

RESERVE NOTE

9860 I

FINANCIAL CRIMES

...an interdisciplinary survey course

Syllabus and Study Guide

(Updated Summer 2019)

Developed and Presented by:

PROFESSOR STEVE M. WINDHAM, LL.M., M.B.A., E.A.

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Syllabus

Professor

Steve M. Windham

Contact Information

I can be contacted in a variety of different ways. If you send me an email, please be sure to put a subject. If you text me, please be sure to include your name. If I do not answer immediately it is probably because I am otherwise engaged. If you do not hear back from me in a reasonable amount of time, please try contacting me again.

Tel/Text	707-635-3325
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Email	steve@windhamsolutions.com
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Office	TBA
Mailing Address	PO Box 403, Elmira, CA 95625

Website and Links

Nearly all required materials for this class can be found at:

<https://www.stevewindham.com/library/financial-crimes-courses-library/financial-crimes/>

If you find a link that is broken or directing somewhere where that it should not, please contact me so that I can update my website.

There are some handouts that students will be given in class that are not uploaded to my website. If you are absent when these are handed out, or if you need replacements, please be sure to see me.

Textbooks

In an effort to reduce costs, this course does not require the student to purchase a text book.

There are numerous resources on my website that the student will find useful when taking this class. I have also created this Study Guide for your use as a resource in this class. Each student will be given one study guide. If it is lost or needs replacement for any reason, there is a pdf version on my website so you can print as many as you may need.

Prerequisites

There are no prerequisites for this course, but it is highly recommended that students have taken an introduction to accounting course and an introduction to criminal justice course.

This class is primarily intended for accounting/business and criminal justice students.

Course Description

This is an interdisciplinary survey course on financial crimes. Students will be introduced to various financial crimes with an emphasis on how to recognize and prevent these crimes, as well as when to contact the authorities. Topics covered will include: the fraud triangle, counterfeiting, tax crimes, suspicious activity reports, anti-money laundering, accounting financial statement fraud, and much more.

Course Objectives

Please see the section titled “Learning Objectives” for a detailed list of learning objectives for this course.

Class Format

This class will consist of lectures that benefit tremendously from student involvement and questions. My goal is to create a warm and welcoming environment where students are comfortable asking questions and engaging in class discussions. Typically, I have multiple guest speakers, and we will be watching three movies (documentaries) that pertain to different financial crimes.

Grading Policy

This is a graded course. The three primary criteria that the student's grade will be based on are:

1. Term Paper (or Midterm Exam) (40%),
2. Final Exam (40%), and
3. Class participation and attendance—may include quizzes (20%).

The traditional grading scale will be used:

90 to 100 = A
 80 to 90 = B
 70 to 79 = C
 60 to 69 = D
 Below 60 = F

Course Level and Unit Value

This course is being taught at the (LEVEL) level.

This is a 3.0 semester unit course.

Students with Disabilities and Students Requiring Accommodations

If you have a disability or require accommodations, please be sure to meet with me to discuss your needs. You may also wish to contact the Services to Students with Disabilities Office.

Miscellaneous

Please be courteous and professional while in class. I do not like having to make up a bunch of rules, and I have found that if everyone exercises the Golden Rule (Do unto others as you would have done unto yourself.) that things tend to go very smoothly. If you are being disruptive, you will be asked to leave for the remainder of class that day. Continued disruptions may result in expulsion from class with a grade of "F."

Some Interesting Facts about Financial Crimes

- Up to 2 trillion dollars (\$2,000,000,000,000) in illicit funds are laundered globally every year (United Nations Office on Drugs and Crime).
- Trade in counterfeit goods now exceeds five percent (5%) of world trade (OECD).
- Counterfeit currency is used by criminal organizations to finance everything from human trafficking to drugs to terrorism (INTERPOL).
- The tax gap in the United States is approximately twenty percent (20%) of the tax liability, meaning that about \$500 billion in tax revenue is unpaid every year (IRS).
- Insurance fraud (excluding health insurance fraud) in the United States is estimated to exceed \$40 billion per year, costing the average US family between \$400-\$700 per year in increased premiums (FBI).
- Globally, financial crimes affect nearly one out of two businesses, costing an estimated US\$1.45 trillion annually (Thomson Reuters).
- Human trafficking is estimated to be one of the most profitable proceeds-generating crimes in the world, as forced labor generates US\$150.2 billion per year (FATF - APG).
- Illicit funds from corruption offenses, such as bribery or theft of public funds, are typically committed for private gain. Money laundering and corruption are intrinsically linked so that the illicit gains can be enjoyed without fear of confiscation (OECD).
- Antiquities trafficking has been used to fund terrorist activity, and ISIS is known to sell significant quantities of antiquities on the black market (US Army War College).

About Steve M. Windham



About this Course

This course came about in a rather serendipitous manner. I used to teach accounting classes at an adult school, and I was quite content with that. My accounting students were very motivated and serious about learning accounting, which made these courses enjoyable to teach.

One evening, I was teaching in my accounting class when suddenly someone asked, “How do you launder money?” This caught me quite by surprise because the lesson had nothing to do with anti-money laundering or financial crimes. I asked if they were serious, to which they replied that they were.

