A MESSAGE FROM THE PRESIDENT

Dear FA Section Members:

I hope you all are doing well, especially getting settled into the spring semester. The Section is keeping busy, especially with the Midyear Research Conference, which is right around the corner in Dallas, TX on March 2-3. As you can see in the schedule contained in this newsletter, the Conference is packed with many presentations on a variety of highly interesting topics. Variety is just one of many things that makes forensic accounting such a fascinating area of research, education, and practice. Program Chair Chih-Chen Lee and Paper Chair Meghann Cefaratti have done an outstanding job with putting together the Conference.

After the Midyear Research Conference, we can turn our full attention to the AAA Annual Meeting, which is being held August 4-8 in National Harbor, Maryland. As always, there will be so many activities at the Annual Meeting that it is hard to choose what to do. Please keep in mind the following in support of our Section:

- Conference Sessions: We will have a number of conference sessions that are certain to be of interest.

- Boot Camp: Our annual pre-conference boot camp will be held on Sunday, August 5. The event will provide hands-on experience for attendees, with the goal that you can implement what you learn in your own courses.
- SNORT (Social Networking Opportunities for Research and Teaching): This annual event to be held on Tuesday, August 7 provides the opportunity to mingle and catch up, as well as bring prospective members to meet us in a casual, social setting.

- Breakfast Meeting: The morning after the SNORT, we will have our breakfast and business meeting.

More details about these events will be provided in the next newsletter.

As I wrap up this letter, I would like to thank all those who make this Section a success. I also encourage you to volunteer with enthusiasm and help the Section continue to grow. Please help attract new members to join our Section. I mentioned earlier in this letter how the variety of topics at the upcoming Midyear Research Conference makes forensic accounting a special discipline. This discipline touches almost every area of accounting, so others who are not currently members should certainly find common ground and join us in our research, education and practice pursuits of forensic accounting. Please encourage them to do so.

Cheers!

Ronny Daigle
President
Manuscripts and Fraud Detection Stories

Anyone wanting to submit short manuscripts, cartoons, fraud stories, letters to the Editor, call for papers, or other items to The Forensic Accounting Educator should send the material to the editor, D. Larry Crumbley, at the email address below

The Forensic Accounting Educator
D. Larry Crumbley, editor
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979.696.1245
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Call for Short Papers for the Next Issue

Playing Games in the Accounting Classroom
Do you utilize some form of game in your forensic accounting classroom? Describe your game, and how it is used, in a short manuscript. Your manuscript should be short (not over two to three pages single spaced).
Submit your manuscript in Word or RTF format electronically to dcrumbl@lsu.edu.

Technology in the Classroom
In what ways do you use technology in the classroom? Do you use spreadsheets, videos, PowerPoint, or other technology in your teaching?
What works and what doesn’t work? Your manuscript should be short (not over two to three pages single spaced). Please submit your manuscript in Word or RTF format electronically to dcrumbl@lsu.edu.
Minutes for the FA Officers’ Meeting

American Accounting Association
Forensic Accounting Section

8th Annual Breakfast and Business Meetings
San Diego, California
August 9, 2017

Breakfast Meeting (7:30-8:00 am):

• Les Heitger, Section President, called the meeting to order at 7:31 am, welcoming everyone to the Annual Forensic Accounting Section Breakfast Meeting.

• Les thanked everyone who attended the SNORT on Tuesday at Strider’s. There was a good crowd and everyone enjoyed networking and sharing their experiences at the Annual Meeting.

• Les thanked David Hayes for presenting on Tableau at the Boot Camp. The Boot Camp is unique to the Section. Based on the positive response, we will consider doing it again, possibly an advanced version. Les asked if anyone has other ideas and/or are willing to share skills, let the section officers know. New ideas are always welcome.

• Pat Johnson reviewed the minutes from 2016 Annual Meeting. Copies of the minutes were provided at the tables. Doug Ziegenfuss made a motion to approve the minutes. The motion was seconded and approved with no corrections.

• The copy of the Treasurer’s Report was included with the minutes. Dick Riley was unable to attend the meeting, so Les referred to the Report.

