ACC 645: Forensic and Investigative Accounting (Fall 2015)

Instructor: Frank S. Perri, JD, MBA, CPA, CFE

Course Description

The course will assist professionals to consider forensic and investigative accounting information in a well-rounded manner by providing a multi-disciplinary framework to analyze fraud issues. Areas covered include the application of criminological and forensic psychological manifestations to refine the fraud offender profile. In addition forensics has a legal complexion; consequently areas of criminal law, the litigation process, criminal procedure and evidence are covered together with interviewing pitfalls and strategies. The above concepts are applied to case analysis such as the relationship between leadership and corporate fraud, corporate crisis, predatory offenders, organizational misconduct, corporate governance and regulatory oversight.

Topics will assist students to become better informed professionals in whatever area of accounting, auditing, management and fraud investigation pursued given the frequency professionals encounter these topics either directly or indirectly. Students should develop the ability to convey forensic and investigative accounting information in a creative and persuasive manner, both in oral and written form. Course will be in lecture-discussion form and materials, if applicable, provided by instructor. Key skills addressed include:

Reflective Thinking and Experiential Learning Skills: The process of forensic investigation involves more than just accounting knowledge. We will focus on a multidisciplinary approach to analyzing issues and will see the importance of other disciplines such as psychology, social psychology, law and criminology.

Interpersonal and Communication Skills: An integral part of understanding fraud and forensics is the ability to communicate with various parties, including attorneys, law enforcement and financial professionals. Communication skills will be addressed via class participation and the team project.

Analytical and Critical Thinking Skills: One of the key attributes of a fraud examiner is having strong problem solving skills including the ability to evaluate problems, analyze data, propose courses of action and make a final decision.

Information Technology Skills: As part of any investigation, computer proficiency is necessary. This skill will be addressed researching the team project.

Ethical and Social Consciousness: Ethical dilemmas often lead to fraudulent behavior. We will focus on the importance of corporate responsibility and related ethical and legal responsibilities of companies, individuals and those that investigate fraud.
Week 1: **Criminological Considerations**
   a. Debunking the myth of the fraud offender profile
   b. Edwin Sutherland and white collar crime: strengths and limitations
   c. Fraud triangle in forensic accounting: strengths and limitations
   d. Criminal thinking personality patterns
   e. Criminal interpersonal strategic patterns
   f. Criminal law overview: elements, states of mind and defenses
   g. Class discussion: application of anti-social traits to fraud offenders

Week 2: **Forensic Psychological Considerations**
   a. Personality trait risk-factors
   b. Predatory offenders and offenses
   c. Social influence and predatory fraud schemes
   d. Challenges overcoming predatory fraud schemes
   e. Organizational impact of the dark triad of personality traits
   f. Class discussion: predatory offense case analysis
   g. Group collaboration on the team project

Week 3: **Red Collar Crime**
   a. Origins, financial analysis and case studies
   b. Forensic psychological risk factor considerations
   c. Gender considerations, fraud and violence
   d. Types of violence, methods and victimology
   e. Fraud investigations and work place considerations
   f. Class discussion: compare and contrast offender profiles
   g. Group collaboration on the team project

Week 4: **Interviewing Considerations**
   a. *Miranda* rights and the fraud suspect
   b. Interviewing techniques and limitations
   c. Deception detection: myths and reality
   d. False confessions: interviewing and fraud cases
   e. Deception detection: useful methodologies
   f. Class discussion: authentic interview transcript team analysis
   g. Group collaboration on the team project

Week 5: **The Litigation Process**
   a. Trial protocol
   b. The law of evidence
   c. The law of criminal procedure
   d. Challenges of white collar crime prosecution
   e. White collar crime victimology and punishment
   f. Class discussion: corporate prosecutions, Arthur Andersen *et al.*
   g. Group collaboration on the team project
Week 6: **Organizational Misconduct and Corporate Fraud**
   a. Control environments, unethical leadership traits and strategies
   b. Process of normalizing organizational misconduct
   c. Social psychological consequences of organizational misconduct
   d. Challenges in overcoming organizational misconduct
   e. Mitigation of organizational misconduct
   f. Class discussion: corporate crisis case studies
   g. Group Collaboration on the team project

Week 7: **Regulatory Oversights**
   a. Bernard Madoff affinity fraud case study *et al.*
   b. Bernard Madoff criminal thinking and behavioral traits
   c. The Securities and Exchange Commission: oversight case studies
   d. Sarbanes-Oxley Act and other legislation: successes and limitations
   e. Fraud detection: Whistleblower challenges and retaliation mitigation
   f. Class discussion: Whistleblower case studies
   g. Group collaboration on the project