Like I mentioned before, these were very serious students, and many of them worked in either an office environment or in low-level accounting positions. I explained the basic framework of money laundering to them, and it was as if they were under a spell. They were mesmerized and every single student was intently listening, waiting to hear what I was going to say next. You could, literally, hear a pin drop.

I asked my students if I were to offer a course on Financial Crimes if they would be interested. They were. It took me a year to convince the administrators to let me teach the class, and I eventually did teach the class at the adult school. The students gave positive feedback, and at that point I decided to create additional courses on different financial crimes, as well as to modify this class for the university level.

This is an inter-disciplinary course that is intended for those who currently work in, or plan to work in, a career in law enforcement, management, banking/financial services, or accounting.

Your organization needs well-trained individuals who can recognize and deter financial crimes, and this course will give you a strong working knowledge of how financial crimes are committed and what may be done to prevent them, as well as various existing compliance issues

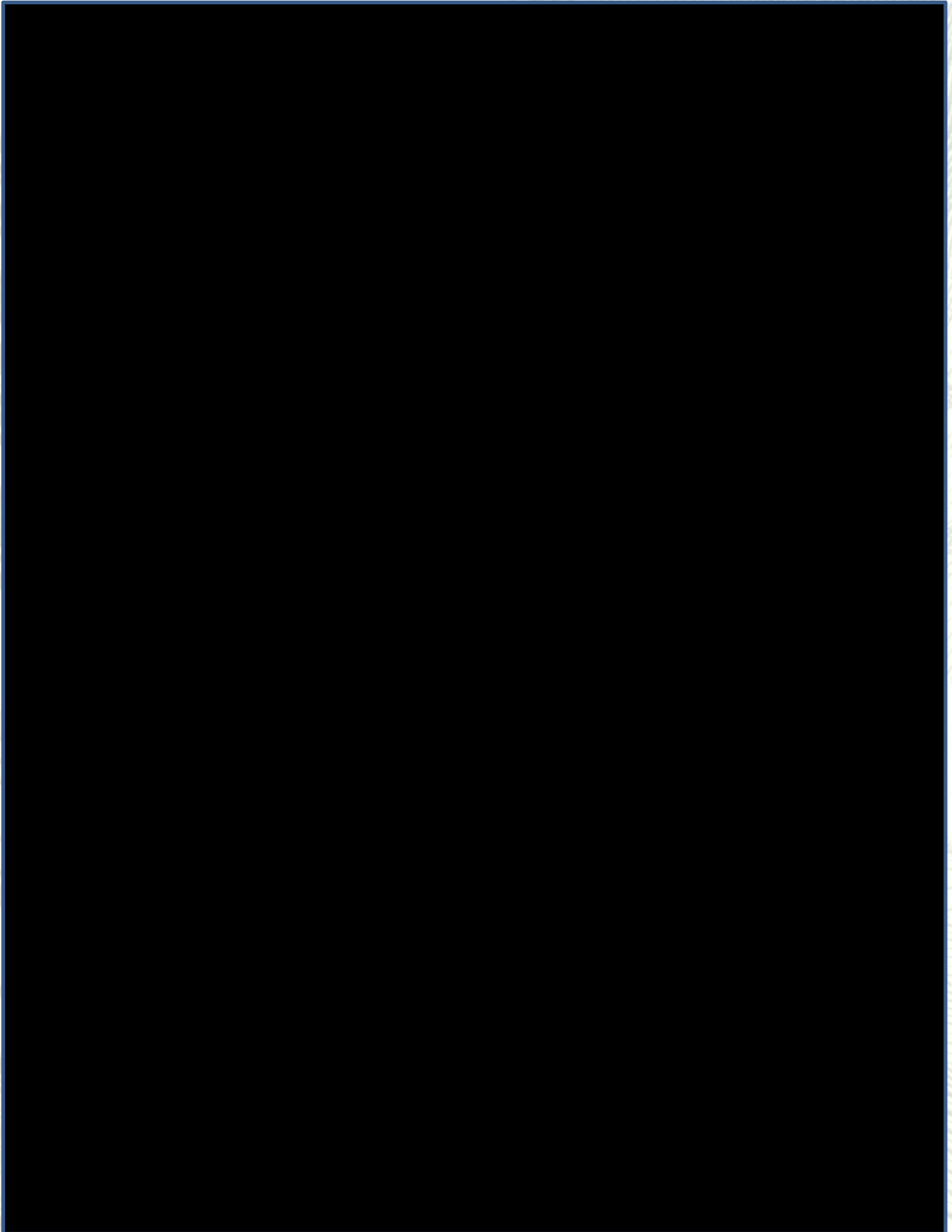
This course will include numerous guest speakers. In the past, I have had local (in-person) and international (via Skype) guest speakers from law enforcement and industry. These guests have included a police detective, a retired Assistant District Attorney from San Francisco, and a business director of an international boutique tax firm.

