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The Fraud Examiner



Pacific Northwest Chapter

January/February 2018 Issue

Message from the President

Pacific Northwest Chapter/ACFE Annual Fraud Conference

The Chapter will conduct its Annual Fraud Conference in Tacoma on May 7, 2018! There will be 8 hours of CPE available, including 2 hours of ACFE Ethics training, for all those that attend this event. Registration fees will be \$150 for registration and payment received on or before April 16, 2018, \$175 April 17 through April 30, 2018, and \$200 after April 30, 2018. Chapter Members, Associate Members and Affiliates of the Chapter will receive a \$50 discount from these rates, provided that they have paid their 2018 Chapter dues. There will also be a special discounted rate of \$25 for the first ten Student Members that register on or before April 16, 2018, and ten registration fee scholarships awarded for the first ten Student Members that apply and meet eligibility requirements. See also pages 5 - 8.

New for 2018 - Combined Annual Dues and Training Payment Option

Effective January 1, 2018, Chapter Members may pay a flat \$94 fee on an annual calendar year basis that would cover the Member's annual dues and registration fees for all Chapter Fraud Seminars, except the Chapter's Annual Fraud Conference, for the entire year. See also page 8 and the Chapter website, Membership page.

Chapter and ACFE Student Scholarship Programs

The Chapter offers one annual \$1,000 scholarship, and the ACFE Foundation also offers a robust scholarship program. Applications for the 2018-2019 academic year are due by late January 2018 for the ACFE Foundation program, and by March 31, 2018, for the Chapter program. See also pages 10-11 and the Chapter website.

Pacific Northwest Chapter/ACFE Celebrates 25th Anniversary!

The Association of Certified Fraud Examiners is comprised of 182 local chapters worldwide, including 96 chapters in the United States, and over 80,000 members. Chapter President Emeritus Joe Dervaes, CFE, ACFE Fellow, CIA, spearheaded the effort to form the Pacific Northwest Chapter/ACFE in the early months of 1993. The first meeting was held on March 31, 1993, in downtown Seattle in a first floor meeting room in the Jackson Federal Office Building. Since then the Pacific Northwest Chapter/ACFE has grown to 159 members, including 109 CFEs and a significant number of Associate, Student and Retired members. There will be a special cake-cutting ceremony at the June 13, 2018, Membership Annual Business Meeting and Luncheon, and pictures will be taken of the founding members present for publication in the Chapter Newsletter and the ACFE *Chapter Register*.

Chapter Elections

The election for Chapter Board of Officers for the two-year term ending June 30, 2020, will be held at our June 13, 2018, annual luncheon business meeting and Luncheon. At its February 14, 2018, meeting, the Board of Officers and Nominating Committee will select a slate of candidates for consideration by the Membership. Candidates must be CFEs and must be active in the Chapter through regular attendance at Chapter Training events and other areas of service to the Membership. There are many benefits to serving on the Board of Officers, the most important being service to the Chapter and the ACFE in our common fight against fraud. See also page 12 for educational and financial benefits.

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

In Memoriam - Sharon Tobin

Chapter Member Peter Tobin, CFE, CPA, CGMA, lost his wife Sharon in a car accident that occurred on December 18, 2017, on Highway 20 near Coupeville, WA. Sharon, ARM, CIC, CPCU, CRM, was an Underwriting Specialist at Liberty Northwest Insurance Group.

Peter joined the Pacific Northwest Chapter/ACFE when he came to Seattle from New York in 1993. Becoming a CFE in 1991 after they returned from

four years in Australia, he has been very active in supporting the ACFE by attendance at 17 ACFE Annual Fraud Conferences plus numerous ACFE and Chapter training events.

Peter, a retired U.S. Army officer, recently retired after 13 years as Audit Manager - CAE with Perkins Coie, LLP and moved to Whidbey Island. He was the recipient of the 2010 Pacific Northwest Chapter/ACFE Chapter

Distinguished Achievement Award and a 2014 graduate of the FBI Citizens Academy.

The Chapter Board of Officers and Chapter Membership send our sympathy to Peter and his family on the tragic loss of Sharon. Our thoughts and prayers are with them at this very difficult time.

Chapter Members In The News

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

1. On September 8, 2017, Chapter Member Robert Sinclair, CFE, was selected to serve on the ACFE Scholarship Committee. Robert is a Revenue Auditor at the Vancouver office of the Washington State Department of Revenue. The Committee is responsible for evaluating the Ritchie-Jennings Memorial Scholarship applications and providing recommendations to the ACFE Foundation Board of Directors. Last year, over \$50,000 in scholarships were awarded.

2. Chapter Member Andrew Medina, CFE, CPA, LPEC, co-chaired a task force for the Council of the Great City Schools (<https://www.cgcs.org>) in completion of a white paper entitled, *Internal Auditing in the Great City Schools*. Andrew, Director of Internal Audit at Seattle Public Schools, presented the white paper at the Council's Annual Fall Conference in Cleveland, OH on October 18, 2017, and again at the Council's Chief Financial Officers Conference in Miami, FL on November 14, 2017.

