



FRD506

Financial investigation and Forensic Accounting - 30 hours

Objectives

This course "*Financial Investigation and Forensic Accounting, Third Edition*" examines different types of offenses with a financial element, ranging from arson to tax evasion. It explores offshore activities and the means criminals use to hide their ill-gotten gains. It examines the two modalities used to prove financial crime: the Net Worth Method and the Expenditure Theory, and presents an example scenario based on real-life incidents. Additional topics include organized crime and money laundering — with profiles of the most nefarious cartels — consumer and business fraud and the different schemes that befall the unwary, computer crimes, and issues surrounding banking and finance. The course also presents focused and concrete advice on trial preparation and specific accounting and audit techniques.

Course Outline

Chapter 1 – Economics of Crime

After completing Chapter 1, you should be able to:

1. Recognize that crime costs everyone, either directly or indirectly at both the Micro and Macro economic levels.
2. Identify how fraud can affect individuals and businesses, both financially and emotionally.
3. Know how the impact of crime addresses the affects of fraud on the community, the nation, and internationally.
4. Understand how victimless crime has costs to individuals, businesses, communities, and the nation.

Chapter 2 – Financial Crimes

After completing Chapter 2, you should be able to:

1. Know how to identify all of financial crimes that the fraud examiner may encounter.
2. Be able to identify the elements of each crime.

Chapter 3 – Offshore Activities

After completing Chapter 3, you should be able to:

1. Identify a business entity and the country that it is primarily located.
2. Identify the Characteristics of Tax Haven Countries.
3. Know the Fraud Indicators of Offshore Entities.

Chapter 4 - Evidence

After completing Chapter 4, you should be able to:

1. Know what evidence is.
2. Know the types of evidence.
3. Identify the three rules that make evidence admissible in court.
4. Have an understanding of hearsay evidence, which is second hand evidence that may or may not be used in court.
5. Know all the types of evidence that is admissible in court.
6. Know the best evidence rule applies to documentary evidence.
7. Understand that secondary evidence is all evidence that does not meet the best evidence rule.
8. Know all of the various forms of evidence that is admissible in court.
9. Know what the chain of custody is, as it relates to the custody of evidence.
10. Know certain types of communication between certain parties is privileged and is not admissible in a court of law.

Chapter 5 – Net Worth Theory

After completing Chapter 5, you should be able to:

1. Define the net worth method for both Rico and Tax purposes.
2. Identify the Dangers of the Net Worth as Pointed Out by the U.S. Supreme Court.

3. Know when to Use the Net Worth Method.
4. Be aware of the common issues involved in preparing a Net Worth Schedule, whether for Rico or Tax Purposes.
5. Be aware that there can be differences in a net worth schedule when used in criminal cases.
6. Be aware of the defenses that can be brought in trial.

Chapter 6 – Expenditure Theory

After completing Chapter 6, you should be able to:

1. Define the definition of the Expenditure Method for both Rico and Tax purposes.
2. Understand the six dangers that the Expenditure Method can present.
3. Know when to use the Expenditure method of determining income, whether Rico or Tax purposes.
4. Be aware of the common issues involved in preparing the Expenditure Schedule, whether for Rico or Tax purposes.
5. Be aware of the differences in the Expenditure Method when used in both civil and criminal cases.
6. Recognize the defenses between the Net Worth Method and the Expenditure Method.

Chapter 7 – Scenario Case

After completing Chapter 7, you should be able to:

1. Put together a net worth computation schedule, an expenditure computation schedule, and a tracing schedule.

Chapter 8 – RICO Net Worth Solution

After completing chapter 8, you should be able to:

1. Know the various sections of the net worth schedule, i.e. assets, liabilities, expenses, and identified income.
2. Identify the various issues and know how to present them on a net worth schedule.

Chapter 9 – Tax Net Worth Solution

After completing Chapter 9, you should be able to:

1. Learn how to prepare a Tax Net Worth Schedule.
2. Identify Common Issues and know how to present them on a Tax Net Worth Schedule.

Chapter 10 – RICO Expenditure Solution

After completing Chapter 10, you should be able to:

1. Learn how to prepare a Rico expenditure schedule.
2. Identify and present common issues in Preparing a Rico Expenditure Schedule.

Chapter 11 – Tax Expenditure Solution

After completing Chapter 11, you should be able to:

1. Learn how to prepare the tax expenditure schedule.
2. Identify an issue and show how to present it on the Tax expenditure schedule.

Chapter 12 – Organized Crime

After completing Chapter 12, you should be able to:

1. Know the definition of organized crime as members in an association that is involved in illegal activities.
2. Recognize common organized crime characteristics.
3. Be familiar with common organized crime groups in the United States.

Chapter 13 – Trial Preparation and Testimony

After completing Chapter 13, you should be able to:

1. Learn guidelines on how to prepare and testify in various types of trials and hearings.
2. Know what the duties and responsibilities are of a forensic accountant.

Chapter 14 – Accounting and Auditing Techniques

After completing Chapter 14, you should be able to:

Learn how to prepare:

1. Tracing Schedule to track illegal gains.
2. Check Spread.
3. Deposit Spread.
4. Credit Card Spread.
5. Gross Profit Analysis.
6. Witnesses List.
7. Bank Deposit Schedule.
8. Telephone Schedule.
9. Various Flow Charts.
10. Commission (Vigorish) Schedule.

