

University of Missouri – Columbia
School of Accountancy
Accountancy 8438 – Forensic Accounting
Spring 2011

Instructors: James Cali, CPA, CFF & Vairam Arunachalam, CMA, CFE
Class: Wednesday from 6:00 p.m. until 8:30 p.m.
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URL: <http://courses.missouri.edu>
Office Hours: Wednesday 3:45 p.m. until 5:45 p.m. and by appointment

Course Description: This course is designed to apply your accounting, auditing, information systems, and communications skills to:

- Detect financial discrepancies, irregularities, and unauthorized/unlawful acts
- Prepare clear, concise exhibits of financial transactions
- Present a fraud case for criminal proceedings and/or civil litigation
- Develop a comprehensive factual and financial evaluation of insurance claims

The course will discuss the role of the forensic accountant / expert witness in:

- **Financial Examinations** - fraud, theft, embezzlement, fictitious vendor schemes, tracing of matrimonial assets, money laundering, reconstruction of income and expenses.
- **Insurance** – fidelity bond claims, arson-for-profit, business interruption losses, personal injury, medical malpractice, workers' compensation claims.
- **Litigation Support** – breach of contract claims, bankruptcy, product liability, business valuations, pre-trial conferences, interrogatories, depositions, mediation, arbitration, civil cases (plaintiff/defendant), and criminal cases (prosecution/defense), discovery, document production.
- **Digital Evidence** – capture of digital media, hard-drives, e-mails, deleted and/or overwritten files, data recovery and extraction.

An emphasis of the course will be upon the use of computer-based aids in forensic accounting.

In addition, the course will review content and material related to the Certified Fraud Examiner (CFE) examination and certification.

Some forensic accountants/expert witnesses or other guest speakers may visit to share their experiences and forensic, investigative, and claim calculation expertise to enhance the quality of this course.



Robert J. Trulaske, Sr.
College of Business
University of Missouri

Course Objectives:

- To develop intellectual curiosity, the ability to spot the unusual, and the tenacity to discover the cause.
- To have the willingness to scrutinize details, without losing sight of the big picture.
- To understand financial deception in order to detect it and to develop deterrence measures.
- To understand evidence-gathering and investigative procedures.
- To accept that everything you do will be challenged.
- To develop the confidence to handle the challenge and respond.
- To begin the development of your “Professional Skepticism.”
- To apply your computer skills.
- To produce exceptional quality written reports.
- To enhance your verbal presentation skills.
- To refine your time management technique.

Course Prerequisites: Accounting 3328 - Accounting Information Systems, 4384/7384 - Auditing Theory and Practice I and graduate standing. An interest or specialization in accounting information systems or law is also desirable.

Course Material:

- 1) Forensic and Investigative Accounting 4th Edition, by D. Larry Crumbley, Lester E. Heitger, and G. Stevenson Smith, 2009, CCH, Incorporated (Required)
- 2) Education and Training in Fraud and Forensic Accounting, by U.S. Department of Justice, Office of Justice Programs, National Institute of Justice Special Report, 2007 <http://www.ncjrs.gov/pdffiles1/nij/grants/217589.pdf> (Required)
- 3) 2010 Report To The Nation On Occupational Fraud & Abuse, by Association of Certified Fraud Examiners(ACFE) <http://www.acfe.com/rtnn/rtnn-2010.pdf> (Required)
- 4) Ten Warnings for the Accountant Who Wants To Do a Good Job on the Witness Stand, by George B. Pearson, Jr., Former Judge Supreme Court of Delaware, July 1952, *The Journal of Accountancy* (Required)
- 5) The Effective Use of Benford’s Law to Assist in Detecting Fraud in Accounting Data, by Cindy Durtschi, William Hillison, and Carl Pacini, 2004, *Journal of Forensic Accounting* <http://www.auditnet.org/articles/JFA-V-1-17-34.pdf>
- 6) Wells, Joseph. “Irrational Ratios.” *Journal of Accountancy*. 11 Dec. 2008 <http://www.journalofaccountancy.com/Issues/2001/Aug/IrrationalRatios.htm>
- 7) Articles / Cases (will be distributed in class, or appropriate sources will be specified for your acquisition of this material)