3. On December 13, 2017, Board Director-at-Large Pete Miller, CFE, CPA, gave a presentation entitled, "Fraud Trends: A Summary of the 2016 ACFE Report to the Nations" to the Tacoma Chapter of the Washington Society of Certified Public Accountants. Pete also

spoke at the WSCPA 2017 Annual Fraud Conference on "Fraud Trends", and served on an "Ask the Expert" panel. Attendance at both of these events was approximately 30 - 40 and 80 - 100, respectively. Pete Miller is a Shareholder in the audit and assurance practice at Clark Nuber, where he also authors the Focus on Fraud blog, and directs the firm's Fraud Reporting Center.

4. Board Director-at-Large Pete Miller, CFE, CPA, was interviewed by Centropy Business Coaching in a three-part blog (<https://centropycoaching.com/blog>) entitled, "External and Internal Fraud, Detection and Prevention and Work Place Culture" (September 27, 2017), "Critical for Internal Fraud Prevention - Monitor Your Performance Data and Payroll Systems" (September 29, 2017), and "Actionable Tools and Resources to Mitigate Fraud - Perception of Detection, Fraud Hotline, and Risk Assessment" (October 4, 2017).

5. Chapter President Emeritus Joe Dervaes, CFE, ACFE Fellow, CIA, was a contributing author for two fraud interviewing articles published in the ACFE's *Fraud Magazine* during 2017, entitled "Preparation and Flexibility Are Keys to Good Interviews", and "Serendipity in Interviews".

6. Chapter Member Dr. Robert Holtfreter, CFE, CPA, published his by-line column in all six issues of the ACFE's *Fraud Magazine*, entitled "Taking Back the ID" during 2017. Robert is the

Distinguished Professor of Accounting and Research at the Central Washington University College of Business.

7. Board Director-at-Large Mike Nurse, CFE, CPA, CGMA prepared an Agreed-Upon-Procedures report covering the Chapter's financial operations for the years ending June 30, 2016 and 2017. Mike is a senior manager in Accounting and Consulting Services at Clark Nuber. See also page 13.

8. Chapter President Robert Goehring, CFE, CPA, was the featured Chapter Leader in the ACFE November 2017 issue of *The Chapter Register* (<https://www.acfechapternews.com>).

9. Chapter President Emeritus Joe Dervaes, CFE, ACFE Fellow, CIA, and Board Director-at-Large/Training Director John J. Tollefsen, J.D., LLC, CFE, continue to be contributing authors for by-line columns entitled "The Tidbit" and "Fraud Law", respectively, in the Chapter's bi-monthly Newsletter.

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.

February 14, 2018, Chapter Fraud Seminar in Seattle, “An Overview: Fraud Prevention, Detection and What To Do When Fraud Happens At Your Company”

Upcoming Training

Type:

Bi-Monthly Chapter Fraud Seminar

Date:

February 14, 2018

Time:

2:30—4:30 p.m.

Topic:

“A Fraud Overview”

Speaker:

Roy E. Cupler, CPA, CFE

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.

Chapter Members and Associate Members, must have paid 2018 Chapter dues to be eligible for this discount.

Registration:

Register and pay the Chapter at the door or online at the Chapter website (www.fraud-examiners.org). Pre-registration is not required for this event.

February 14, 2018, is the date of our next Chapter fraud training seminar at 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. Attendees can pre-register and pay at the Chapter website (www.fraudexaminers.org) or do so at the door.

The speaker will be Roy E. Cupler, CPA, CFE. He is a partner with Moss Adams, LLC. Roy has over 30 years experience in public accounting. He provides audit and consulting services to hotel and gaming operations, food and beverage operations, golf and country clubs, and resort properties. He serves at the engagement partner on numerous tribal and commercial gaming, hotels, restaurant chains, and resorts audits. He also conducts fraud investigations, internal control review engagements, including MICS

compliance for the gaming industry, and due diligence and proration engagements for the hotel industry.

The topic will be: “An Overview: Fraud Prevention, Detection, and What To Do When Fraud Happens At Your Company.”

At this fraud seminar, Chapter President Robert Goehring will present the 2017 Chapter Distinguished Achievement Award to Board Director-at-Large Nancy Pasternack, CFE, CPA, CIA. Pictures will be taken for inclusion in the Chapter's May-June Newsletter.

CPE Compliance for Certified Fraud Examiners

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

You are required to earn 20 hours of CPE each year, **10 of which must be fraud related, and 2 of which must be on ethics.**

Report your CPE Compliance to the ACFE in your anniversary month (online or by phone).

If a CFE has earned more

than 20 CPE hours of CPE in any year, he/she may carry forward up to 10 of these extra hours to meet their future CPE requirements.

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

- How CPE Works
- CPE Changes from Year to Year
- Maintaining CPE

Records / CPE Audit

You may access the [My CPE](#) 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.

2018 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-](http://www.fraud-examiners.org/PNW_Chapter_Incentive_Award.sh)

www.fraud-examiners.org/PNW_Chapter_Incentive_Award.sh tml) for specific information concerning eligibility and the selection process.

Key items (Not All-Inclusive):
(Continued on page 6)

Start Planning for the ACFE 29th Annual Global Fraud Conference and Exhibition—June 17-22, 2018—Las Vegas, NV

Join nearly 3,000 anti-fraud professionals at the 29th Annual Fraud Conference in Las Vegas, NV June 17-22, 2018. See also <http://www.fraudconference.com>.