Week 8: **Fraud Investigations**
   a. Report writing
   b. Expert testimony
   c. Cognitive bias and forensic evidence
   d. *Brady* violations and discovery requirements
   e. Fourth Amendment work place considerations
   f. Class discussion: discovery issue violation case studies
   g. Group collaboration on the team project

Week 9: **Corporate Governance**
   a. Board of Directors fiduciary duties
   b. Ethical decision making consideration template
   c. Board of Directors corporate fraud risk factors
   d. Class discussion: Enron, WorldCom *et al* board failures
   e. Group collaboration on team project

Week 10: **Interview and Trial Case Team Discussion**
   a. Analysis of the best interview and trial approach to case study

Week 11: **Final Examination**
Course Evaluation

1. Team Case Study 80%
2. Mid-term examination Week 5 10%
3. Final examination (non-cumulative) 10%

Exam questions may take the form of true/false, fill in the blank, multiple choice, analyzing articles, fact scenarios and essays as examples. Exam covers only material covered in class.

Grading:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Grade</th>
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<tbody>
<tr>
<td>95-100%</td>
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<td>90-94%</td>
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<td>85-89%</td>
<td>B+</td>
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<td>80-84%</td>
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<tr>
<td>75-79%</td>
<td>B-</td>
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<tr>
<td>70-74%</td>
<td>C+</td>
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<td>65-69%</td>
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*Group project due:* E-mail by 5:00 pm on November 4, 2015.

Honor Code
Students are expected to uphold the Academic Honor Code. The Academic Honor System is based on the premise that each student has the responsibility to 1) uphold the highest standards of academic integrity in the student’s own work, 2) to refuse to tolerate violations of academic integrity in the university community, and 3) to foster a high sense of integrity and social responsibility on the part of the university community.

Students with disabilities needing academic accommodation should 1) register with and provide documentation to the Office of Students with Disabilities, and 2) bring a letter to the instructor indicating the need for accommodation and what type. This should be done during the first week of class.

Office Hours: 1:15-2:15 p.m.

E-mail: (Personal) frankperri@hotmail.com  (Work) fperri@wincoil.us

Work: (815) 319-4924
Team Project

The Christopher Porco Interview and Trial Case Analysis

The Christopher Porco Case Study incorporates the topics discussed in class, and it constitutes a major portion of one’s grade. What is interesting about this case is that it involves a fraud offender who turned violent. A major portion of the analysis will be to explain why the interview was improperly conducted, to explain its flaws, potential trial consequences and how it could have been more efficiently conducted. For example, what mistakes did law enforcement make in this case and why did they make them? Should they have incorporated Christopher’s behavioral traits into a more coherent interview strategy? What alternative strategy could have been used? In addition, an analysis of how the interview should have been planned must be presented with reasons behind the strategy. Incorporate criminological, behavioral, criminal law, criminal procedure, litigation process, evidentiary considerations, deception detection and interviewing techniques into the project to present a well-rounded analysis.

Given the number of areas that need to be discussed and the fact that the report will be written on a team basis, it should be, not including references, around 50-60 pages. The paper may be longer if you deem it appropriate given that you are using relevant, specific portions of the dialogue in your analysis when making a point. Scholarship used to support the paper should be cited in APA format. If using my lecture material, as an example cite as (Perri, Lecture 2). The questions in the tentative outline are offered to help you start analyzing the case. It is expected other questions will come up and they should be included in the paper coupled with an explanation as to why they are important.

Upon completion of the case study, teams in class will discuss why the law enforcement interview failed and what, potentially, is the best interview strategy that should have been employed and how this may have been used in trial. I will ask the teams different questions and other teams will respond to whether they agree or disagree with a given answer by the team that was asked the question.

We will discuss the case throughout the semester, but I encourage working on the team project throughout the semester to avoid being overwhelmed. I realize that it is difficult to get a group to agree on a time to meet outside of class. Thus, time will be provided during the class for groups to get together to discuss the project so please use this time wisely. However be expected to spend time together outside of class if necessary.

As a professional, the ability to communicate clearly and persuasively in written form is of paramount importance. As a group, you will have to decide many issues as to organizational structure, content, what positions you will take, and who will write what sections, as examples. Make sure that you engage in written revisions as soon as possible to iron out grammatical errors and organizational structure.
## Tentative Issue Considerations