• Julie Peters from PwC discussed a free resource that PwC is offering to professors and students. Those interested should contact Julie to obtain copies of the book, A Guide to Forensic Accounting Investigation.

• Newly-elected Section officers were introduced. Congratulations to Dick Riley, the new VP of Academics (President-Elect). Chih Chen Lee will replace Dick as Treasurer. Nick Gibbons has stepped down from his role of VP of Practice. The section officers are working on finding a replacement.

• Les thanked the Awards Committee for their hard work and thanked the KPMG Foundation for its generous financial support of the Section’s awards. Bette Kozlowski, KPMG Partner, presented the awards:
  Accepted in Person
    o Teaching Innovation Award: Mahendra R. Gujarathi – “Diamond Foods, Inc. – A Comprehensive Case in Financial Auditing”
Awarded – Unable to Attend

- **Dissertation Award**: Andrea M. Scheetz – “The Effect of Peer Reciprocal Relationships and Interpersonal Effect on Internal Fraud Reporting”

- Charlie Bailey, editor of JFAR, gave an update on the *Journal of Forensic Accounting Research*.
  - Since the call for papers first went out in 2016, 34 submissions have been made, with nine acceptances.
  - Nine papers are currently in the pipeline and under review.
  - There is a need for more submissions to establish the journal - The turnaround is quick with a median time of 58 days, 128 to final.
  - Some authors decided to withdraw – not sure if they found an easier target or felt it was too much work to continue.

- Les thanked Section members with a special thanks to Pat, Ronny and Cindy for all their help during his term as President. The Section is unique and spans all of the other accounting areas – tax managerial, financial, etc. He asked everyone to pick out someone they work with or respect and encourage them to become a member of the Section.

- Les introduced Ronny Daigle, the new President of the Section. Ronny stated that he was one of the original signers of the founding petition for the Section and is looking forward to his term as President. He thanked Les and previous President Tim Louwers for their encouragement. The Section is looking for volunteers to assist the Section. A Google doc will be sent out in a few weeks to help find volunteers for next year.

- Ronny announced that the 2018 Midyear Conference will be held in Dallas, Texas.

- As the Breakfast Meeting ends, the Annual Meeting continues. The following sessions were highlighted: 10:15am - session 7.04 and 4:00pm - Paper session 9.19

- Ronny adjourned the meeting at 8:00 am.

Respectfully Submitted,
Pat Johnson, Secretary
Executive Meeting (8:30-9:30 am):

Present:

Ronny Daigle – President
Les Heitger – Past-President
Cindy Durtschi – Council Rep
Pat Johnson – Secretary
Chih-Chen Lee – Treasurer; 2018 Mid-Year Meeting Chair
Qian Song – 2017 Annual Meeting Program Chair
Sara Kern
Erica Zakarias – AAA Section Contact Person

Ronny Daigle called the meeting to order at 8:30 am.

2017 Annual Meeting Recap/2018 Annual Meeting Update and Planning

Qian Song, Program Chair for the Annual Meeting, thanked everyone for the opportunity to assist the Section. She stated that she received help from many volunteers. Overall, there were 21 submissions. A total of seven sessions were held.

It was suggested that the Section should encourage more research, perhaps reaching out to the Auditing Section to see if there are papers submitted that might be appropriate for the Forensic Accounting Section. It was noted that in order to do this, permission is needed from sections or regions. Providing sample topics was also suggested. The opportunity may be greater to get accepted in a smaller section.

It was noted that the Boot Camp went well, and it possibly could have gone all day because of how much could be done with Tableau. It was discussed if Tableau should be done again. It was suggested that the Section consider having an introductory session in the morning and advanced session in the afternoon. It was also note that the Section should try to get the boot camp topic set by the Midyear Meeting or even earlier so that it can be promoted.

Other thoughts on possible topics included:

- Having the Education Innovation Award winners present their materials – this seems like a natural thing upon which to draw.
- Should there be one topic or a variety - do Tableau again? Python?
- PwC, KPMG, EY, Deloitte - what resources are available, either through a panel or Boot Camp?
- Text analysis

Other suggestions included surveying section members using the Survey Monkey tool available from AAA and making sure that we have someone who is willing to present the Boot Camp. If it is all day, the
Section should consider two different people to spread out the workload. The Section should also consider using one topic for the Midyear Preconference Workshop and the other for the Annual Meeting.