Location:

Mandalay Bay Resort and Casino
3750 South Las Vegas Blvd
Las Vegas, NV 89119
(855) 516-1090

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 grouppregistration@acfe.com for registration information, including group pricing that is available for teams of three or more from the same

organization.

The Pacific Northwest Chapter/ACFE will again participate in team registrations. See below for procedures.

Unfortunately, there were no members of the Pacific Northwest Chapter/ACFE that attended the June 2017 event as part of the ACFE Team Registration process.

Announcing Team Registration Pricing for Chapters

The ACFE will once again offer team registration pricing for chapter members at the 29th Annual ACFE Fraud Conference and Exhibition.

The team registration pricing is:

Team Registration—Full Conference

ACFE Member:

- 3 or more—\$1,450
- 5 or more—\$1,400
- 10 or more—\$1,325

Non-Member:

- 3 or more—\$1,700
- 5 or more—\$1,650
- 10 or more—\$1,575

Team Registration—Main Conference

ACFE Member:

- 3 or more—\$1,050
- 5 or more—\$1,025
- 10 or more—\$1,000

Non-Member:

- 3 or more—\$1,300
- 5 or more—\$1,275
- 10 or more—\$1,250

There were no Pacific Northwest Chapter/ACFE members that participated in this program at the June 2017 Conference. Members must register through the Chapter in order to participate.

Team Registration Process:

1. Complete the ACFE Supplemental *Attendee Form* (<http://www.fraudconference.com/>) and send it via e-mail to President@fraud-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.

2. Chapter President Robert Goehring will complete the ACFE *Group Registration Form* and will provide to the ACFE with the related individual Supplemental Attendee Forms on **March 31, 2018**.
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.

Remember that the due date is **March 31, 2018**. If you have any questions, please contact Chapter President Robert Goehring at President@fraud-examiners.org or at (253) 853-5262.

Free ACFE Webinars by Logging on to Your ACFE Membership Account

For dues paying Members of the global ACFE organization, 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 are available for a limited time and new content is periodically uploaded. More information can be found by logging in

to the ACFE website as a member, clicking on “My Account” in the upper right corner, and then clicking on the link in the paragraph in the right column which says “Access archived webinars.”

May 7, 2018—Pacific Northwest Chapter Annual Fraud Conference— La Quinta Inn & Suites—Tacoma, WA

Monday, May 7, 2018, is the date of our Chapter's 4th 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 11:45 a.m. to 12:30 p.m.

The conference will again 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 2 hours of training that meets the ACFE annual ethics requirement 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.

Registration Information:

Participants can register online through the Chapter website (www.fraud-examiners.org) effective mid-January 2018. Registration forms and other information are currently available on the Chapter website.

Registration fee:

- On or before April 16, 2018 - \$150
- April 17 through April 30, 2018 - \$175
- After April 30, 2018 - \$200

Pacific Northwest Chapter Members, Associate Members, Retired Members, and Affiliates of the Chapter will receive a \$50 discount from these rates.

Calendar year 2018 Chapter dues/fees must be paid prior to receiving this discount.

Pre-registration for this fraud

conference is recommended. A limited number of same day registrations will be available provided that payment is made on the day of the conference.

Participants that cancel in writing on or before April 16, 2018, will be given a full refund. Participants that cancel in writing after April 16, 2018, will be given the option of transferring their registration to another person, or applying their registration fee to the 2019 Annual Fraud Conference. No refunds or credit will be given for "no shows".

Chapter Student Member Registration:

There are a maximum of **20** Chapter Student Member registrations available on a first-come first-serve basis. The cost of ten of these registrations is \$25, and there are 100% registration fee scholarships available for the other ten Student Member registrations.

Participants must be Student Members of the Chapter prior to registration for this conference (see Chapter website for eligibility requirements).

Student Member Scholarships:

Student Members applying for the Registration scholarship must apply by e-mail to Chapter Director-at-Large Nancy Pasternack, CFE, CPA, CIA (Boardmal3@fraud-examiners.org), and meet the following eligibility requirements:

- Must be a full-time student in a graduate or undergraduate program at a State of Washington higher education institution
- Minimum 3.0 GPA on a 4.0 scale (or equivalent)
- Enrolled in a degree program related to fraud examination such as accounting, law, or criminal justice
- Must submit an essay of not more than 500 words including the above information and addressing the following question: "Why is education in the disciplines of fraud

examination important to you and to the community?"

Drawing for ACFE CFE Exam Prep

Course CD:

Attention Chapter Associate Members or those thinking about becoming Associate Members! There will be a drawing during lunch for a FREE ACFE CFE Exam Course CD. Those participating must be Associate Members of the Pacific Northwest Chapter/ACFE prior to the date of the conference. Further, the Prep Course CD is not transferrable to another party.

See the Chapter website for Associate Membership eligibility requirements, including being members in good standing with the ACFE.

This is a great opportunity to obtain the CFE Credential at significant savings and join your fellow CFE's in the world of fraud prevention, detection, investigation and/or prosecution.

Post-Event Networking Opportunity:

Immediately after the conference, there will be an informal no-host cash bar opportunity at the hotel for attendees to network with each other. This is a great opportunity to meet members of the Board of Directors to ask questions about the Chapter, including membership and training opportunities, as well as networking with colleagues in our common fight against fraud.

Speakers and Topics:

The speakers and topics for this conference are listed below on pages 6 - 8. See the Chapter website (www.fraud-examiners.org) for more information.