Course Schedule Part 1– Subject to Revision

Week 1	1/19/11	Chapter 1 - Introduction Forensic & Investigative Accounting Chapter 2 - Forensic Accounting Education, Institutions & Specialties
Week 2	1/26/11	Chapter 3 – Fraudulent Financial Reporting Chapter 4 – Detecting Fraud in Financial Reporting Case Study Presentation – “Thou Shalt Not Steal”
Week 3	2/2/11	Chapter 5 – Employee Fraud: The Misappropriation of Assets Case Study Presentation – Insurance Claim Evaluations Group Project Assignments and Case Selection Attendance Mandatory
	TBA	February MU- ACFE Chapter Meeting - (Attendance Encouraged)
Week 4	2/9/11	Chapter 6 – Indirect Method of Reconstructing Income Group Project Discussion - Plaintiff(civil)/Prosecution(criminal) Group Project Assignment Due: Case File Index
Week 5	2/16/11	Chapter 7 - Money Laundering The Forensic Accountant & Fraud Examiner’s Tool Kit Case Study Presentation – “Operation Fortress” Group Project Discussion – Defense Group Project Assignment Due: DRAFT Matrix showing strengths and weaknesses of the case.
Week 6	2/23/11* Tigers vs. Baylor @ 8:00 p.m.	Chapter 8 - Litigation Services Provided by Accountants Chapter 9 – Proper Evidence Management Group Project Assignment Due: Updated Case File Index and Deposition questions for one (1) witness.
	TBA	March MU - ACFE Chapter Meeting- (Attendance Encouraged)
Week 7	3/2/11	Chapter 10 – Commercial Damages Group Project Assignments Due: Analysis of your strongest and weakest evidence
Week 8	3/9/11	Mid-Term Exam



Course Schedule Part 2 – Subject to Revision

Required Attendance	3/10/11 3:30 p.m.	Dawdy Forensic Accounting Lecture Series Guest Speaker – H. David Kotz Inspector General, Securities & Exchange Commission
Week 9	3/16/11	Chapter 12 – Computing Economic Damages Discovery - Group Presentations Group Project Assignments Due: Discovery Items
Week 10	3/23/11	Chapter 17 – Business Valuations Group Project Assignments Due: DRAFT Case Strategy and Updated Case File Index
Week 11	3/30/11	Spring Recess – No Class
	TBA	April MU – ACFE Chapter Meeting- (Attendance Encouraged)
Week 12	4/6/11	Chapter 13 – Computer Forensics Group Project Assignments Due: DRAFT Financial Impact Analysis
Week 13 Required Attendance	4/13/11	Guest Speaker KPMG Forensic Accounting Case Study Presentation
Week 14	4/20/11	Group 1, 2, 3, 4 Presentations - Attendance Mandatory
Week 15	4/27/11	Group 5, 6, 7, 8 Presentations - Attendance Mandatory
Required Attendance	TBA	Orin Ethics Symposium
Week 16	5/4/11	Final Exam



Grading Criteria

10%	Class Participation
10%	Participation Outside Of Class- <ul style="list-style-type: none"> ▪ Dawdy Forensic Accounting Lecture Series ▪ Orin Ethics Symposium ▪ MU-ACFE Monthly Chapter Meetings
10%	Homework Assignments
20%	Mid-Term Exam
30%	Group Project & Presentation
20%	Final Exam
100%	Grand Total

Class Participation – 10% of Grade:

It is expected that you will attend class, actively participate in the discussions, and maintain a positive attitude throughout the semester. Accept that everything you do will be challenged; therefore, your class participation is necessary to help you develop the confidence to handle the challenge and respond. In order to meet these expectations, you should be committed to the following:

- Come to class prepared and ready to enhance your intellectual curiosity.
- Complete the readings, research, homework, and assignments on time.
- Ask and/or answer questions and take the initiative to provide information that is relevant and/or useful to the class.

