Contents

Preface		xiii
Acknowledgn	nents	XV
PART I	FORENSIC ACCOUNTING AND FRAUD OVERVIEW	1
CHAPTER 1	Forensic Accounting	3
	What Is Forensic Accounting? Why Has Forensic Accounting Become the Buzz? Introduction to a Profession Applications for Forensic Accounting A Third Dimension: Contexts within Each Area of Specialization Conclusion Suggested Readings Notes	3 4 5 6 11 14 15 15
CHAPTER 2	Fraud in Society	17
	What Is Fraud? Types of Fraud Other Types of Financial Fraud Sarbanes—Oxley What the Numbers Tell Us about Fraud Categories of Occupational Fraud Drawing Conclusions Society's Perception of Fraud Who Commits Fraud?—Profile of the Typical Fraudster	17 21 25 27 28 29 31 32
		vii

	The Social Consequences of Economic Crime	39
	Conclusion	39
	Suggested Readings	40
	Notes	40
CHAPTER 3	Understanding the Basics of Financial Accounting	43
	Where It All Begins	43
	The Five Accounting Cycles	46
	Journals: Subsidiary and General	54
	Conclusion	56
	Suggested Readings	56
	Note	57
CHAPTER 4	Forms of Entities	59
	Basics of Business Structures	59
	Sole Proprietorships	60
	Partnerships	60
	Corporations	63
	Business Enterprises in the Global Environment	66
	Conclusion	70
	Suggested Readings	70
	Notes	72
CHAPTER 5	Fundamental Principles of Financial Analysis	73
	Good Analysis = Due Diligence?	73
	Why Perform Financial Analysis?	76
	What and Whom Can You Trust?	76
	Other Factors to Consider	77
	Financial Analysis for the Non-Expert	78
	To the Future	85
	Conclusion	86
	Suggested Readings	87
	Notes	87
CHAPTER 6	The Role of the Accounting Professional	89
	The Importance of Accounting Professionals in	00
	the Investigation	89
	The Audit Process	93
	Internal Controls	98
	Conclusion	101
	Notes	101

Contents	IV
GUIDENIS	I X

PART II	FINANCIAL CRIME INVESTIGATION	103
CHAPTER 7	Business as a Victim	105
	Introduction	105
	Employee Thefts	106
	Fraudulent Billing Schemes	112
	Fraud Committed by Outsiders	113
	Management Thefts	114
	Corporate Thefts	117
	Identity Theft	118
	Conclusion	120
	Suggested Readings	120
	Notes	120
OUADTED A		
CHAPTER 8	Business Villains	123
	Introduction	123
	Organized Crime and Business	123
	Money Laundering	130
	Conclusion	137
	Suggested Readings	138
	Notes	139
CHAPTER 9	The Investigative Process	143
	Introduction	143
	Case Initiation	144
	Case Evaluation	145
	Solvability Factors	147
	Goal Setting and Planning	148
	Investigation	156
	Background	158
	Conclusion	166
	Suggested Readings	167
	Notes	167
CHAPTER 10	Interviewing Financially Sophisticated	
	Witnesses	169
	Introduction	169
	The Interview	170
	Interviewing Financially Sophisticated	
	Witnesses	185

X	Contents
X	Concerns

	Conclusion	188
	Suggested Readings	189
	Notes	190
CHAPTER 11	Proving Cases through Documentary Evidence	193
	Introduction	193
	Document Collection	194
	Document Organization	207
	The Process of Proof	211
	The Logic of Argument	213
	Proof through Inference	217
	Conclusion	221
	Suggested Readings	222
	Notes	224
CHAPTER 12	Analysis Tools for Investigators	227
	Introduction	227
	Why Use Analysis Tools at All?	227
	Associational Analysis	229
	Temporal Analysis	246
	Conclusion	252
	Suggested Readings	252
	Notes	253
CHAPTER 13	Inferential Analysis	255
	Introduction	255
	How Inferential Analysis Helps	255
	What Is an Inference Network?	256
	Investigative Inference Analysis	259
	The Key List	263
	Constructing an Investigative Inference Chart	264
	Plotting the Chart	268
	Some Tips for Charting Success	272
	Applying the Chart to the Investigative Process	273
	Conclusion	275
	Suggested Readings	275
	Notes	277
CHAPTER 14	Documenting and Presenting the Case	279
	Introduction	279
	Creating a System	279

Contents		xi
	The Casebook System	280
	Report Writing	287
	Testifying as a Financial Expert	290
	Conclusion	305
	Suggested Readings	305
	Notes	306

About the Authors	309
Index	311