



ARIZONA CHAPTER
Founded in 1989
Newsletter Inaugural Issue
April 2007



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ARIZONA CHAPTER INAUGURAL ISSUE:

To support the growth of the Arizona ACFE Chapter, the Chapter Officers are committed to communication. This newsletter is distributed via email to current AZ ACFE members. Paper copies will be available at monthly chapter meetings.

NEWSLETTER COMMITTEE: The following Newsletter Committee has been formed to support this initiative.

- **Leif Nygaard**, Board Member, CFE, CIA, CBA, CFSA, CRP
Email: leif.b.nygaard@wellsfargo.com
- **Derek Barber**
Email: barberd@mail.maricopa.gov
- **Nathaniel Curtis**
Email: ncurtis@simonconsulting.net
- **Kathy Madison**, CFE
Email: kathy.madison@us.pwc.com

ARIZONA CHAPTER MEETINGS:

Regular meetings are held the second Tuesday of the month in the Liquor License and Control Hearing Room located on the 5th floor of 800 W. Washington. Free parking is available on the top level of the garage just west of the building. Sign-in and networking is 11:30am-12:00pm, with meetings beginning at 12:00pm-1:00pm. There is a \$10.00 charge for non-members. A cafeteria is located in the basement for your convenience.

PRESIDENT'S UPDATE - Lois A. Folk:

During 2006 our chapter grew **39%** (from 135 members in 2005 to 187 members in 2006), and was comprised of members, associate members, affiliates, and students; with the majority of our members being employees of governmental agencies.

2006 represented a year of "firsts":

- The **first time** an Annual Report was prepared and distributed.
- The **first time** we offered to sponsor 5 Associate Members by paying 25% of the CFE Prep Course if they passed the CFE Exam.
- The **first time** we had speakers scheduled six months in advance for our Tuesday Chapter Training Seminars.
- The **first time** we participated in Career Day at Phoenix Central High School.
- The **first time** private industry membership reached 45% of the total membership base.
- The **first time** we sponsored an International Ethics Competition.
- The **first time** we had five CFE's apply for an open board position.

It's exciting to see not only the growth, but the new opportunities that growth presents. I would like to encourage each of you to be an active and contributing member in the way that works best for you.



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The chapter officers and directors recently completed a “Chapter Management Plan” and a “Chapter Action Plan”. Both of these plans will help the board plan and track goals set for the chapter.

We’ve begun forming committees to ensure we’re providing you (our members) the opportunities and resources you need. We also have board election positions coming up that we will be voting on in May 2007. I’d urge you to thoughtfully consider how you can make a difference and become an active member on one of our newly forming committees, as a Chapter Officer, or as a Board Member. Contact me at LFOLK@COX.NET or 480-502-3638 to volunteer or learn more about these opportunities.

Chapter President, Lois A. Folk, CFE, CPA

Current opportunities are available in the following areas:

Newly Formed Committees

- Quarterly Newsletter Committee **(filled)**
- Website Committee **(filled)**
- Scholarship Committee
- Public Relations Committee **(filled)**
- Training & Seminars Committee **(filled)**
- Holiday Party & Social Functions Committee
- Annual Board Elections Committee **(filled)**
- Chapter Internal Auditor **(filled)**
- Webmaster **(filled)**
- Membership Development Committee

Officer Positions To Be Voted on in May 2007:

- Vice President
- Secretary

Director Positions:

- Director #1
- Director #3
- Director #5
- Director #7

NEWEST BOARD MEMBERS:

Our two newest board members, **Leif Nygaard**, CFE, CIA, CBA, CFSA, CRP, Vice President & Group Services Director for Wells Fargo and **Joe Skalski**, CFE, Manager Economic Advisory Services for Grant Thornton LLP hit the ground running when they were elected to be on the chapter board. Leif has been busy putting this chapter newsletter in order and Joe has been working on making changes to update our chapter website.

THANK YOU'S:

First, I would like to thank chapter member Heather Witt for referring ASU’s **Dr. Marilyn Prosch** as our February speaker on Generally Accepted Privacy Principles. Thank you Heather!!!

Secondly, I would like to thank **Manuel Escudero**, and **Director Jerry A. Oliver, Sr.** of the Arizona Department of Liquor License and Control for the use of their 5th floor hearing room at 800 W. Washington Street on the second Tuesday of each month for our monthly training seminars.

