initiatives to advertise these programs.

“Character is much easier kept than recovered.”

- Thomas Paine

Benefits of Chapter Membership and Serving on the Board of Officers

The Board recognizes that the Chapter membership is fully aware of the non-financial benefits of being a Chapter Member and serving the Chapter in various capacities including serving on the Board of Officers, serving on the various Chapter committees and speaking at Chapter training events and other venues. However, did you know that there are very real financial benefits?

Membership:

- \$5 discount on Chapter Fraud

- Seminars
- Free lunch at the June Chapter Training/Business Meeting
- Free lunch (1 day only) at ACFE October training
- As an Associate Member, the opportunity to apply for the Chapter CFE Incentive Program Award (up to \$500)

Board of Officers:

- Free registration for 3 Board Members for the Joint Chapter/

- ACFE October training class (\$695/each)
- Up to \$500 for one member for attendance at ACFE Annual Conference as the Chapter Representative.
- Free registration for the Chair and Co-Chair of the Chapter's Annual Fraud Conference. The next one is in May 2015.

Final Reminder Regarding the 2014 Chapter Incentive Award Program

Each calendar year the Board of Officers recognizes one Associate Member who becomes a Certified Fraud Examiner during that year and meets other requirements, by granting him/her an award of \$500 to help defray the costs of obtaining the CFE professional credential.

See the Chapter website (http://www.fraud-examiners.org/PNW_Chapter_Incentive_Award.shtml) for specific information concerning eligibility and the selection process.

Key items (Not All-Inclusive):

- Deadline for fulfilling all of the requirements—Dec 31, 2014
- Applicant must be an Associate Member of the Chapter and provide written notice of intent to the Board to apply for this award
- Applicant must pass the CFE Examination and obtain the CFE Credential in 2014
- Applicant must attend at least two of the Chapter's Fraud Training events

- Applicant must incur eligible expenses that are not reimbursed by his/her employer or other party

The winner will be determined through drawing if more than one person meets the eligibility requirements. The winner will be announced at the February 2015 Chapter Fraud Seminar.

Unfortunately, there were no applicants for the 2013 Chapter Incentive Program Award.

Annual Chapter Dues

Annual Chapter dues and fees are due beginning in January 2015. The dues/fees structure has not changed from prior years and is as follows: \$24 for CFE Members; \$30 for Associate Members; \$36 for Affiliates of the Chapter (non-members); and \$-0- for Retired Members and Student Members.

For those of you who are not required to make annual dues payments (i.e., retired members and student members), please complete and send in your membership renewal form anyway so we can verify that all of your

identification information is accurately recorded in our current Chapter Membership Directory.

Our Federal Tax Identification Number is: 91-1592735. If your organization requires an IRS Form W-9 *Request for Taxpayer Identification Number and Certification*, please contact Chapter President Robert Goehring.

All of the necessary forms are available on the Chapter website (www.fraud-examiners.org).

Please mail your Chapter membership

renewal form and dues/fees (if applicable) to the Chapter Treasurer as soon as practical at:

Pacific Northwest Chapter/ACFE
P.O. Box 215
Auburn, WA 98071-0215

The Chapter Board of Officers thanks you for your prompt attention to this important financial transaction, and appreciates your support of our Chapter fraud training mission.

Links to

ACFE Chapters

Pacific NW Chapter
www.fraud-examiners.org

Oregon Chapter
www.oregon-acfe.org

Spokane Chapter
www.spokanefraud.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 Robert Goehring at
President@fraud-examiners.org

Other ACFE Fraud Training Opportunities

- Using Data Analytics to Detect Fraud, Las Vegas, NV, 12/18/2014 - 12/19/2014
- CFE Review Course, Houston, TX, 1/12/2015 - 1/15/2015
- Bribery and Corruption, Phoenix, AZ, 1/26/2015 - 1/27/2015
- Auditing for Internal Fraud, San Antonio, TX, 1/29/2015 - 1/30/2015
- Investigating Conflicts of Interest, New Orleans, LA, 2/9/2015
- Fraud Risk Management, New Orleans, LA, 2/10/2015 - 2/11/2015
- Using Data Analytics to Detect Fraud, Orlando, FL, 2/12/2015 - 2/13/2015
- CFE Exam Review Course, Dubai, UAE, 2/22/2015 - 2/26/2015
- CFE Exam Review Course, Las Vegas, NV, 2/23/2015 - 2/26/2015
- Advanced Interviewing Techniques Workshop, Austin, TX, 3/2/2015 - 3/5/2015
- Fraud Prevention, Denver, CO, 3/4/2015 - 3/4/2015
- Financial Statement Fraud, Denver, CO, 3/5/2015 - 3/6/2015
- Health Care Fraud, Memphis, TN, 3/9/2015 - 3/10/2015
- Fraud Risk Management, Jakarta, Indonesia, 3/12/2015 - 3/13/2015

The ACFE contact point for all course offerings is Caitlin Perdue, Event 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

- Annual Fraud Conference, Pacific Northwest Chapter (May 8, 2015—Tacoma, WA)
- Annual Fraud Conference, Spokane, WA Chapter (November 17 - 18, 2014—Spokane, WA)
- Annual Training Conference, Portland, OR Chapter (to be announced)
- Anti-Fraud Training, Vancouver Chapter/Justice Institute of BC (to be announced)

The Chapter Board of Officers & Training Director

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