May 7, 2018—Pacific Northwest Chapter Annual Fraud Conference— Speaker Profiles and Topics

Jim Cronin, CFE, MPA

Agency Principal
Seattle Legal and Insurance Investigations



Jim

Cronin, CFE, MPA, is a member of the Pacific Northwest Chapter/ACFE and

is the agency principal of Seattle Legal and Insurance Investigations, a private investigation agency specializing in insurance claims investigation and litigation support for both defense and plaintiff firms. He has over 40 years of investigative experience, with more than 20 years specialization in insurance fraud investigation and litigation support. He holds a Master's Degree in Public Administration, and has been a Certified Fraud Examiner since 1992. Jim is a nationally-recognized expert in online investigative information and public records research. He is a frequent guest speaker on a wide variety of investigative subjects. His investigative work has been featured in many regional and national news and trade sources.

TOPIC AND DESCRIPTION:

Asset and Encumbrance Investigations

In this session, the speaker will provide a comprehensive explanation of the benefits of asset and encumbrance investigations, the potential pitfalls of poor investigations, and a nuts and bolts level step-by-step methodology in how to conduct a thorough asset and encumbrance investigation to aid in the recovery of debts. The presentation will be geared to aid investigative professionals of all experience levels in actually conducting and documenting these investigations from start to finish. Copies of sample redacted reports/report templates, helpful unique handouts, checklists, and forms created by the author will be provided.

Dr. Brian K. Steverson

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



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. He 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:

The Ethics of Privacy

In this session, the speaker will address how technological developments of the past decade have made it far easier to access and make use of personal information than we have ever experienced. The protection of personal privacy has become one of contemporary society's major ethical concerns. The speaker and attendees will explore some ways of understanding what personal privacy is and why it is believed to be of ethical importance. The speaker will also discuss problems that support for a right to privacy presents for fraud investigations.

2018 Chapter Incentive Award Program Continued...

(Continued from page 3)

- Deadline for fulfilling all of the requirements—**Dec 31, 2018**
- 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 2017

(Continued on page 7)

May 7, 2018—Pacific Northwest Chapter Annual Fraud Conference— Speaker Profiles and Topics Continued

Andrew McIntosh, CFE
Aerospace Consultant
The Puget Sound Business Journal



Andrew McIntosh, CFE, is the aerospace correspondent for The Puget Sound Business Journal, a business newspaper in Seattle. It is a daily paper online and weekly print newspaper. He covers Boeing, Airbus, and aerospace suppliers in the Puget Sound area, as well as Alaska and Delta airlines and the Port of Seattle. Some of his stories are read around the world on Yahoo Finance.

Andrew is a Certified Fraud Examiner and an expert on U.S. and Canadian Freedom of Information Acts. An American-Canadian, he is a three-time winner of Canada's National Newspaper Award, that country's highest journalism honor and a finalist three other times. He is also a two-time co-winner of the California Journalism Award, a winner of the Society of American Business Editors and Writers Award, and a finalist for the U.S. Investigative Reporters and Editors Awards.

Andrew, who has called Seattle home since 2008, has worked across North America as an investigative reporter for *The Sacramento Bee* in California, *The*

National Post in Ottawa, *The Globe and Mail* in Toronto, *The Ottawa Citizen* and *The Montreal Gazette*. He was also Investigations Editor - Chef des Enquetes, at Agence QMI, the French multimedia news service of Quebecor Media in Montreal between 2010 - 2016, and commuted between Montreal and Seattle.

He's exposed political, business and police corruption, fraud, waste and mismanagement of companies' and public and government money during his 30 year journalism career.

In Seattle, in 2017 he exposed \$4.7 million worth of constitutionally illegal payouts to 642 government workers at the Port of Seattle, triggering a public outcry, a public hearing, refunds from senior executives who received the payouts as well as a public apology.

In Sacramento, his probe into fraud and corruption at the state's \$150 billion retirement pension fund, CALPERS, with colleague Dale Kasler led to civil fraud charges by the state Attorney General and criminal charges against the two targets, the CEO of the public retirement pension fund and a private equity fund manager. The former CEO pleaded guilty to accepting bribes and gifts, the fund manager suspect committed suicide.

In Montreal, his joint probe of two Montreal police officers revealed how they accumulated a real estate empire of \$25 million; buying apartment buildings which they managed during police work hours and rented to criminals they investigated. One was suspended, the other lost his job.

A probe of the mismanagement of the Quebec Government welfare system

exposed how the province was paying social assistance to convicted criminals - as they sat in jail.

In spring 2017, he co-authored a book, called **Le Livre Noir des Hells Angels**, about murders, fraud, money-laundering and drug trafficking by members of the Hells Angels motorcycle gang in Quebec. He also was a research associate, for **On The Take: Crime, Corruption and Greed during the Mulroney Years**, about unethical conduct in the government of former Canadian Prime Minister Brian Mulroney. Both books were best sellers in Canada.

Andrew, a member of the International Consortium of Investigative Journalists (ICIJ), the Association of Certified Fraud Examiners (ACFE), and the Pacific Northwest Chapter/ACFE, trains journalists and fraud examiners on investigative and interviewing methods around the world.