For the SNORT in National Harbor, it was noted that we should see where it was held the last time the Annual Meeting was held there.

The cost of the breakfast was $55 this year; the Section should continue to keep an eye on cost after the $96 charge in New York. The Boot Camp supports the breakfast by reducing the cost to members.

It was noted that the Section should consider putting the booklet for the Breakfast Meeting online for next year and printing a few copies for the tables. Cindy has templates for the booklet.

The Program Chair for the 2018 Annual Meeting in National Harbor, MD is Veronica Paz. An early start is key to making things run smoothly.

2018 Midyear Meeting

The Midyear Meeting will be held March 2-3. Friday/Saturday, in Dallas, Texas. Chih-Chen Lee is the Program Chair and Meghann Cefaratti is the Paper Chair. Suggestions for the theme and speakers are as follows:

Cyber security is a current hot topic that could be a theme for the meeting. Meghann has a friend who is an expert in the field. Would this work for the Morning session on Friday and have lunch included only for people attending the session? The cost would be approximately $2,000.

Other suggestions for speakers and presentations included:
- Andy Fastow - would he come for free? Come on for the day?
- Georgia Southern – Held a cybersecurity conference – check out the speakers there.
- Interviewing skills

Other thoughts to consider for the Midyear meeting included:
- Midyear meeting is great to get similar-minded people together – but precarious because of numbers. Would people pay extra for a particular topic or speaker?
- Workshop - hands on - do something different - IDEA, text analysis?
- How to incorporate data analytics into the classroom? Consider teaching tips only. Incorporate discussion of AACSB standard A7. Survey members – what are they doing to meet A7?

Potential sponsors to consider for future meetings include:
- NACVA
- PwC
- IDEA
- Universities
- Grant Thornton
Future midyear sites that were discussed included New Orleans, Albuquerque, St. Louis and Nashville. The three potential sites chosen for consideration were Albuquerque, St. Louis and Nashville. AAA will be contacted to research these three potential sites. As mentioned at the Breakfast Meeting, a survey will be prepared and sent out to Section members to see who is interested in helping with the meetings and Committees.

**Journal of Forensic Accounting Research**

It was noted that that Charlie Bailey talked about the Journal at the Breakfast Meeting. An increase in the number of submissions is desirable. He had asked to encourage people to submit to the Journal.

**Section Update**

Bylaws and Operations Manual has been updated. It was noted that they need to be kept up-to-date and continue to be transparent with changes.

Ronny has heard from seven Committees. Not much is happening. To encourage involvement, the following ideas were suggested:

- Task them with coming up with coming up with some activity, such as a Meeting panel.
- Set up a checkpoint during the year for Committees to report.
- Consider a Section webinar.
- Is there a need for any additional Committees? What might they be?
- Pat will draft a survey for volunteers on Google forms so that the Section can gauge interest as to who would like to be a Committee Chair or member.

The Executive Committee approved the appointment of Chih-Chen Lee as Treasurer to complete Dick Riley’s term now that Dick was elected VP of Academics (President-Elect). The Executive Committee also approved Kristy Chernick from Deloitte to serve as VP of Practice after the resignation by Nick Gibbons. It was noted that elections will be held in 2018 for VP of Practice, Secretary and Treasurer.

**Request to Assist with Research**

The question came up during the year about the proper vetting of requests to the Section to assist with data collection for research through surveys sent to the membership. It was asked as to whether such requests are properly vetted. It was decided that, going forward, the process will be as follows:

First the request will be sent to the Publications Committee. After their approval, the Section President will request that AAA send the request to the Section membership.

Erica Zakarias discussed the move to a multi-topic emails in more of a newsletter format. There will also be a bigger effort to focus on members and encourage Section membership.

Ronny Daigle adjourned the meeting at 9:50 am.

Respectfully Submitted,
Pat Johnson, Secretary
A Special Thank You to the Forensic Accounting Section

Sponsors...

KPMG

CaseWare

IDEA
Forensic Accounting Section

Discover why so many of your colleagues find the FA the place to be.