This survey course covers topics such as:

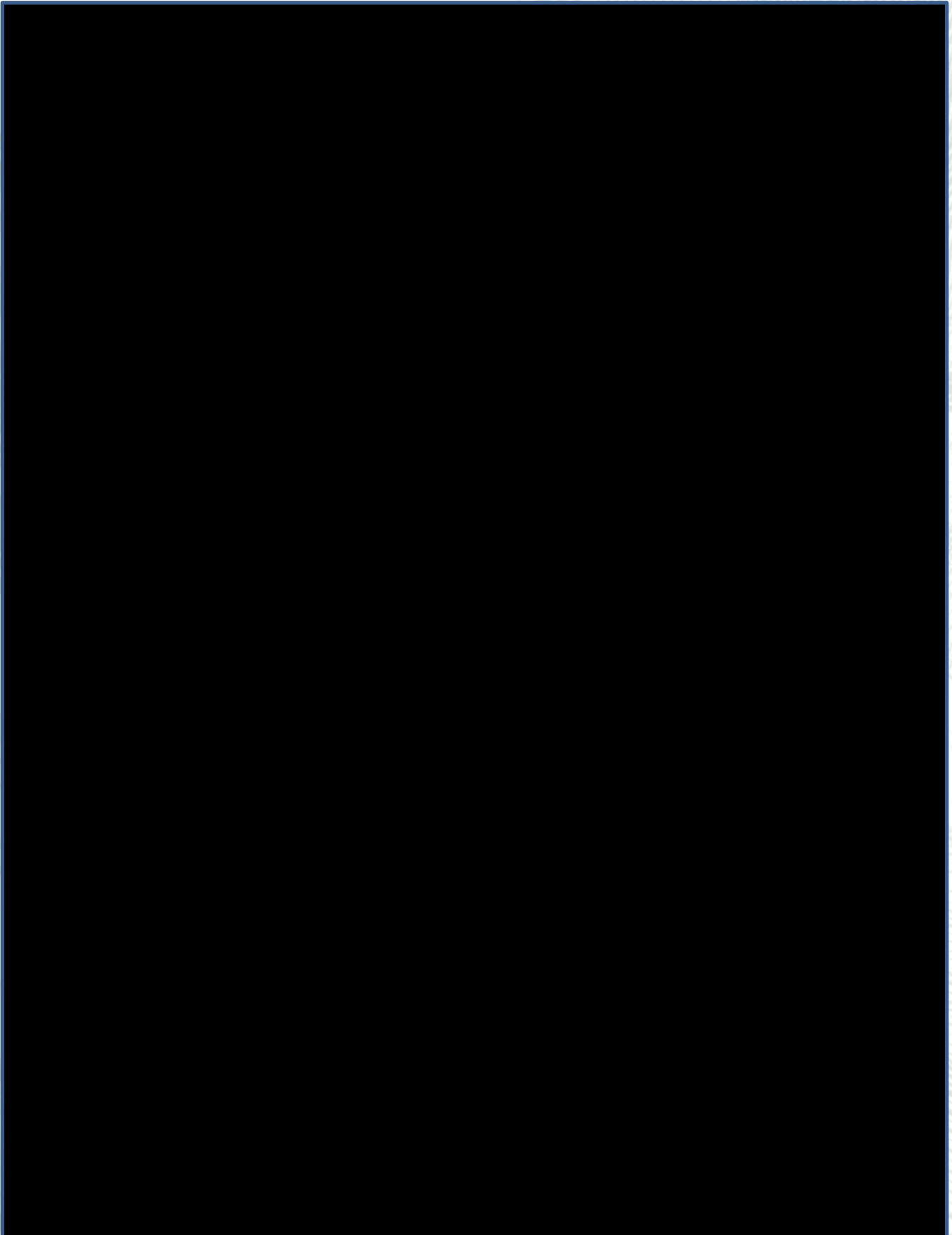
The Fraud Triangle	Counterfeit Currency, Credit Cards, and IDs
Vendor and Employee Theft	Money Laundering and AML Compliance
Suspicious Activity Reports	Off-Shore Credit Cards
Secret Off-Shore Accounts & Tax Havens	Tax Crimes
Attorney Client Privilege under Kovel	FATCA and FBAR Compliance
Federal Law & Cannabis Operations	Intellectual Property Crimes & Counterfeit Goods
Crypto Currencies and the Dark Web	Ghost Employees and Ghost Vendors

I try to make this class as dynamic and relevant as possible. As such, I reserve the right to make changes as needed. If changes are to be made, they will be made as far in advance as possible.

Learning Objectives



Learning Objectives



Academic Honesty Pledge

Plagiarism and cheating are serious issues, and can result in serious consequences. The school has academic policies against both cheating and plagiarism, and I expect for all of my students to refrain from any form of academic malfeasance. Please pay careful attention not to commit plagiarism and/or copyright infringement.

Plagiarism is defined as: “the practice of taking someone else's work or ideas and passing them off as one's own.”¹ Copyright infringement is the unauthorized use of works that are protected by copyright law.²

Some instructors and professors require certain citation formats, such as: APA, MLA, Bluebook, Chicago, *et cetera*. While I recommend that you follow a formal citation format, I do not require you to do so. My only requirement is that you make some sort of reference to work that is not your own.