Also, many thanks to Arizona Industrial Commission’s **Susie Chavez**, **Director Larry Etchechury**, and **Theresa Hilton** for allowing our use of their 1st floor auditorium.



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BITS AND PIECES:

Ritchie-Jennings Memorial Scholarship Opportunity: The Association of Certified Fraud Examiners (ACFE) supports the education of collegiate accounting and criminal justice students who aspire to become Certified Fraud Examiners (CFEs). As such, the Arizona Chapter of the Association of Certified Fraud Examiners wants to advise you of the following scholarship opportunity for you to consider and pass on to your children or other family members or even friends or acquaintances who have an interest in becoming a CFE. ***The ACFE Scholarship Awards for 2007-08 are available to full-time accounting and criminal justice majors. The program provides \$1,000 scholarship awards for up to 30 students. Students will also receive a free one-year Student Associate membership to the ACFE.*** Please refer to the following National ACFE website link for more information: <http://www.acfe.com/membership/rjennings.asp> or contact

Krisa Y. Bark CPA, CFE
Vice-President, Arizona Chapter, Association of Certified Fraud Examiners
480-644-5986 email: vice-president@cfe-arizona.org

Training ideas or suggestions?

Please email your recommendations on seminar speakers and fraud related training topics. Please also suggest the best days and times to conduct the training seminars so we can better accommodate your busy schedules. Please send your emails to CarlaHarris@cfe-arizona.org

Chapter Social Functions:

We need your assistance planning social functions for our members. What types of social functions would our members like to attend? Please send your suggestions to lfolk@cox.net

CFE Prep Review Course:

The following individuals were the successful respondents to the CFE Prep Review Course offer announced in December 2006:

Robert Burghart	Jasen Degillio
Bruce Madison	Steve Ulrich
Cynthia Williams	

Each has received a 25% discount off of the CFE Prep Course (provided by National ACFE), and will receive an additional 25% rebate (provided by AZ ACFE) if they pass the CFE exam by February 28, 2008, for a potential savings of \$357.50! Congratulations and best of luck to these future CFEs.

ACFE-Arizona Mobile Library:

We have a library of training films and aids for your use. Go to our chapter website at www.cfe-arizona.org and click the "Training & Events" button, then Click on "Library", then click "Mobile Library". Here you will find a list of the newest ACFE DVD's and applicable workbooks available for your use for fraud training. Come to the monthly meeting to check them out!



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WELCOME TO OUR NEWEST MEMBERS:

Please take a moment to welcome our newest AZ ACFE Chapter Members.

- | | |
|----------------------|----------------------|
| Arthur Trujillo, CFE | Mark Murphy |
| Brian Naig | Marshall Ojerio, CFE |
| Bruce Madison | Matthew Durette |
| Carleen Botsko | Michael Leavene |
| Cassandra Bussma | Micheal Cava |
| Cheryl Dreska | Morgan Loew |
| Chris Gorman | Nathaniel Curtis |
| Christine Ahlstrand | Paul McGrane |
| Cynthia J. Williams | Peggy Prill |
| Dale Niehaus | Phillip Wrona, CFE |
| Derek Barber | Robert Eckley |
| Genevieve Er | Robert Jarett |
| Gloria Barr | Robert Long |
| Heather Witt | Robert Stadnik, CFE |
| Jasen Degillio | Ronald Simeon |
| Jay Cummings | Ronda Jamieson |
| Joanne Lowe-Pelzek | Ryan Bodnar |
| John Nicholson | Sabrina Hemphill |
| John Pettet | Sherry Parshley |
| Joyce Barden | Stephen Koons |
| Kent A. Linser | Steve O. Ulrich |
| L. Louise Salminen | Steven Steger |
| LeAnn Kill | Thomas Fink |
| Leon DeHaven | Tiffany Hardiman |
| Lisa Gardner | Trisa Cole |
| Lisa Scott | William Neitzke |
| Marcia Taplin | Yvette Bro |

CASE OF THE QUARTER: If you have a case you would like to share, please submit a brief summary of your case to Leif Nygaard, leif.b.nygaard@wellsfargo.com

Q1 2007, Case of the Quarter

By Kathleen Barney, CFE Eide Bailly LLP

A company discovered a ghost employee scheme in their company when a supervisor missed work on a Friday, which is usually the day he hands out names on the payroll. There were controls in place over the paychecks to employees. On this particular day, an assistant supervisor handled the process and discovered there were multiple employees receiving paychecks who were no longer with the company.