Class Participation is graded on a scale from 0 (lowest) through 10 (highest), using the following criteria:

Grade	Class Participation Criteria
0	Absent.
1 - 2	Present, not disruptive. Tries to respond when called on but does not offer much. Demonstrates very infrequent involvement in discussion.
3 - 4	Demonstrates adequate preparation: knows basic case or reading facts, but does not show evidence of trying to interpret or analyze them. Offers straightforward information (e.g., straight from the case or reading), without elaboration or very infrequently (perhaps once a class). Does not offer to contribute to discussion, but contributes to a moderate degree when called on. Demonstrates sporadic involvement.
5 - 6	Demonstrates good preparation: knows case or reading facts well, has thought through implications of them. Offers interpretations and analysis of case material (more than just facts) to class. Contributes well to discussion in an ongoing way: responds to other students' points, thinks through own points, questions others in a constructive way, offers and supports suggestions that may be counter to the majority opinion. Demonstrates consistent ongoing involvement.

Grade	Class Participation Criteria
7 - 8	<p>Demonstrates excellent preparation: has analyzed case exceptionally well, relating it to readings and other material (e.g., readings, course material, discussions, experiences, etc.).</p> <p>Offers analysis, synthesis, and evaluation of case material, e.g., puts together pieces of the discussion to develop new approaches that take the class further.</p> <p>Contributes in a very significant way to ongoing discussion: keeps analysis focused, responds very thoughtfully to other students' comments, contributes to the cooperative argument-building, suggests alternative ways of approaching material and helps class analyze which approaches are appropriate, etc.</p> <p>Demonstrates ongoing very active involvement.</p>
9 - 10	<p>Volunteers to be Group Captain</p> <p>Demonstrates excellent preparation: has analyzed case exceptionally well, relating it to readings and other material (e.g., readings, course material, discussions, experiences, etc.).</p> <p>Offers analysis, synthesis, and evaluation of case material, e.g., puts together pieces of the discussion to develop new approaches that take the class further.</p> <p>Contributes in a very significant way to ongoing discussion: keeps analysis focused, responds very thoughtfully to other students' comments, contributes to the cooperative argument-building, suggests alternative ways of approaching material and helps class analyze which approaches are appropriate, etc.</p> <p>Demonstrates ongoing very active involvement.</p>

Participation Outside Of Class – 10% of Grade:

- **Dawdy Forensic Accounting Lecture Series**
You will be required to attend the Dawdy Lecture Series presentation.
In order to receive full credit, be sure to sign in with the designated proctor.
- **Orin Ethics Symposium**
You will be required to attend the Orin Ethics Symposium.
In order to receive full credit, be sure to sign in with the designated proctor.
- **MU-ACFE Monthly Chapter Meetings**
Attendance is strongly encouraged, but is not required.

Homework Assignments – 10% of Grade:

Assignments will be posted in Blackboard. A printed copy of the assignment must be submitted before the beginning of class on the due date.

Mid-Term and Final Exams – 40% of Grade:

- The Mid-Term Exam (20%) will cover material presented in class from week 1 through week 7. The exam will include multiple choice questions, problems, and essay questions.
- The Final Exam (20%) will be cumulative and include multiple choice questions, problems, and essay questions.

Group Project and Presentations – 30% of Grade:

Each group will be responsible for making a presentation as the Forensic Accounting firm representing either the Plaintiff/Prosecution or the Defense.