I do not use anti-plagiarism software, but if I do suspect plagiarism, I will call you in for a meeting and offences will be dealt with according to school policy. I do not believe that self-plagiarism (recycling your own work) should be disallowed. As such, I will permit limited self-plagiarism with the following caveats:

1. You must cite yourself by listing your name, what class and/or school and/or professor, and date,
2. At least sixty percent (60%) of the assignment must be original work for this class, and
3. You must supply a copy of the assignment from which you self-plagiarized if more than a few lines are used (~250 words).

Should you have any questions or concerns regarding cheating, plagiarism, and/or copyright infringement, I would be more than happy to discuss them with you.

Purdue University's Online Writing Lab (OWL) has extensive information on plagiarism. Please follow the link below and take some time to review their articles on avoiding plagiarism.

https://owl.purdue.edu/owl/teacher_and_tutor_resources/preventing_plagiarism/avoiding_plagiarism/index.html

Every student must sign and adhere to the following pledge:

I agree to abstain from all forms of academic malfeasance as a student in this class. This includes, but is not limited to: cheating, plagiarism, and copyright infringement. If I have any questions or concerns, I will discuss them with either Professor Windham or another faculty member that I am comfortable with. I understand that it is my responsibility to conduct myself ethically and to abide by this pledge.

Student Signature

Date

Student Name (printed)

* Note: This copy is for your records. There is a copy at the end of this study guide that must be turned in on the first day of class.

1. See: <https://www.google.com/search?q=plagiarism&ie=utf-8&oe=utf-8>.
2. See: https://en.wikipedia.org/wiki/Copyright_infringement.

Terms & Conditions, and Legitimate Use Pledge

This course is being offering subject to the following Terms and Conditions:

This course is designed to familiarize the student with a number of financial crimes that they may encounter while working as an accountant, banker, businessperson, manager, or in law enforcement. The intent is to teach the students how to detect, when to investigate, and how to prevent financial crimes. Students will also learn about various career opportunities that are available in the fight against financial crimes.

The instructor and guest speakers will not answer questions if they suspect the student is asking these questions because the student appears to be planning to commit a financial crime. The instructor and/or guest speakers will not facilitate the commission of financial crimes, nor will they collude with those who seek to commit financial crimes.

Any student who appears to use the information in this class to plan to commit a financial crime will be immediately dropped from the class.

Any information presented is not intended to be legal or accounting advice, and is intended for informational and educational purposes only.

Enrolling in this course does not constitute a professional relationship beyond that of educator/student, and no other professional relationship is implied or expressed.

Every student must sign and adhere to the following pledge:

I agree to the Terms and Conditions expressed in this document. I pledge to use the information obtained from this class for legitimate legal and ethical purposes. My intent is to understand financial crimes so as to detect, to investigate, and to prevent financial crimes. I am not taking this course in the furtherance of any criminal activity.

Student Signature

Date

Student Name (printed)

* Note: This copy is for your records. There is a copy at the end of this study guide that must be signed and turned in on the first day of class.

Module 1 – Crimes & Fraud

Background (Crimes):

To better understand financial crimes, it is helpful to have an understanding of the landscape of criminal law and theory. As this is not a course on criminal law, but rather an interdisciplinary survey course of financial crimes, this presentation is not exhaustive of criminal law, criminal procedure, or criminal theory. This background discussion is intended only as a framework so as to better understand financial crimes.

What is a crime?

Black's Law Dictionary defines a crime as, "An act that the law makes punishable; the breach of a legal duty treated as the subject matter of a criminal proceeding. – Also termed *criminal wrong*."³

"A crime is any wrong which the government deems injurious to the public at large, and punishes through a judicial proceeding in its own name." 1 Bishop, New Criminal Law § 32 (8th ed. 1892).⁴

A crime is a wrong against society, or the state.

Elements of a crime:

With the exception of strict liability crimes, every crime has the following elements:

actus reus – [Law Latin "guilty act"] The wrongful deed that comprises the physical components of a crime and that generally must be coupled with *mens rea* to establish criminal liability; a forbidden act. – Also termed *deed of crime*; *overt act*.⁵

And

mens rea – [Law Latin "guilty mind"] The state of mind that the prosecution, to secure a conviction must prove that a defendant had when committing a crime: criminal intent or recklessness. *Mens rea* is the second of two essential elements of every crime at common law, the other being the *actus reus*. – Also termed *mental element*; *criminal intent*; *guilty mind*.⁶

It is important to note that for an individual to be convicted of a crime, every single element of the crime that an individual is charged with must be proven by the prosecution.

If the prosecution fails to prove every single element of the crime, then the individual charged cannot be convicted of that particular crime.

3. BLACK'S LAW DICTIONARY 427 (9th ed. 2009).

4. Ronald N. Boyce, Donald A. Dripps, and Rollin M. Perkins. Foundation Press. *Criminal Law and Procedure, Cases and Materials* 1 (10th ed. 2007).

5. BLACK'S LAW DICTIONARY 41 (9th ed. 2009).

6. BLACK'S LAW DICTIONARY 1075 (9th ed. 2009).

Criminal Intent:

There are four ways to establish criminal intent:

1. Purposeful: Done with a specific purpose in mind; deliberate.⁷
2. Knowingly: Done with an awareness or understanding; deliberate; conscious.⁸
3. Recklessly: Done with a conscious disregard of a substantial and unjustifiable risk.⁹
4. Negligently: Done with negligence, which is any conduct, except conduct intentionally or wantonly and willfully disregarding of an interest of others, which falls below the standard established by law for the protection of others against unreasonable risk of harm.¹⁰

Intent:

There are three primary types of crimes: general intent crimes, specific intent crimes, and strict liability crimes.