The company believed they had adequate controls over payroll. Company procedure only allowed supervisors to pass out the paychecks to the employee and each employee had to sign for their checks.

During our investigation, we determined the supervisor was keeping employee names on the payroll after they had quit or were fired, preparing false timesheets in the former employees' names and cashing the paychecks. There were controls over the employees, but not over the supervisor.

The supervisor later admitted to the fraud and also confessed to selling social security numbers to illegal immigrants for \$100 each. The company did not wish to prosecute and, instead, sought restitution from the supervisor.

The fraud loss for the company was \$11,000 in three months.

Did you know???

"Arizona is among top 10 states for mortgage fraud."

By Catherine Reagor, The Arizona Republic" 3/20/07

<http://www.azcentral.com/arizonarepublic/news/articles/0320fraudstats0320.html>

"Arizona has shot up to No. 7 in a ranking of states with the greatest amount of mortgage fraud, blowing past the 23rd spot it held the previous year. Arizona saw the biggest jump in mortgage fraud from 2005 to 2006 largely because of a wave of cash-back deals last year. The deals involve getting a loan for more than a home is worth and pocketing the extra cash." For the full story, please visit the website above.



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UPCOMING LOCAL EVENTS / ARIZONA CHAPTER MEETINGS:

Date	Topic	Speaker	What You'll Learn
<p>Tuesday, April 10th</p> <p>11:30am-1:00pm</p>	<p>“Business as Usual: How Corruption Becomes Taken for Granted in Organizations”</p>	<p>Blake Ashforth</p> <p>Blake is the Russ Lyon Chair in Management in the W.P. Carey School of Business, Arizona State University.</p>	<p>Organizational corruption often requires the knowing cooperation of numerous employees – employees who are often upstanding community members and caring parents. How is this possible? We will discuss three mutually reinforcing processes that cause corruption.</p> <p>Cost: Free to AZ ACFE members, \$10.00 for non members.</p>
<p>Tuesday May 8th</p> <p>11:30am-1:00pm</p>	<p>FRAUD: A Case Study in Forensic Accounting Reporting and Related Trial Exhibits</p>	<p>Mark Klamrzynski, CPA, CFE</p> <p>Mark is a Senior Forensic Accountant with the Arizona Corporation Commission and has also been a member of the Phoenix College adjunct faculty as an accounting & tax instructor since January 1984.</p>	<ul style="list-style-type: none"> • Background on the Arizona Corporation Commission - Securities Division • How a securities fraud matter develops • The role of the forensic accountant • An in-depth look at the chronology of a securities fraud case • How to compile & report the financial evidence of the fraud case • Tips on how to testify at a jury trial
<p>Tuesday June 12th</p> <p>11:30am – 1:00pm</p>	<p>Notary Fraud</p>	<p>B. Campbell, Ambassador with National Notary Association</p>	<p>Additional information to follow and will be posted on our website.</p>
<p>Tuesday June 19th</p> <p>8:00 am - 12:00 pm</p>	<p>4 hour Training Seminar</p> <p>“TAX FRAUD”</p> <p>“STAYING OUT OF THE WALL STREET JOURNAL: CORPORATE FRAUD IN THE POST-ENRON ERA”</p> <p>“TRICKS ON FINDING INFORMATION ON THE INTERNET”</p> <p>“COMPUTER FORENSICS-CURRENT APPLICATIONS”</p>	<p>Sheri Betzer, CPA, CFE</p> <p>Martin T. Biegelman, CFE, Director of Financial Integrity for Microsoft Corporation</p> <p>Diane Stubbs, Information Professional, and Private Investigator</p> <p>Craig A. Reinmuth, MST, CPA</p>	<p>Cost: \$50.00 Members and \$75.00 Non-Members</p> <p>Location: Arizona Industrial Commission, 800 W. Washington, Phoenix, Arizona</p> <p>Additional information to follow and will be posted on our website.</p>



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UPCOMING NATIONAL EVENTS:



July 15-20, 2007
Disney's Coronado Springs Resort, Orlando Florida

Register at www.fraudconference.com or call 800-245-3321. Register by April 18th and save up to \$370.00

Join more than 2,000 professionals and attend the largest-ever anti-fraud event in the world – the 18th Annual ACFE Fraud Conference & Exhibition, The ACFE's flagship conference brings renowned speakers, leading anti-fraud experts, worldwide practitioners and exhibitors to share anti-fraud knowledge and resources.