TOPIC AND DESCRIPTION:

Deals, Wheels and Wings: Fraud in the Global Aerospace Industry

In the past year, the aerospace world has been rocked by multiple international Foreign Corrupt Practices Act (FCPA) probes. Targets included Airbus and Rolls-Royce. Closer to home, Boeing has also drawn investigative scrutiny. Meanwhile, another company also fell victim to a brazen fraud scheme that cost senior executives their jobs, and the company tens of millions of dollars. Penalties and costs have been massive. In this session, Andrew McIntosh, CFE, will review several cases, through the prism of the fraud triangle, and will highlight what fraud examiners and internal auditors

2018 Chapter Incentive Award Program Continued...

(Continued from page 6)

- 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

(Continued on page 12)

May 7, 2018—Pacific Northwest Chapter Annual Fraud Conference— Speaker Profiles and Topics Continued

Mark Calvert, CFE, CPA, CIRA, CTP
Managing Director
Cascade Capital Group



Mark

Calvert, CFE, CPA, CIRA, CTP, is a member of the Pacific Northwest Chapter/ACFE and is the Managing Director of the Cascade Capital Group. He has more than 25 years of accounting, finance, operations and consulting experience. Mark has successfully risen over \$500 million in capital for his clients in both public and private sector markets. His “Big Four” experience includes accounting, auditing, and consulting assignments. He has participated in bank loan loss analysis, organizational viability, valuations, and financial restructurings. He is a Certified Public Accountant, Certified Fraud Examiner, Certified Insolvency

and Restructuring Advisor, Certified Turnaround Professional and Private Investigator. He graduated from the University of Washington with a B.A. in Business.

TOPIC AND DESCRIPTION:

To Be Announced

Highlights of the December 6, 2017, Chapter Fraud Seminar in Seattle - Annual Review of Recent Local and National Securities Fraud Cases

December 6, 2017, was the date of our most recent Chapter fraud training seminar at our downtown Seattle training facility. There were 2 hours of Ethics Continuing Professional Education available to all who attended this event.

The cost of this fraud seminar was \$20 for Members and \$25 for non-members. Student members attended this event at no cost. Pre-registration was not required. Attendees pre-registered at the Chapter website (www.fraudexaminers.org) or registered and paid at the door.

There were eight people that attended

this event, including one non-member.

The topic of this event was, “Annual Review of Recent Local and National Securities Fraud Cases”.

The speaker was John J. Tollefsen, J.D., LL.M, CFE, CCS. He is an attorney who has practiced law since 1974. He holds a Doctor of Jurisprudence degree and five Master’s degrees, including two from European Schools. He is currently licensed as a lawyer in six U.S. jurisdictions, and teaches part-time at the University of Washington Bothell, WA campus. He serves as a member of the Board of Officers as the Training Director/Director-at-Large for the

Chapter, and is a regular contributor to the Chapter’s Bi-Monthly Newsletter column of articles on the topic of “Fraud Law”.

This session examined selective recent discipline cases from the Securities and Exchange Commission and other regulatory agency files with a special emphasis on ethics. In addition, the speaker presented critical information concerning ethics that will be helpful to all who attended this session.

This session met the ACFE Annual Ethics requirement for CFEs.

New for 2018 - Combined Annual Dues and Training Payment Option

The Board of Officers is pleased to announce establishment of a new option for Members to pay Chapter dues and Fraud Seminar registration fees!

Effective January 1, 2018, Chapter Members may pay a flat \$94 fee on a calendar year basis that would cover the

Member’s annual dues and registration fees for all Chapter Fraud Seminars for the entire year.

It is the same cost if you are a Chapter Member, Chapter Associate Member or Affiliate of the Chapter.

This fee does not cover registration fees for the Chapter’s Annual Fraud Conference. Further, this fee is non-refundable and cannot be pro-rated for Chapter Fraud Seminars that the member did not attend, nor is this payment transferrable to another person.

The Tidbit: Scam Alerts— (1) Report That Fraud!; and, (2) Scam Speak

Scam No. 1. This information was paraphrased from the January-February 2017 issue of the AARP Bulletin/Real Possibilities by Sid Kirchheimer.

Report That Fraud!

Scammers can't be stopped unless citizens take the time to report them. When fraudsters conduct scams such as shady contractors and front door solicitors, citizens should contact their local police department and their state attorney general or district attorney. For other types of scams, the following is a list of federal watchdog agencies who might be able to handle your complaints. Often, several agencies may need to get involved.

- **Federal Trade Commission.** Report scams to: www.ftc.gov/complaint (1-877-382-4357). Report identity theft, abusive debt collectors, and most other types of fraud. Once you file a complaint, you'll receive a reference number to use when contacting the agency about updates on your case. The FTC received more than 3 million complaints in 2015, and it doesn't normally respond back to you or even resolve you specific case. Instead, all complaints are entered into the data base that they and some 2,000 civil and criminal enforcement agencies use to track scam patterns and build larger cases against individual con artists. Fraud complaints may also be filed with your state's attorney general or even local law enforcement agencies.

- **National Do Not Call Registry.** Report unsolicited telephone sales calls to: www.donotcall.gov (1-888-382-

1222). You should always start by adding your telephone number to this registry. Once in the data base for over 30 days, citizens may report unwanted telephone calls they have received. Your data will be pooled with others to help catch violators. As an aside, note that telephone calls from legitimate charities, survey firms, debt collectors, and political candidates or parties are not covered by the rules for this registry.