Chapter 15 – Sources of Information

After completing Chapter 15, you should be able to:

1. Learn how to obtain information about a subject(s) of an investigation.

Chapter 16 – Wagering and Gambling

After completing Chapter 16, you should be able to:

1. Know the various types of illegal gambling operations.
2. Understand Bookmaking Terminology and Operations.
3. Understand illegal lottery operations.
4. Know how bingo games operate.
5. Know how pari-mutuel wagering operates and its terminology.

Chapter 17 – Fraud Prevention for Consumers

After completing Chapter 17, you should be able to:

1. Learn how to inform the Consumer, individuals and businesses, the preventative measures of being a fraud victim.
2. Learn how to inform the consumer of specific goods and services susceptible to fraud.
3. Learn how to inform a prospective buyer of business venture on how to evaluate a prospective business.

4. Learn preventative measures that can double as a place to start an investigation and/or examination.

Chapter 18 – Fraud Prevention for Business

After completing Chapter 18, you should be able to:

1. Identify the major areas of business fraud.
2. Identify Specific methods of fraud that businesses can expect.
3. Identify prevention programs and measures that can double as audit investigative programs.

Chapter 19 – Money Laundering

After completing Chapter 19, you should be able to:

1. Define Money Laundering.
2. Identify the Government Forms that are used in helping investigators to identify money laundering.
3. Identify the Various Money Laundering Schemes that Criminals use in hiding their illegal gains.
4. Identify nominees and alter egos.
5. Identify offshore entities.

Chapter 20 – Interviewing

After completing Chapter 20, you should be able to:

1. Provide the Purpose of Interviewing Witnesses and Subjects.
2. Identify the Types of Witnesses.
3. Know the importance of Planning an Interview.
4. Know how to Conduct an Interview.
5. Know the Method of recording interviews.
6. Identify Interviewing Techniques.
7. Provide a Statement Analysis of a witness or subject statement.

Chapter 21 – Investigative Interview Analysis

After completing Chapter 21, you should be able to:

1. Define Investigative Interview Analysis.
2. Understand the Purpose of Investigative Interview Analysis.
3. Know the three Interview Stages.
4. Be able to break down a Statement into its Component Parts.
5. Understand the Method of Analyzing a Statement for Deception.

Chapter 22 – Banking and Finance

After completing Chapter 22, you should be able to:

1. Know the importance of Banking Information.
2. Know the Importance of Brokerage Records.

Chapter 23 – Reports and Case Files

After completing Chapter 23, you should be able to:

1. Know the importance of Case files.
2. Know the importance of Reports.

Chapter 24 – Audit Programs

After completing Chapter 24, you should be able to:

1. Know the various steps in conducting a fraud examination.
2. Use the Ratio Analysis to spot red flags.
3. Understand how non financial information is important in uncovering fraud.
4. Detect false financial statements.
5. Identify the ten basic concepts of internal controls and how to apply them.
6. Know the various ways to gather evidence for fraud examiners.
7. Identify the environment of a business organization.
8. Be able to identify individual employees who could commit fraud.
9. Identify various illegal activities that the fraud examiner may encounter.

Chapter 25 – Seizures and Forfeitures

After completing Chapter 25, you should be able to:

1. Understand the purpose of Forfeiture Laws.
2. Identify various forfeiture laws that the Federal government has in their arsenal.

3. Identify the kinds of Property subject to seizure and forfeiture.

Chapter 26 – Judicial System

After completing Chapter 26, you should be able to:

1. Be familiar with the brief history of the Judicial System.
2. Know how law enforcement is organized in this country.
3. Know the various types of judicial proceedings.
4. Know what is a grand jury, how they operate, and their procedures.
5. Know how a trial is conducted and the procedures in conducting a trial.
6. Identify the forms of punishment that a judge can impose on a convicted defendant.

Chapter 27 – Criminology

After completing Chapter 27, you should be able to:

1. Identify Criminology.
2. Be aware of various theories relating to the causes of crimes by individuals and groups.

Chapter 28 – Physical Security

After completing Chapter 28, you should be able to:

1. Identify physical security.
2. Review Loss Prevention and Security Plans for areas where fraud can be committed for lack of security.
3. Provide protection of people, facilities, equipment, and other assets by using considerations of Loss Prevention and Security Plans.
4. Review loss prevention programs to help identify areas of fraud where loss prevention programs are not working or non-existent.
5. Confirm various Security Measures that are in place and working properly.

Chapter 29 – Search Warrants

After completing Chapter 29, you should be able to:

1. Identify the U.S. Constitutional requirements for search warrants.

2. Identify the procedures for obtaining a search warrant.
3. Identify the various limitations on search warrants.
4. Identify other laws which place restrictions and limitations on obtaining and executing search warrants.

Chapter 30 – Computer Crimes

After completing Chapter 19, you should be able to:

1. Identify the Types of Computer Crimes.
2. Know the Warning Signs of Computer Crime.
3. Know all types of Computer Crime Techniques.
4. Identify Measures for Securing Computer Systems.
5. Know How to Conduct an Investigation for Computer Crimes.

Chapter 31 – Document Examination

After completing Chapter 31, you should be able to:

1. Identify False Signatures.
2. Identify or suspect fraudulent handwriting.
3. Identify false documents made by equipment, i.e. typewriters and computers.

Chapter 32 – Fraud Examiner

After completing Chapter 32, you should be able to:

1. Identify the profession of being a fraud examiner and forensic accountant.
2. Observe the code of professional ethics as promulgated by the Association of Certified Fraud Examiners whether he/she is certified or not.