General Intent Crimes:

General intent crimes are crimes that involve performing a particular act without intending a further act or a further result.¹¹

Some examples may include: manslaughter, arson, and rape.

Specific Intent Crimes:

Specific intent crimes require a specified intention in addition to the intended act.¹²

An example would be larceny which includes the physical act of the trespassory taking and carrying away of the personal goods of another. This may be done intentionally, deliberately, with full knowledge of all the facts and a complete understanding of the wrongfulness of the act without constituting larceny. If this willful misuse is done with the intention of return the property, the state of mind needed for larceny is lacking. This act would; therefore, be actionable in a civil suit, and possibly a statutory offense. Without the actor intending to steal the property, larceny has not been committed.¹³

Some examples of specific intent crimes may include: First Degree Murder, Assault, Battery, Robbery, Larceny, Forgery, False Pretenses, and Embezzlement.

7. BLACK'S LAW DICTIONARY 1356 (9th ed. 2009).

8. BLACK'S LAW DICTIONARY 950 (9th ed. 2009).

9. Rollin M. Perkins and Ronald N. Boyce, *University Textbook Series Criminal Law* 850 (3rd ed. 2003).

10. Rollin M. Perkins and Ronald N. Boyce, *University Textbook Series Criminal Law* 841 (3rd ed. 2003).

11. BLACK'S LAW DICTIONARY 428 (9th ed. 2009).

12. Ronald N. Boyce, Donald A. Dripps, and Rollin M. Perkins. Foundation Press. *Criminal Law and Procedure, Cases and Materials* 603 (10th ed. 2007).

13. *Id.*

Strict Liability Crimes:

Strict liability crimes do not require a *mens rea* element.¹⁴

Some examples of strict liability crimes include: traffic offenses, illegal sales of intoxicating liquor,¹⁵ and statutory rape.

Crimes versus Torts:

As compared to a crime (defined *supra*), a tort is a civil wrong, other than breach of contract, for which a remedy may be obtained, usually in the form of damages; a breach of duty that the law imposes on persons who stand in a particular relation to one another.¹⁶

Some torts have corresponding crimes and some crimes have corresponding torts. For example, there are the intentional torts of assault and battery, which also corresponding crimes of assault and battery.

Financial Crimes, Economic Crimes, and White-Collar Crimes:**Economic Crimes:**

Financial crimes are often referred to as economic crimes. Economic crimes are non-physical crimes that are committed to obtain a financial gain or a professional advantage.¹⁷

White-Collar Crimes:

White-collar crimes are usually non-violent crimes that usually involve cheating or dishonesty in commercial matters.¹⁸ In 1939, Professor Edwin Sutherland coined the term “White-Collar Crimes” to differentiate criminal offences based on the socioeconomic status of the offender. Professor Sutherland defined white-collar crime as, “crimes committed by a person of respectability and high social status in the course of his occupation.”¹⁹

Examples of white-collar crimes may include: fraud, embezzlement, bribery, and insider trading.²⁰ Certain white-collar crimes, such as police corruption involving Civil Rights abuses often involve violence, yet are still usually classified as white-collar crimes.

We will be having a guest speaker who will discuss issues pertaining to:

**Constitutional Limits on the Criminal Sanction,
The Model Penal Code,
Defenses to Crimes,
Conflicts of Law,
Statute of Limitations, and
Other Legal Considerations Pertaining to Crimes.**

14. BLACK’S LAW DICTIONARY 429 (9th ed. 2009).

15. *Id.*

16. BLACK’S LAW DICTIONARY 1626 (9th ed. 2009).

17. BLACK’S LAW DICTIONARY 427 (9th ed. 2009).

18. BLACK’S LAW DICTIONARY 1734 (9th ed. 2009).

19. Rosoff, Pontell, & Tillman, *Profit Without Honor, White Collar Crime and the Looting of America* 2 (2nd ed. 2002).

20. *Id.*

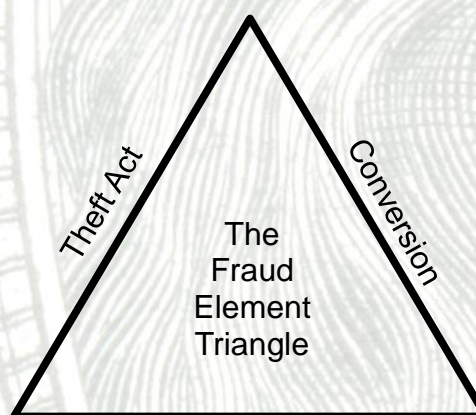
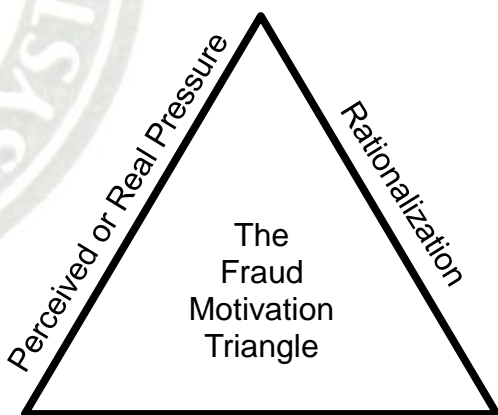
Background (Fraud)

Fraud is a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment. Fraud is usually a tort, but in some cases (especially when the conduct is willful) it may be a crime.²¹

One who commits frauds is referred to as a “fraudster.”