- **Consumer Financial Protection Bureau.** Report complaints about shady business practices and financial products, including loans, bank services, credit reporting, identity theft, debt collection and payment cards to: www.consumerfinance.gov/complaint (1-855-411-2372). This agency forwards citizen complaints to the company and allows them 15 days to respond to them. Complaints are supposed to be resolved within 60 days, and citizens can check the status of their case on the agency's web-site. Incidentally, for credit cards and bank-issued ATM and debit cards that have been used fraudulently, lost, or stolen, individuals should contact the issuer directly.

- **Internet Crime Complaint Center.** Report Internet-based scams, including on-line auctions, investment and sales fraud, Internet extortion, hacking and phishing, and scam emails to: www.ic3.gov/complaint. The IC3 data base is maintained by the Federal Bureau of Investigation. When received, complaints are forwarded to appropriate law enforcement or regulatory agencies for action. The IC3 does not directly conduct any investigations.

- **Postal Inspection Service.** Report scams distributed by U.S. mail, such as bogus lottery and sweepstakes "winnings", chain letter schemes, deceptive advertisements, and mail theft to: www.postalinspectors.uspis.gov (1-877-876-2455).

Don't just sit down and take all these scam abuses without reporting them to the proper authorities. Otherwise, nothing will be done to change what is happening not only to you, but also to your fellow citizens.

Scam No. 2. This information was paraphrased from the March 2017 issue of the AARP Bulletin/Real Possibilities by Sid Kirchheimer.

Scam Speak

Old terminology has now become new scam speak, with old terms developing into new definitions. We must learn the dialect of deception that con artists use because everything is constantly evolving with new schemes appearing on the scene, and updated twists on existing ones continually plague us. The following article is designed to help you boost your fraud prevention efforts by giving you the latest terms and definitions in the world of our current scams.

Brute-force attack. This is a method hackers use to find passwords or encryption keys. They try every possible combination of characters until they find the correct one.

Catfish. This is a scammer who creates a fake on-line profile which is designed to

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Scam Alert

Summaries:

(1) "The most frequent

Google search

is: How do I report a scam?"

(2) "Learn the

terms that

hackers and

con artists use,

and then

beware!"

The Tidbit—Continued

(Continued from page 9)
intentionally deceive you.

Drive-by downloads. This is when a scammer downloads a virus or some type of malware onto your computer or mobile device when you visit a compromised website. And, it happens automatically even without you clicking on anything at the site.

Ghosting. This is identity theft involving a deceased person. The information is then used to fraudulently open credit accounts, obtain loans, or get utility or medical services in the person's name, obviously without their knowledge.

Hash-busters. These represent the random words or sentences contained in spam e-mails that allow the messages to bypass your computer's spam filters.

Keylogger. This is a clandestine program that logs sequential strokes on your keyboard. It then sends this information to hackers so they can determine your log-in credentials.

Malvertising. This is malicious on-line advertising that contains malware, the software intended to damage or disable your computer.

Man-in-the-middle attack. This is when a fraudster secretly intercepts and possibly alters messages between two parties who believe that they are securely communicating with each other.

Pharming. This is when hackers use malicious programs to route you to their own web-site (often convincing look-alikes of well known sites), even if you've correctly typed in the address of the site you really do want to visit.

Phishing. This is the act of trying to trick you, often through e-mail messages, into providing your sensitive personal data or credit card account information to a scammer. They pose as a trusted business or other entity in this process.

Ransomware. This is a malicious program that restricts or disables your computer, hijacks and encrypts your files, and then demands that you send them a fee to restore your computer's functionality.

Scareware. This is a program that displays on-screen warnings of non-existent infections on your computer which are designed to trick you into installing malware or buying fake software protection.

Skimming. This is the capture of information from the magnetic stripe on credit and debit cards by using "skimmer" devices which have been secretly installed on card reading systems at gasoline pumps, ATMs, and store checkout counters.

Smishing. This is a variation of phishing which attempts to gain access to your mobile devices through text messages telling you to call a toll-free number. It

is named for SMS (short message service) technology.

Spear-phishing. This is phishing with personalized e-mail messages that often appear to be from someone you really do know.

Spoofing. This is any situation in which a scammer masquerades as a specific person, business, or agency. However, it typically means the manipulation of your telephone's caller ID system to make it display a false name or telephone number for incoming calls.

Spyware. This is a type of malware installed on your computer or cellular telephone which tracks your actions and collects information for the scammer without your knowledge.

Vishing. This is short for "voice phishing". It involves the use of recorded telephone messages intended to trick you into revealing sensitive information which the scammers then use in identity theft schemes.

Whaling. This is a phishing attempt on a "big fish" target (typically corporate executives or payroll departments) by a scammer who poses as its CEO, a company attorney, or a vendor in an attempt to obtain fraudulent payments or other sensitive information.

Visit www.aarp.org/fraudwatchnetwork to learn more about identity theft and how to avoid many other scams.

2018-2019 Chapter and ACFE Student Scholarship Programs

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 and the Pacific Northwest Chapter/ACFE Student Scholarship Program.

The Chapter scholarship program is a \$1,000 award to an eligible student 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 2018-2019 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 **March 31, 2018**.