* “Hockey great Wayne Gretzky advises that we need to go where the puck will be, rather than going to where the puck is now. Similarly, to become a great forensic accountant, you need to join and participate in the many valuable FA activities.”

D. Larry Crumbley, Louisiana State University

Forensic accounting issues are important to everyone in the AAA, for we all have a vested interest in enhancing the quality of the forensic and fraud education of accounting students. This section provides a forum that cuts across disciplines, specialty areas and geographic boundaries. As Gordon Brown said, “What the use of finger prints was to the 19th century and DNA analysis was to the 20th, forensic accounting will be to the 21st century.” The FA Section enables members to share their experiences, providing opportunities for linkage between large and small schools, educators and practitioners, and members worldwide. Use the attached form to apply for membership in the FA (you must also be a member of the AAA). Mail your application to AAA headquarters (9009 Town Center Parkway, Lakewood Ranch, FL 34202). Join today and become better connected to your colleagues and your profession.

GIVE THE FORM BELOW TO COLLEAGUES AND ENCOURAGE THEM TO JOIN!

Membership Application for the Forensic Accounting Section
ID# ______________________________________
Name ______________________________________
Address ____________________________________
Affiliation ________________________________
Telephone: Office ____________ Home __________ Fax ____________
Dues enclosed: $25 ($6.00 for students)
Payment method: Check enclosed (make payable to AAA) VISA MasterCard

Billing Address ____________________________________
Account Number _______________________________ Expiration date ____________
Signature ________________________________________
2018 Midyear Research Conference Schedule

Friday, March 2

10:00 am–12:00 pm

Preconference Workshop: An Original Dataset and Exercises in Audit Analytics: Using Tableau
Presenters: Cindy Durtschi, DePaul University & Tawei (David) Wang, DePaul University

12:00 pm–1:00 pm

Lunch

Welcome
Speaker: Ronny Daigle, AAA Forensic Accounting Section President

Pathways to a Sustainable Future
Speaker: Marc A. Rubin, AAA President-Elect, Miami University

1:00 pm–2:30 pm

SEC Priorities
Speakers: Shamoil T. Shipchandler, Director, Head of Enforcement, U.S. Securities and Exchange Commission & Terry L. Orr, Managing Director, Grant Thornton

3:00 pm–5:00 pm

Concurrent Sessions

Session 1.01: Forensic Education and the Accounting Curriculum

Moderator: Carl J. Pacini, University of South Florida

State of Computer Forensics Education in the Accounting Curriculum
Michael A. Seda, Stockton University
D. Larry Crumbley, Louisiana State University
Bonita Peterson-Kramer, Montana State University

University Master’s Level Forensic Accounting Courses: What Should We Be Teaching? A View from the U.K.
Alan Graham, University of Portsmouth
A Methodology for Developing a Case-Based Fraud Examination Course
Sara M. Kern, Gonzaga University
Patricia A. Johnson, SUNY at Fredonia
Kevin E. Dow, The University of Nottingham Ningbo

Session 1.02: Fraud in Cultural and Industry Contexts

Moderator: Lisa Jack, University of Portsmouth

An Examination of Control Fraud in Non-Banking Industries
Madeline Domino, Mercer University
Carmelita Troy, Andrews University
Crowe Horwath, St. Andrews University
Kaylie Takahashi, St. Andrews University

Foreign Corrupt Practices Act: Bribery in the Cultural Context
Tomeika Williams, Baker College Center for Graduate Studies

To Bribe or Not to Bribe: Norms and Frames of Bicultural Individuals
Pamela R. Murphy, Queen’s University
Pujawati Mariestha Gondowijoyo, Queen’s University

Session 1.03: Data Analytics and Forensic Accounting Cases

Moderator: Jennifer Lynn Sustersic Stevens, Ohio University

A Forensic Accounting Case: A Data Analytic Mindset
Chih-Chen Lee, Northern Illinois University
Cliff Nuxoll, Sears Holding

Data Analytics for Healthcare Fraud Detection: Tricare Fraud
Devon Baranek, Rider University
Maria H. Sanchez, Rider University

Forensic Accounting and Employment Issues
Karen Grossman Tabak, Maryville University