The Fraud Triangles:

The Fraud Motivation Triangle illustrates the three key elements common to all frauds. These elements are: 1) A perceived or real pressure. Typically, these pressures are financial pressures (greed, inability to pay bills, poor credit, unexpected financial needs, etc.), vice (gambling, substance abuse, and extramarital affairs), work-related pressures (lack of recognition from job, fear of losing one's job, being overlooked for a promotion, a feeling of being underpaid, etc.), and other pressures (pressures from one's spouse, the need to look successful, etc.) 2) Perceived Opportunity, and 3) Rationalization.²²



The Fraud Element Triangle includes the three acts of fraud:²³ 1) The Theft Act, 2) Conversion which is the wrongful possession or disposition of another's property in a manner that deprives the owner of the property of the use and possession of the property²⁴, and 3) Concealment, which is the act of refraining from disclosure; hiding.²⁵

21. BLACK'S LAW DICTIONARY 731 (9th ed. 2009).

22. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 34-37. (5th ed. 2016).

23. *Id.*

24. BLACK'S LAW DICTIONARY 381 (9th ed. 2009).

25. BLACK'S LAW DICTIONARY 327 (9th ed. 2009).

Three Primary Ways to Detect Fraud:

1. By chance. In the past, the majority of frauds were detected by accident.
2. By providing reporting mechanisms to report suspected incidences of fraud (including whistle-blowing mechanisms). And,
3. By proactive examination of transaction records and documents to determine if there are anomalies that could represent fraud.²⁶

Types of Fraud:

Frauds come in many different forms. The following list are some of the more common forms of fraud.

Customer Fraud:

Customer Fraud occurs when customers either do not pay for good purchased, they pay too little, or they obtain something for nothing.²⁷

Employee Fraud:

Employee Fraud occurs when an employee steals cash, inventory, tools, supplies, or other assets from the company where they work. Employee fraud can be accomplished either directly or indirectly. This is the most common type of occupation fraud in existence. Direct employee fraud is typically accomplished by the employee stealing directly from the company. Indirect employee fraud may be accomplished by an employee receiving kickbacks from vendors.²⁸

Management Fraud:

Management Fraud is also referred to as “financial statement fraud,” and it is distinguished from other types of fraud by both the nature of the perpetrators, as well as the method of deception. This type of fraud typically involves top management and is accomplished by manipulating financial statements. Some well-known instances of management fraud include: Enron, World-Com, and others.²⁹

Vendor Fraud:

Vendor Fraud is very common in the United States, and it can be accomplished by vendors acting alone or by vendors acting in collusion with buyers. Vendor fraud usually results in one of three situations: 1) an over-charge for purchased goods, 2) the shipment of inferior goods, or 3) the non-shipment of goods even though payment has been made.³⁰

26. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 79. (5th ed. 2016).

27. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 11. (5th ed. 2016).

28. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 10-11. (5th ed. 2016).

29. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 11-12. (5th ed. 2016).

30. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 11. (5th ed. 2016).

Investment Scams and Other Consumer Frauds:

Advance Fee Scams:

Advance Fee Scams occur when the victim pays an up-front cost for a good or service that is never delivered. When the victim tries to contact the fraudster after making payment, they will often find that the fraudster cannot be contacted or located.³¹

Affinity Fraud:

Affinity Fraud is a way that fraudsters exploit trust and camaraderie that exists in groups of people who share a common unifying trait. This common unifying trait can be traits such as: age, ethnicity, handicap, religion, and others. Affinity frauds often operate as Ponzi schemes (see *infra*, Ponzi Schemes) or as pyramid schemes. In a pyramid scheme, members are enlisted to recruit others by spreading the word about the success of the investment. This creates an appearance of legitimacy, which helps to lure in new investors.³²

Identity Theft:

Identity Theft occurs when someone assumes the identity of another to purchase goods and services, engage in criminal activity, or perpetrate fraud.³³

Insurance Fraud:

Insurance Fraud is a specific intent crime that occurs when a fraudster attempts to obtain a benefit or advantage from an insurance claim that they are not entitled to, or when someone knowingly denies a benefit that is due.³⁴

Internet Fraud:

Internet Fraud occurs when fraudsters target victims using the Internet. Most of these frauds are new twists on old fraud schemes.³⁵

Letter of Credit Fraud:

Letter of Credit Fraud occurs when fraudsters sell fake letters of credit (bank guarantees) to victims as investments that pay large rates of return. It should be noted that Letters of Credit are never sold or offered as investments.³⁶

31. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 12. (5th ed. 2016).

32. Bart Chilton, Commissioner. *Ponzimonium, How Scam Artists are Ripping Off America*. Commodity Futures Trading Commission (CFTC). 7.

33. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 12. (5th ed. 2016).

34. California Department of Insurance. *What is Insurance Fraud?* at: <http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/05-ins-fraud/>.

35. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 13. (5th ed. 2016).

36. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 13. (5th ed. 2016).

Nigerian Letter or Money Scams:

These frauds are perpetrated via emails that purport that the victim has won a large sum of money (usually through a lottery, inheritance, or some other ruse), and that all the victim has to do to claim the money is to send a payment to cover taxes, legal fees, bank fees, etc.³⁷

Ponzi Schemes:

Ponzi Schemes, named after Charles Ponzi, are fraud schemes where investors are lured in, and then paid a premium or interest from money paid in by subsequent investors.³⁸ Bernie Madoff ran a Ponzi scheme.

Redemption/Strawman/Bond Fraud:

This fraud scheme is accomplished by the fraudster selling training courses on how to access certain U.S. Government-controlled bank accounts. When the victim is unable to access these accounts, the fraudsters claim that the paperwork was filled out incorrectly, and then they will charge the victim for more training.³⁹

Telemarketing Fraud:

Telemarketing Fraud occurs when victims are urged to send in money or provide personal financial information to telephone solicitors who claim to have investment deals “that won’t last,” a “free gift” where the victim only has to pay postage and a processing fee, or some other high-pressure technique.⁴⁰

A recent telemarketing fraud is where fraudsters claim to be from the IRS, and they state that you will be criminally charged unless you immediately provide a payment over the phone.

Note: The IRS does not conduct business this way. You will always first receive numerous written demands from the IRS before they call you.

Fraud Red Flags:

Refer to “Red Flags of Fraud” in “Ponzimonium.”

“Ponzimonium” is available on my web page at:

<https://www.stevewindham.com/library/financial-crimes-courses-library/financial-crimes/>

37. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 12. (5th ed. 2016).

38. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 12. (5th ed. 2016).

39. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 12. (5th ed. 2016).

40. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 12. (5th ed. 2016).

Fraud Deterrence:

The following have been identified as ways to help reduce fraud:⁴¹

- Create a culture of honesty, fairness, and assistance.
- Hire honest people and provide fraud awareness training.
- Verify applicant's resume and application details.
- Train those involved in the hiring process to conduct thorough and skillful interviews.
- Create a positive work environment.
- Have employees periodically read and sign a company code of ethics. And,
- Implement Employee Assistance Programs (EAPs).

Fraud Symptoms:

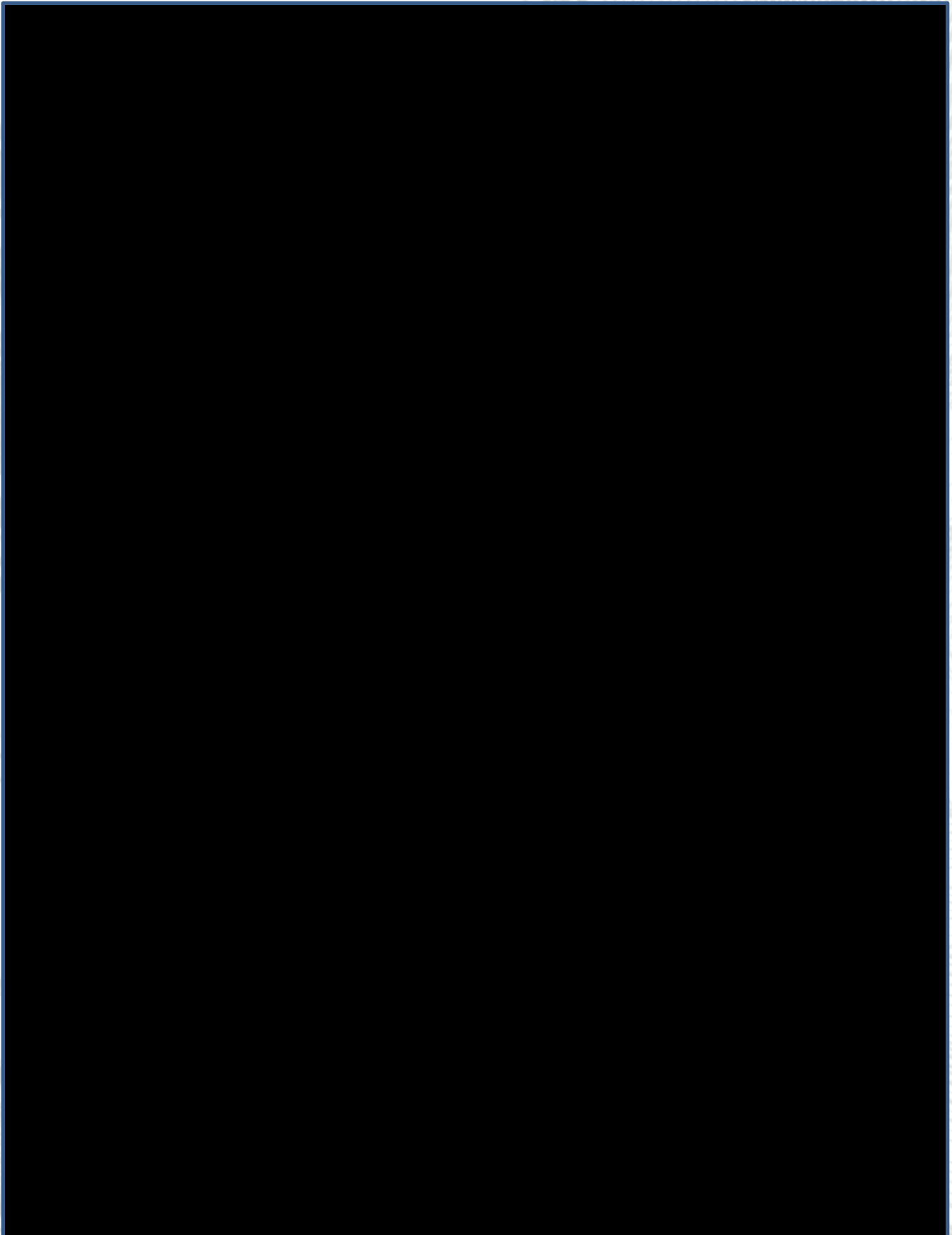
- Accounting anomalies.
- Analytical anomalies.
- Behavior changes.
- Internal control weaknesses. And,
- Lifestyle changes.