### Investigation Phase

<table>
<thead>
<tr>
<th>Case Facts</th>
<th>Detailed analysis of the facts combined with a timeline.</th>
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<tbody>
<tr>
<td><strong>Interview Goal(s)</strong></td>
<td>Given Christopher’s answers to the detectives, what should have been the detective’s goal(s) in this case? Should the goal have been to get a confession?</td>
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<tr>
<td><strong>Forensic Psychology</strong></td>
<td>Using the behavioral science information learned, what behavioral traits did Christopher display? How do the behavioral factors facilitate why he would commit fraud and homicide? What facts support the behavioral traits displayed by Christopher?</td>
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<tr>
<td><strong>Criminal Procedure</strong></td>
<td>What constitutional rights, if any, were violated in this case? How did it impact the trial and jurors perception of the defendant? Was <em>Miranda</em> violated?</td>
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<tr>
<td><strong>Fraud Analysis</strong></td>
<td>What kind of fraud did Christopher commit? How was the fraud plausibly committed by Christopher?</td>
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<tr>
<td><strong>Evidentiary</strong></td>
<td>What evidence did the prosecution use and why? How could the case have been lost? Consider the direct and circumstantial evidence involved and how it might have been perceived by the jury. Prior acts by offender?</td>
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<td><strong>Criminal Law</strong></td>
<td>What are the criminal offenses involved and their elements? What state of mind is necessary for the prosecution to prove beyond a reasonable doubt?</td>
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<td><strong>Staging</strong></td>
<td>Should men, women or both be used to interview Christopher? How should they have been dressed? In plain clothes or uniform? Should evidence of the crime scene been brought to the interrogation?</td>
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<tr>
<td><strong>Criminal Traits</strong></td>
<td>What criminal thinking traits are displayed by Christopher? What facts support the displayed criminal thinking traits displayed?</td>
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<tr>
<td><strong>Interviewing Strategies</strong></td>
<td>Discuss the pros and cons of the different interview strategies available to law enforcement. Did the detectives use different strategies? If so, were they successful in eliciting information? How could Christopher’s behavioral traits been incorporated in an interview strategy?</td>
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<tr>
<td><strong>Law Enforcement Traits</strong></td>
<td>What behavioral traits were displayed by law enforcement and why did this hamper their effectiveness? Any displays of projection bias? If so how did projection bias impact interview strategy?</td>
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### Interpersonal Strategy
What interpersonal strategies did Christopher use with the detectives? What interpersonal strategy did the detectives use with Christopher? Was the detectives interpersonal strategy flawed?

### Content Analysis
What types of verbal cues, if any, point to potential deception by Christopher? If so, how should law enforcement seize upon such a cue to craft their interview strategy? Did law enforcement ignore verbal cues? How would you characterize Christopher’s linguistic structure?

### Law Enforcement Strategy
How could the police have used Christopher’s behavioral traits to formulate an interrogation strategy. How would the strategy differ from the typical Reid Technique? Does the Reid Technique work in these situations? Should the police have delayed the interrogation or a perhaps spread the interview over a few sessions? Did the police confront Christopher with evidence in order to have Christopher explain the significance? What mistakes did the police make and what did the police do right in the interrogation.

### Parental Interaction
Is there any value to law enforcement as to the communications between Christopher and his parents? Should the police have learned if any e-mail existed prior to interviewing Christopher? What do the e-mails reveal about the parents? How did the parents approach make the problem worse knowing his behavioral profile? Why did he try to kill his mother from a behavioral perspective? What criminal thinking and behavioral traits are displayed by the e-mails?

### Type of Violence
Did Christopher engage in instrumental or reactive violence? What behavioral traits support the type of violence used? What type of violence did the detectives think he exhibited and why? How does the detective’s belief as to the type of violence impact how they approach an interview?

### Trial Phase

#### Strategy
What was the defense’s trial strategy? What are the weaknesses in the defense’s trial strategy? Why did Christopher not testify even though his statement was suppressed? What was the prosecution’s strategy? What are the weaknesses in the prosecution’s case? What behavioral traits did he exhibit during the trial and sentencing phase? How the trial was potentially jeopardized as a result of the criminal procedural errors? What did the jury not get to observe and why is this significant?

#### Jury
What were potential juror concerns that may have led to an acquittal? What qualities would you want a juror to have in such a case? What kind of questions would you ask during jury selection? What type of juror characteristics would you want? Education? Gender? Profession?
Public Perception  
Consider through the public’s commentary how they perceived the investigation and trial. What are their insights as to direct and circumstantial evidence? Are their insights correct or flawed? How do they view law enforcement? Consider that the public is where potential jurors are drawn from. How do their answers impact juror selection and the questions you would ask them?

Recommendations:  How could the interview been more efficiently conducted and are there risks to the recommendations? In essence, what could go wrong?

Team Project Research Acceleration

1. Investigation and trial facts

2. Please Google: Special Report: Porco Trial


1. Transcript please Google: porco murder transcript

2. You will get: “Interview-Murderpedia”


I would recommend printing out the transcript and putting it in a three ring binder especially since you will be working in groups and will appreciate the quick reference when needed. Plus you can highlight important areas of dialogue.