Session 1.04: Effective Learning Through Cases: Examples from the Deloitte Foundation
Forensic Accounting Case Study Series

Moderator: Kristina Chernick, Deloitte

Panel Participants: Matt Sherman & Scott Henry, Deloitte Risk and Financial Advisory Services
6:00 pm–7:00 pm
Reception

Saturday, March 3
7:00 am–8:00 am
Breakfast
Forensic Accounting: The Past, Present and Future
Speaker: Daniel Torpey, Partner, Ernst & Young

8:30 am–10:00 am
Computer Forensics, Electronic Discovery, and Incident Response: An Introduction with Case Studies
Speaker: Dr. D. Kall Loper, Director, National Lead for Incident Response, Protiviti

10:30 am–12:00 pm
Concurrent Sessions
Session 2.01: Predispositions Toward Fraud and Persuasion Room
Moderator: Patricia A. Johnson, SUNY at Fredonia

Do “Superstar” CEOs Impair Auditors’ Independence and Professional Skepticism?
Oscar J. Harvin, Sam Houston State University

Evidence of Fraud from Surveys Completed by American and Canadian Public Charities
Jill M. Zuber, North Dakota State University
Margaret Andersen, North Dakota State University
Herbert Snyder, North Dakota State University

Which Personal Beliefs and Values Decrease People’s Predisposition Toward Fraud? Evidence from the World Value Survey
Natalia Maksimovna Mintchik, University of Cincinnati
Session 2.02: Management Override, Narcissism, and the Fraud Diamond

Moderator: Sara M. Kern, Gonzaga University

Disposition-Based Fraud Model: Is Disposition Distinct from Narcissism?
Vasant H. Raval, Creighton University
Vivek Raval, University of Illinois at Chicago

Unique Characteristics of Management Override Fraud Cases
Richard A. Riley, Jr., West Virginia University
Carol C. Bishop, Georgia Southwestern State University
Dana R. Hermanson, Kennesaw State University
Jonathan Marks, Markum LLP

The Effect of Fraud Diamond Capability Measures on Fraud Occurrence
Barbara M. Arel, The University of Vermont
Larry Stark, The University of Vermont
Michael Tomas, The University of Vermont

Session 2.03: Disclosures and Corporate Social Responsibility Reporting

Auditor Dismissals: Opaque Disclosures and the Light of Timing
Jeffrey J. Burks, University of Notre Dame
Jennifer Lynn Sustersic Stevens, Ohio University

CEO Age, Audit Fees, and the Disclosure of Internal Control Material Weakness
Yun-Chia Yan, The University of Texas Rio Grande Valley
David L. Manry, University of New Orleans
Mai Dao, The University of Toledo

Competing Motivations for Corporate Social Responsibility: Evidence from Internal Control over Financial Reporting
Curtis Farnsel, The University of Oklahoma
Mary S. Hill, The University of Oklahoma

Session 2.04: Fraud: Society, Technology, and Business Structure

Moderator: Richard G. Brody, The University of New Mexico

End of Days Malware
Richard G. Brody, The University of New Mexico
Harold U. Chang, The University of New Mexico
Erich S. Schoenberg, The University of New Mexico
Is Society Creating Fraudsters?
Richard G. Brody, The University of New Mexico
Ryan C. Knight, The University of New Mexico
Jessica N. Nunez, The University of New Mexico

The Role of Shell Entities in Fraud and Other Financial Crimes
Carl J. Pacini, University of South Florida

12:00 pm–1:30 pm
Lunch Room
Welcome
Speaker: Chih-Chen Lee, Midyear Research Conference Program Chair

Grant Thornton Cybersecurity Incident Response
Speaker: Steven S. McNew, Managing Director, Forensic Advisory Services, Grant Thornton

1:45 pm–3:15 pm
Concurrent Sessions
Session 3.01: Audit Escape Room Activity and Document Analysis in Teaching Cases
Moderator: Alan Graham, University of Portsmouth

Davis Utilities for Life and Living, Inc.: An Audit Escape Room Activity
Kathryn A. Enget, University at Albany, SUNY
Michael V. Barnes, Truman State University