Applicants must first apply directly for the Ritchie-Jennings Memorial Scholarship Program (due date is late January 29, 2018), then provide the ACFE Foundation complete application package, including

(Continued on page 11)

Fraud Law—January 2018—By Dr. John J. Tollefsen, CFE, JD, LL.M, CCS

High Court Supports the Fight against Unsolicited Text Messages

When we get unsolicited business text messages on our cell phones we tend to feel upset, a little like being defrauded. Someone is taking our time and invading our space without permission. In 2007, Washington's legislature agreed and passed the Consumer Electronic Mail Act (RCW 19.190) "to limit the practice of sending unsolicited commercial text messages to cellular telephone or pager numbers in Washington." Sending unsolicited commercial texts was made a violation of the Consumer Protection Act (CPA).

The wording of the law was flawed. Illegal texting was not made a "per se" violation of the CPA so it appeared that the normal CPA rules applied. In *Hangman Ridge Training Stables, Inc. v. Safeco Title Insurance Co.*, the Washington Supreme Court held that a CPA plaintiff must prove: (1) the business engaged in an unfair or deceptive act or practice; (2) which occurred in trade or commerce (broadly construed); (3) which had a public interest impact; (4) which injured the plaintiff's business or property; and (5) which was caused by the unfair or deceptive practice. All five elements are required.

To prove it is the first one: an unfair or deceptive act or practice – the complainant must establish that an act or practice has the capacity to deceive the general public or, alternatively, that the act is per se unfair or deceptive (as defined by statute or case law). No intent to deceive is required as long as the conduct has the "capacity to deceive" a significant portion of the

general public. For example, a court has held that one use of a standardized (form) deceptive contract that has a capacity to deceive is sufficient. Often the most difficult element to prove is number three: the acts affect the public interest. If the action is not a per se violation, the plaintiff must prove a pattern of business conduct likely to be repeated or with the potential of affecting more than one member of the public using a five-part test: 1) Was the act or practice part of the defendant's business? 2) Was it part of a general course of conduct? 3) Did it take place repeatedly prior to the act involving the plaintiff? 4) Is there a real potential that the act will be repeated after the act involving the plaintiff? 5) If the act was a single transaction, were many consumers were harmed?

The poor wording of the anti-texting statute required a determination by the Washington Supreme Court of the meaning of the statute. The case was *Wright v Lyft, Inc* decided in December of 2017.

Lyft operates a ridesharing service in which customers use cell phone applications to request rides from nearby drivers. Lyft's application invites users to initiate text messages to a user's contacts, inviting them to download the application and receive a Lyft ride credit. This process involves a Lyft user opening the application, clicking on the "Settings" menu, selecting "Invite Friends," then selecting one or multiple individuals from the user's contacts or "Select All," and, finally, agreeing to "Send Invites."

On March 20, 2014, Kenneth Wright received such a text message which invited him to download Lyft's

application to his cell phone and offering him a ride worth \$25. Days later, Wright sued Lyft in federal court, seeking to represent a national class and a Washington subclass encompassing anyone who received an unsolicited Lyft text message.

Lyft argued that since commercial texting was not made a "per se" violation of the CPA, Wright must at least prove elements four and five of a CPA violation; (4) injured the plaintiff's business or property; and (5) which was caused by the unfair or deceptive practice. It is very difficult to prove that receiving a text caused damages for all members of the class. If Lyft's interpretation was correct, there would probably be no case against it. The Washington Supreme Court came to the rescue and essentially implied "per se" status for nonconsensual commercial text messages. Unwanted text messages give rise to a minimum fine of \$500 each.

John J. Tollefsen, J.D., LL.M, is a semi-retired attorney licensed in 6 jurisdictions, a Certified Fraud Examiner, and a Certified Fraud Controls Specialist. He is a part-time instructor at the University of Washington Bothell Campus. His e-mail is John@TollefsenLaw.com. See TollefsenLaw.com for more information regarding fraud law. This article with footnotes can be found at <http://tollefsenlaw.com/high-court-supports-the-fight-against-unsolicited-text-messages/>.

Dr. Tollefsen is also the Director-at-Large/ Training Director on the Chapter's Board of Officers, member of the Chapter's Website and Newsletter Committee, and the contributor for all of the information presented in this column.

2018-2019 Chapter and ACFE Student Scholarship Programs Continued...

(Continued from page 10)
the ACFE's questions and students answers about their interest in the area of fraud, 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.

Unfortunately, there were no eligible applicants for the 2017-2018 Chapter Scholarship Award.

Appointment to the Chapter Board of Officers

We are pleased to announce that the Board of Officers appointed Mike Nurse, CFE, CPA, CGMA, to the position of Director-at-Large effective January 1, 2018.

Mike has been very active in support of the ACFE and the Pacific Northwest Chapter/ACFE. Most recently, he served as the Pro-Bono Consultant of the Chapter's financial operations for the years ending June 30, 2015, through June 30, 2017.

His consulting service engagements involved a significant amount of work and sacrifice, incorporating many hours of reviewing financial

records and working with the Chapter Secretary-Treasurer, Roger Gulliver, CFE, CPA, CISA, CBA.

Mike is a Senior Manager, Accounting and Consulting Services with Clark Nuber. He focuses on serving businesses in the professional services and healthcare industries. He is a currently studying for the Certified Internal Auditor exam. In addition, Mike has a certificate in COSO Internal Control Framework and specializes in fraud and forensic accounting.

