



Association of Certified Fraud Examiners

Pacific Northwest Chapter #45

FALL 2020 EDITION

Word from the President

By Mike Nurse, CFE, CPA, MBA

Chapter President mnurse@clarknuber.com

Greetings from the PNW Chapter of the ACFE!

The Board and I welcome you to the first version of our newly revised chapter bi-monthly newsletter! The goal of this newsletter is to provide you with all the news and announcements from both the local PNW and national fraud scene.

In addition, we'll be sharing articles written by our members, and providing spotlights on our members and Board Members throughout the year.

Please let us know if you would like to contribute to the newsletter in the future. We welcome all submissions, as long as it is related to fraud. It's a great way to share your knowledge with a large number of people.

Thanks for taking a look. Feel free to email me directly if you have comments, concerns or questions related to the chapter.

- Mike



Training? We're online !

By James Peet, Ph.D., CFE

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Due to the COVID-19 pandemic and uncertainty about public gatherings, we've switched chapter trainings to an online platform (Zoom) . We're offering one hour monthly trainings with CPE, with an optional hour of networking afterwards. See inside for upcoming sessions! - James



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Fraud news bytes

• IN CASE YOU MISSED IT

An Issaquah man pleaded guilty to in October to wire fraud after getting caught carrying out what law enforcement officials described as "a brazen scheme" to defraud federal government agencies and nonprofit Covid-19 relief programs of \$1.5 million during the pandemic.

[Baoke Zhang](#), 35, pleaded guilty to one count of wire fraud in U.S. District Court for the Western District of Washington for making four fraudulent loan applications using a fake company with falsified employee payroll data, his plea agreement states.

Zhang, a software developer, admitted schemes to defraud several different government and private Covid-19 relief programs created to help people facing financial hardship.

He will be sentenced in January.



UP NEXT: Two trainings set for December 16

The ACFE Pacific Northwest Chapter has organized back-to-back training sessions for mid-December that are sure to meet your desire to stay up on the latest fraud schemes.

Our presenters will explore fraud in charter schools as well as genetic testing and Covid-19 schemes in the health care world.

The latter session will be given by Kyle T. Mitchum, the Assistant Special Agent in Charge (ASAC) of the Seattle Field Office for the United States Department of Health & Human Services - Office of Inspector General.

Brian L. Carpenter will lead the training on charter school fraud. He's worked in the sector since 2005 and is a former CEO of the National Charter Schools Institute at Central Michigan University.

Carpenter is the author of a book on charter schools and was the first to advocate a competent governing board as essential to building a successful school.

The two sessions will run between 2 p.m. and 4 p.m. with an optional hour of professional networking afterwards. To be eligible for CPE, attendees must pre-register and participate in online polling.

Need tips on remote interviewing? Five ACFE anti-fraud pros share some solid advice: <https://bit.ly/358BGom>

We also learned about "Channel Stuffing" revenue manipulations

Economic uncertainty caused by the pandemic may lead to an increase in revenue manipulation by companies, regulatory investigations and even lawsuits, says Joshua Sullivan, a forensic accountant and CFE with FTI Consulting.

Sullivan discussed one such revenue manipulation method, channel stuffing, and gave details of a case study based on a recent SEC settlement at the PNW Chapter's during a Nov. 19 training session. Sullivan has experience in Department of Justice inquiries, Securities and Exchange Commission investigations, whistleblower claims and Foreign Corrupt Practices Act matters. For information and to register for other training, visit: <https://pnwacfe.org/>

PNW Chapter Annual Fraud Conference - Here's What You Missed

The chapter held its first ever annual fraud conference online in September after the annual May gathering was delayed by the pandemic.

More than 175 participants registered for the all-day event, which featured several speakers who offered great training, including:

Ken Hines, who explored what he called America's dark secret: elder financial exploitation. He reviewed two real-world fraud cases and showed CFEs how to present the facts for a successful criminal or civil action.