- The Plaintiff/Prosecution presentation. Your group will be given a case to review and present as either an expert witness for the Plaintiff in a civil proceeding or as the Forensic Accountant (fact witness) for the Prosecution in a criminal case.
- The Defense presentation. For your second presentation, your group will serve as the Forensic Accountant (expert witness) for the Defense. In this role, you will have to develop a presentation that will challenge the case presented by the Plaintiff/Prosecution.
- In Week 3, the group assignments will be established and the information pertaining to your case will be distributed.
- In Week 9, Discovery will take place. Each group must submit a copy of the information, trial exhibits, reports, etc. that they plan to use in their presentation. The information obtained in Discovery should be used to assist you in preparing your final presentation.
- In Week 14 and 15, the group presentations will take place and **Attendance is Mandatory**. Using your forensic accounting investigation skills, your group will present an evaluation of the evidence to support your position. Each member of the group is required to participate.
- Your participation in the group is extremely important. You will be responsible for maintaining a weekly timesheet to document your activity and progress. Prior to the beginning of class you must submit a hardcopy of your weekly timesheet.
- In order to properly grade group member participation, you will be required to submit a performance evaluation for each member of your group. These performance evaluations will be taken into consideration in computing each group member's individual grade.

Attendance Policy:

Attendance will be taken. Unexcused absences in class and at group meetings by and large will have an adverse impact on your grade. Excused absences for documented illness, medical emergencies, family emergencies, and/or unavoidable job interviews will be reviewed and evaluated on a case by case basis.

Classroom Etiquette:

Professionally speaking, you never want to be late for a meeting with your clients, so with that thought in mind, kindly be ready to begin class on time. Prior to the start of class, be sure to turn off your cell phone, blackberry, pda, et cetera, or place them in silent mode. Allow for adequate time to deal with jackets, backpacks, and class materials without disturbing others.

Respect your fellow students and your instructor by refraining from unwarranted side comments and personal conversations during class. Furthermore, you should never leave a meeting until your client has indicated the meeting is over.

General Considerations:

Forensic Accounting will meet once a week for 2-1/2 hours. Please keep in mind that the duration of this class may be longer than your other classes. Therefore, in order to gain the most from this class it will take a real commitment from you.

There is a great deal of material that needs to be covered in order to meet the stated Course Objectives. I will attempt to structure each class to accommodate a short five minute break. Objections and complaints pertaining to deadlines and time commitments required for the successful completion of this class will generally not be viewed favorably.

Please keep in mind that when you enter the “real world” of the accounting profession the time constraints, deadlines, and pressure for “billable hours” are far greater than your current academic life.

1) Statement on ADA. If you need accommodations because of a disability, if you have emergency medical information to share with me, or if you need special arrangements in case the building must be evacuated, please inform me immediately. Please see me privately after class, or at my office during office hours (see listing above for information about location/time). To request academic accommodations (for example, a notetaker), students must also register with the Office of Disability Services, (<http://disabilityservices.missouri.edu>), S5 Memorial Union, 882-4696. It is the campus office responsible for reviewing documentation provided by students requesting academic accommodations, and for accommodations planning in cooperation with students and instructors, as needed and consistent with course requirements. For other MU resources for students with disabilities, click on Disability Resources on the MU homepage.

2) Statement on Academic Dishonesty. Academic honesty is fundamental to the activities and principles of a university. All members of the academic community must be confident that each person’s work has been responsibly and honorably acquired, developed, and presented. Any effort to gain an advantage not given to all students is dishonest whether or not the effort is successful. The academic community regards academic dishonesty as an extremely serious matter, with serious consequences that range from probation to expulsion. When in doubt about plagiarism, paraphrasing, quoting, or collaboration consult the course instructor.

3) Statement on Intellectual Pluralism. The University community welcomes intellectual diversity and respects student rights. Students who have questions concerning the quality of instruction in this class may address concerns to either the Departmental Chair, or Divisional leader, or Director of the Office of Students Rights and Responsibilities (<http://osrr.missouri.edu/>).

All students will have the opportunity to submit an anonymous evaluation of the instructor(s) at the end of the course.

Reference Material

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<http://www.fbi.gov/publications/financial/fcs_report2007/financial_crime_2007.htm>.
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- "United States Department of the Treasury – Financial Crimes Enforcement Network." fincen.gov. 30 Oct. 2008 <<http://www.fincen.gov/>>.
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