Mike enjoys listening to music (progressive and classic rock mostly), skiing, playing his

electric bass and acoustic guitar, adventure travel, and exploring the eclectic restaurant scene in and around Seattle.

Some interesting facts about Mike include that he summited Mt. Kilimanjaro (19,341 feet) in 2016, and was a disc jockey and radio producer in Nome, Alaska prior to his accounting career.

Mike's interest in serving on the Board stems from a strong desire to provide service to the Board and to the Membership.

Welcome Mike to the Board of Officers, and thank you for your continued service!

New Chapter Members

Please welcome the new members who joined the Chapter during the period Mid-Mid-Aug 2017 through Mid-October 2017:

CFEs:

None

Associate Members:

None

Student Members:

None

Chapter Affiliates:

None

Chapter Membership & Board of Officers Benefits

The Board of Officers 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?

Chapter Membership:
Types of Chapter membership and annual dues/fees:

- Chapter Member (\$24)
- Chapter Associate Member (\$30)
- Affiliate of the Chapter (\$36)

- Student Member (\$-0-)
- Retired Chapter Member (\$-0-)

See the Chapter website for eligibility requirements and application process.

Membership Benefits:

- \$5 discount on Chapter Fraud Seminars
- \$50 discount on Chapter Annual Fraud Conference
- Free lunch at the June Chapter Training/Business Luncheon Meeting
- Free lunch (1 day only) at ACFE October training, when held
- As an Associate Member,

the opportunity to apply for the Chapter CFE Incentive Program Award (up to \$500)

Board of Officer Benefits:

- Free registration for 3 Board Members for the Joint Chapter/ACFE October fraud training class (\$695/each), when held
- Up to \$500 for one member for attendance at the ACFE Annual Conference as our Chapter Representative
- Free registration for all Board Members at the Chapter's Annual Fraud Conference (\$100 each)

2018 Chapter Incentive Award Program Continued...

(Continued from page 7)

The winner will be determined through a drawing, if more than

one person meets the eligibility requirements. The winner will be announced at the February 2018 Chapter Fraud Seminar.

Unfortunately, there were no applicants for the 2016 or 2017 Awards.

-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

Links to

ACFE Chapters

Pacific NW Chapter
www.fraud-examiners.org

Oregon Chapter
www.oacfe.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.acfe-calgary.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

- Auditing for Internal Fraud, Phoenix, AZ 1/25/2018 - 1/26/2018
- Investigating Conflicts of Interest, Atlanta, GA 2/5/2018
- CFE Exam Review Course, Los Angeles, CA 2/5/2018 - 2/8/2018
- Investigating Conflicts of Interest, Atlanta, GA 2/7/2018
- Developing an Integrated Anti-Fraud Compliance and Ethics Program, Atlanta, GA 2/8/2018 - 2/9/2018
- Investigating on the Internet, Houston, TX 2/12/2018 - 2/13/2018
- Bribery and Corruption, Houston, TX 2/14/2018 - 2/15/2018
- 2018 ACFE Fraud Conference Middle East, Abu Dhabi, UAE 2/25/2018 - 2/27/2018
- CFE Exam Review Course, Austin, TX 2/26/2018 - 3/1/2018
- Conducting Internal Investigations, Las Vegas, NV 3/1/2018 - 3/2/2018
- Using Data Analytics to Detect Fraud, Toronto, ON, Canada 3/12/2018 - 3/13/2018
- Controlling the Risk of Asset Misappropriation, New York, NY 3/19/2018 - 3/20/2018
- Cyberfraud and Data Breaches, New York, NY 3/21/2018 - 3/22/2018

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

Other ACFE Chapter Annual Fraud Conferences

- Annual Fraud Conference, Spokane, WA Chapter (October 23-24, 2018)
- Anti-Fraud Training, Vancouver Chapter/Justice Institute of BC (to be announced)
- Annual Fraud Conference, Pacific Northwest Chapter (May 7, 2018—Tacoma, WA)
- Annual Fraud Conference, Oregon Chapter (to be announced)

The Chapter Board of Officers & Training Director

President
Robert Goehring, CFE, CPA
(253) 856-5262
President@fraud-examiners.org

Vice-President
Julie Armbrust, CFE, CPA
VicePresident@fraud-examiners.org

Secretary-Treasurer
Roger Gulliver, CFE, CPA, CISA, CBA
(253) 735-2392
Treasurer@fraud-examiners.org

Board Member-At-Large
Liz Larson, CFE, ACAMS
BoardMAL1@fraud-examiners.org

Board Member-At-Large
Pete Miller, CFE, CPA
BoardMAL2@fraud-examiners.org

Board Member-At-Large
Nancy Pasternack, CFE, CPA/CFF, CIA
BoardMAL3@fraud-examiners.org

Board Member-At-Large
Mike Nurse, CFE, CPA, CGMA
BoardMAL4@fraud-examiners.org

Board Member-At-Large / Training
Director
John J. Tollefsen, JD, CFE, CCS
(206) 624 5300 extension 604
TrainingDirector@fraud-examiners.org

President Emeritus
Joe Dervaes, CFE, ACFE Fellow, CIA
(253) 884-9303
PresidentEmeritus1@fraud-examiners.org