Tax Return Analysis in a Fraud Examination: The Case of the Bankruptcy Auditor
David W. O’Bryan, Pittsburg State University
Jeffrey J. Quirin, Wichita State University
Mary Goedeke, Pittsburg State University

The Ex Files
Connie O’Brien, Minnesota State University Mankato
Session 3.02: Behavioral and Numerical Analysis in Predicting Fraud

Moderator: Chih-Chen Lee, Northern Illinois University

A Preliminary Examination of the Effectiveness of Assessment Questions in Predicting Dishonest Behavior
Kevan L. Jensen, The University of Oklahoma
Mark Wayne Smith, The University of Oklahoma

The Telltale Patterns of the Numbers Used in Fraud Schemes
Mark J. Nigrini, West Virginia University

Why Do Firm-Year Financial Statement Numbers Conform to Benford’s Law?
Huan Yin, Australian National University
Neil L. Fargher, Australian National University

Session 3.03: Timing Effects and Data Breaches

Moderator: Cindy Durtschi, DePaul University

Earnings, Cash Flows and Accruals in the Pre-Fraud Period
Richard A. Riley, Jr., West Virginia University
Jack W. Doriney, West Virginia University
Robert Davidson, Virginia Polytechnic Institute and State University

Effects of Director Networks on Acquiring Firms’ Earnings Management Prior to MA: Time is Important
Thai Quoc Nguyen, University of East London

Onion Theory Analysis of Data Breaches for Accounting Firms
Christine Crawford Cheng, Louisiana State University
Renee Flasher, Ball State University
James P. Higgins, LWG CPAs & Advisors

Session 3.04: Whistleblowing, the Fraud Triangle, and Forensic Accounting

Moderator: Madeline Domino, Mercer University

Can the Fraud Triangle Predict Fraudulent Financial Statements? Evidence from Japan
Masumi Nakashima, Chiba University of Commerce

The Effect of Organization Type and Size on Fraud Reporting via a Whistleblowing Website
Andrea Scheetz, Radford University
Joseph M. Wall, Marquette University
Aaron B. Wilson, Ohio University
Tonya Smalls, Clark Atlanta University

Why Should the Forensic Accounting Be Needed in Japan?
Masumi Nakashima, Chiba University of Commerce

3:45 pm–5:15 pm

Concurrent Sessions

Session 4.01: Use of New Technologies: Blockchain and Drones

Moderator: Jill M. Zuber, North Dakota State University

Blockchain—Reflections on the Technology from an Accounting Perspective
Benita Maria Gullkvist, Hanken School of Economics

Meeting the Challenges Blockchain Technology Poses for Forensic Accountants: A Review
Musbaudeen Titilope Oladejo, University of Portsmouth
Lisa Jack, University of Portsmouth

The Use of Drones and Robots in the Prevention and Detection of Inventory Fraud in Retail Industry
Hossein Nouri, The College of New Jersey
Sunita S. Ahlawat, The College of New Jersey
Behrad Saleh, University of Illinois at Urbana–Champaign

Session 4.02: Cryptocurrencies, Government-Owned Companies, and Independence Risk

Moderator: Mark Wayne Smith, The University of Oklahoma

Cryptocurrencies Are Not Necessarily Free from Fraud
D. Larry Crumbley, Louisiana State University
Joseph M. Wall, Marquette University
Lewis B. Kilbourne, Louisiana State University

Do Government-Owned Companies “Cook Their Books” to Short-Change Non-Government Shareholders?
Christine Crawford Cheng, Louisiana State University
D. Larry Crumbley, Louisiana State University

Do the AICPA Firm-Provided Safeguards Actually Increase Independence Risk?
John T. Sennetti, Nova Southeastern University
Tara J. Shawver, King’s College
Session 4.03: Using Experience and Real-Life Stories in Fraud Analysis and Teaching

**Moderator:** Natalia Mintchik, University of Cincinnati

*Expense Report Fraud*
Karen Grossman Tabak, Maryville University

*Experiences with a Fraud Audit Service Team Volunteer Opportunity*
Lawrence Chui, University of St. Thomas
Diane M. Matson, University of St. Thomas

*Use of Videos and Stories in Fraud Examination Courses*
William Black, University of North Georgia
Don Ariail, Kennesaw State University