The Opening Session will be led by Paul Sarbanes, co-author of the influential Sarbanes-Oxley Act.

For more information regarding the following conferences, please visit the National ACFE website at: <https://eweb.acfe.com/eweb/dynamicpage.aspx?webcode=evtconf>

04/12/07 - 04/13/07	Charlotte, NC - Auditing for Internal Fraud - 04/07
04/23/07 - 04/26/07	Washington, DC - Principles of Fraud Examination - 04/07
05/03/07 - 05/04/07	Las Vegas, NV - Money Laundering: Tracing Illicit Funds - 05/07
05/07/07 - 05/08/07	Ft. Lauderdale, FL - Investigating by Computer - 05/07
05/07/07 - 05/10/07	Austin, TX - Advanced Interviewing Techniques Workshop - 05/07
05/09/07 - 05/11/07	13th Annual Canadian Fraud Conference - 05/07
05/16/07 - 05/18/07	Los Angeles, CA - ICI & Contract & Procurement Fraud - 05/07
06/07/07 - 06/08/07	Baltimore, MD - Interviewing Techniques for Auditors - 06/07
06/07/07 - 06/08/07	Denver, CO - E-Fraud - 06/07
06/11/07 - 06/14/07	Austin, TX - Principles of Fraud Examination - 06/07
06/18/07 - 06/19/07	Boston, MA - Financial Statement Fraud - 06/07
06/18/07 - 06/20/07	Chicago, IL - Building Your Fraud Practice/Financial Inst. Fraud - 06/07



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FRAUD IN THE NEWS:

The Dirty Dozen - Worst Scams of 2006

<http://kvoa.com/Global/story.asp?S=5810460>

Dec. 13, 2006

Tucson, AZ - As Time Magazine brings you the Year in Photos and CNN presents the Year in Review, the Better Business Bureau® gives you the 2006 Dirty Dozen - a compilation of the year's worst scams in southern Arizona.

This article has been reformatted by the AZ ACFE for easy reference:

Scam	Description	Consumer Tip
Identity Theft	According to the Federal Trade Commission (FTC), Arizona leads all 50 states in the number of identity theft cases. The Identity Theft Data Clearinghouse administered by the FTC reports that 9,320 identity theft complaints were filed by Arizona victims in 2005; just over 1,400 of those were Tucson residents.	Monitor your account statements monthly and check your credit report annually. If you suspect you are a victim of ID theft, contact the fraud departments of each of the three major credit bureaus and request a "fraud alert" be placed in your file, close the accounts that you believe have been tampered with, file a report with your local police and call the FTC Identity Theft Hotline: 877-IDTHEFT (438-4338.)
Lottery/ Sweepstake Scams	The local BBB receives an average of two calls per day about these scams. Victims are informed they have won a large lottery prize or sweepstake, and are often sent a check for a few thousands dollars worth of the winnings. The "winners" are then asked to pay back a small portion to cover taxes or processing fees, before accessing their winnings. The victim sends money and never receives their winnings. Any checks sent by the bogus lottery company are fake or stolen.	Legitimate lotteries and sweepstakes contests will not require you to pay money in order to receive your prize. Do not respond to lottery or sweepstake scams, as responding to one solicitation typically opens the door to dozens more. To reduce unsolicited marketing offers from organizations that belong to the Direct Marketing Association visit www.dmaconsumers.org to register with DMA's Do-Not-Contact service.
Bogus Checks/ Overpayment Schemes	In this scam, fraudsters typically target people selling a product via classified ads or online bulletin boards. These cons send a check for a product or service for more than the negotiated price, then request that the seller deposit the money and return the excess funds. The original check is typically stolen or fake, and by the time the victim has cashed and returned excess funds the thief has disappeared with the money and the product.	Never accept payment for more than your selling price and never agree to refund excess money to an unknown buyer. When accepting a check from a stranger hold the product and the money in your account until the check officially clears at the bank.
Internet Fraud	Beware of fake websites, emails (phishing scams) and VoIP phone calls (vishing scams) from scam artists pretending to be legitimate businesses, asking for your personal or banking information. Also beware of sellers from online auctions that try to lure you outside the security of the online auction site, or who ask you to download programs (usually viruses or password stealing software) in order to do transactions with them.	Only enter personal or credit card information on secured websites. Look for the letter "s" (https://) and for an unbroken padlock symbol to determine if the site is secured. Check for the BBBOnline Reliability Seal on each website. Never download programs to your computer from unknown sources.
Affinity Fraud	Scam artists target religious, ethnic or close-knit community groups by gaining trust and encouraging group members to invest their money in fake investment opportunities that promise guaranteed high returns, tax breaks and no financial risks.	Before investing your money, do your research. Check with the Corporations Commission, www.cc.state.az.us , 520-628-6560 to make sure your investment advisor is properly licensed.