Greg Gilbertson shared with participants the ins and outs of creating and marketing a successful expert witness consulting business.

Tiffany Couch led a session on interviewing for auditors. She explored why only 4 percent of frauds are discovered by external auditors, examined why and offered tips to complete better informational interviews.

Brian Steverson shared insights on ethical issues that arise as investigators use artificial intelligence, algorithms and other information technologies to detect and investigate fraud.

MARK YOUR CALENDAR:

The 32nd Annual ACFE Global Fraud Conference will be held between June 20 and June 25, 2021, in Las Vegas Nevada.

The Pacific Northwest Chapter hosts an all day fraud training conference as well, offering 8 hours of CPE. We'll share details about our 2021 event soon as they're available.



Flash Briefing: cybercrime in Washington state

Even before the pandemic, cybersecurity had become a major concern for companies, governments, and organizations, including Washington state.

The problem caused \$3.5 billion in damages across the U.S. during 2019 alone, according to the FBI Internet Crime Complaint Center.

Safety.com analyzed the FBI Internet Crime report's 2019 annual data to see which states are most affected by cybercrime. The numbers below serve as an important reminder to urge clients, friends and family to use security software on all devices.

Here is what the report found.

Overall, Washington state is the **#12** state in the United States most affected by cybercrime. Here is how we're affected, by the numbers:

- **Total losses:** \$71,286,037
- **Losses per victim:** \$5,444 (#42 highest)
- **Total victims:** 13,095 (#5th highest of all states)
- **Total stolen by cybercriminals:** \$31,928,985 (#9th highest)
- **Number of cybercriminals:** 3,317 (#9th highest)

THE ACFE PACIFIC NORTH-WEST CHAPTER BOARD

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WELCOME NEW MEMBERS

Tiffany Andrews, Dave Bellan, David Benami, Dean Black, Lynette Cameron, Justin Dix, Stephanie Flora, Dan Frey, Cathy Harvey, Carisa Helm, Susan Huang, Aaron Holling, Nathan Kresse, Julie Kwok, Jennifer LaMont, Karlie Mangette.

Brandon Martz, Eline Nelson, Sam Nichols, Scott Nielsen, Gerhard Pretorius, Natalie Smagina, William Smay, William Smith, Jay Summers, Andre Taylor, Lise Thiverge, Susan Tucker, Jennifer Wirawan, and Russ Wood.

New Student Member: Anna Fadeeva

New Retired Member: Richard Bologna

The Pacific Northwest Chapter of the ACFE was established on March 31, 1993, and is one of nearly 200 fraud fighting chapters worldwide.

Our Chapter mission is to promote fraud prevention and detection through educational training programs. We continually work to increase our outreach and professional networking at colleges and universities as well as in our community.

We also provide the opportunity for at least two college or university students to receive a scholarship each year. Check out our scholarships page: <https://pnwacfe.org/>

Scholarship named after ACFE PNW stalwart

The Pacific Northwest Chapter of the ACFE has decided to name its annual scholarship after its founder and longtime Washington state fraud fighter, Joe Dervaes.

The [Joseph R. Dervaes Scholarship](#) grants one scholarship per year of \$1,500 to a deserving student meeting the same requirements the ACFE Foundation requires, but the student must be attending a qualifying four-year college or university in the state of Washington to be eligible for the award.

The Dervaes Scholarship is named after the founder and former president of the Pacific Northwest Chapter of the ACFE. Joe was a fraud fighter for over 40 years, giving 25 years in service to the chapter during that time. He was an ACFE Regent, as well.

He founded the chapter in 1993 and is its only President Emeritus. In 1995, he was awarded the first Chapter Distinguished Achievement award and is only one of four people to attend 25 consecutive ACFE Annual Fraud Conferences.



ACFE PNW

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Want to join or renew a
lapsed membership?

Check out our new online
membership portal:

<https://pnwacfe.org/>

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