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Scam	Description	Consumer Tip
Health, Beauty & Fitness Claims	Fraudulent health treatment claims are a growing concern in the marketplace. Beware of advertisements promising "rapid & effortless weight-loss," "miracle cures," or "newly discovered" treatments for disease, illness, hair loss etc.	Before buying any treatment or medication or joining any health and fitness program, consult your physician, pharmacist or other health care professional. Before signing any contract take the time to read the fine print and ensure you understand your obligations and the cancellation or refund policy. For more information about contracts and consumer rights visit the FTC at www.ftc.gov and click on "consumer information."
Money Wiring Scams	Widely known as the "Nigerian Letter Scam" cons develop a variety of sad stories and reasons they need you to wire them money. Victims are contacted via phone, mail, email and fax and asked to wire money to the fraudster, who promises to return the money with interest. Once the money is wired, however the thief disappears and the money is untraceable.	Never wire money or give out personal or banking information to strangers. If you need to transfer money for the purposes of a transaction, consider using a legitimate escrow or legal service to hold your money until goods or services have been received.
Home Repair Rip-Offs	The contracting industry is plagued with fly-by-night scam artists that show up on your doorstep offering to do house and yard work for exorbitant fees - particularly after a damaging monsoon season. Home repair rip-off artists typically request that you pay fees up front before the work is completed, refuse to provide a written receipt and complete work poorly. Watch out for companies that knock on your door offering to do work.	When you need work completed around your home get estimates from a minimum of three contractors who have permanent addresses in your area. Visit www.tucson.bbb.org or call 888-5353 to check out each company's Reliability Report and check with the Arizona Registrar of Contractors, www.azroc.gov before agreeing to do business.
Bogus Charities	Scam artists pretending to represent a charity often contact victims by phone or show up on the door step during the same fundraising cycles (such as the holidays) as legitimate charities. Watch out for bogus charities with names that sound like legitimate ones.	Ask all fundraisers for their name, the charity name and their contact information before considering a donation. Ask how much of your donation actually goes to the program. Check with the Arizona Secretary of State at www.azsos.gov , 628-6583 for a list of registered charities in Arizona.
Unscrupulous Moving Practices	The BBB of Southern Arizona has taken 4,714 inquiries and 47 complaints against moving companies this year; 55 percent of those were settled. Over half of the complaints regarded customer service. Consumers should beware of moving companies that have hidden service fees, provide low estimates then charge more at the time of delivery or that hold your goods hostage until you pay extra in cash.	Before hiring a moving company, have them provide a detailed estimate in writing and request a firm quote. Check the company out with the BBB at www.tucson.bbb.org , 888-5353. Find out what protection the company will provide in the case of damaged or missing items and make sure this information is included in your written agreement.
Resort Vacation Promotions	The Tucson BBB has processed 143 complaints and taken 545 inquiries about this industry to date this year. Over half of complaints are from consumers who find it nearly impossible to get a refund of the "good will" deposit when travel cannot be scheduled. These free or low cost exotic vacation packages or prizes almost always come with hidden costs and several hours of high pressure sales meetings.	Don't sign up for any vacation package promotion without knowing what you are really getting into. Ask lots of questions about the actual costs, insurance coverage and sales seminar requirements. Get the details in writing before you commit to the vacation.
Directory Scams	In these scams businesses are typically invited to submit their company contact information for an online business directory and for distribution on CD-Rom. By submitting their contact information the business has unintentionally committed to paying an exorbitant advertising fee, usually hundreds of dollars, to be listed in a directory that is hardly used and is often only distributed to other advertisers or not at all.	