Eliminating Opportunities for Fraud to Occur:

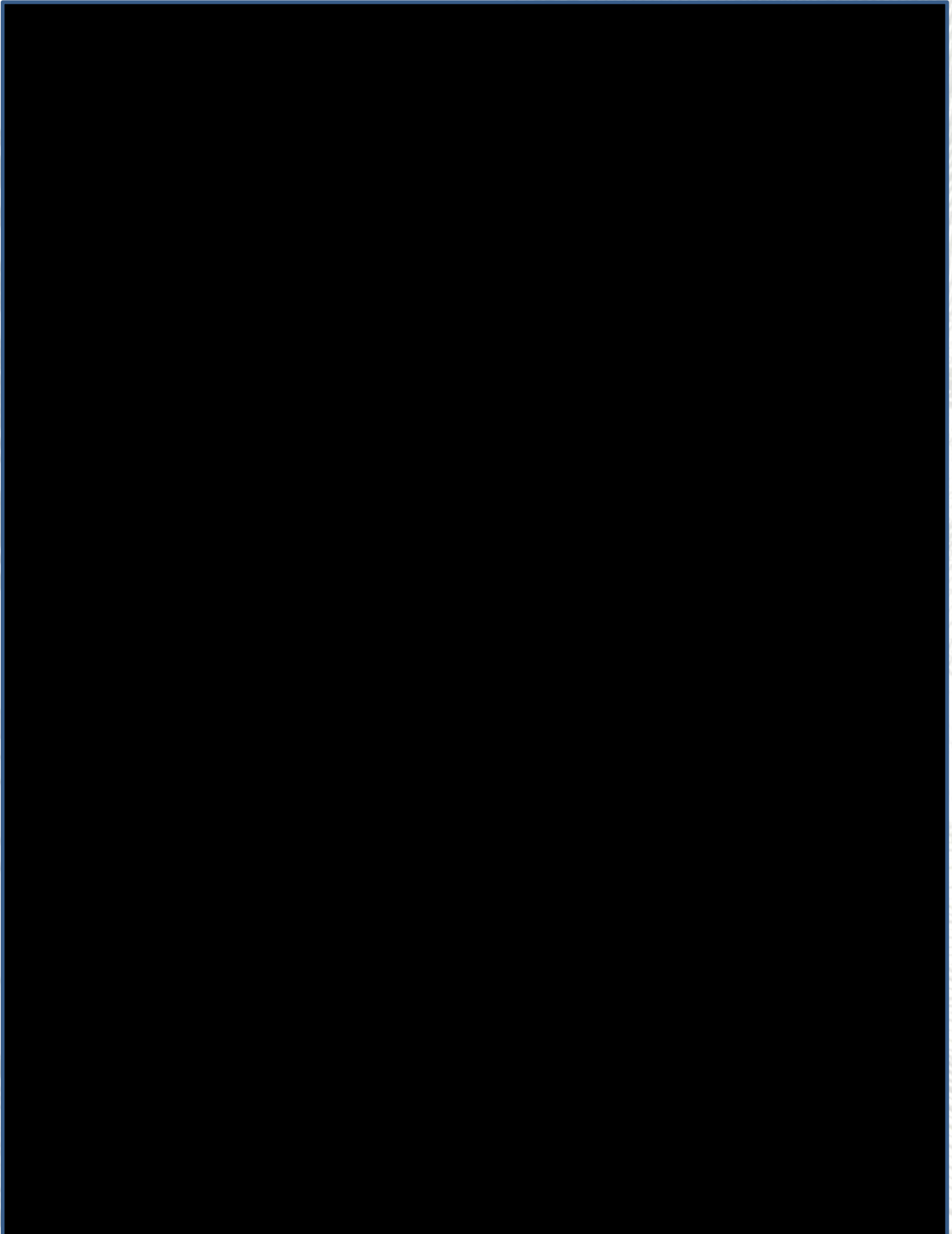
- Having good internal controls.
- Discouraging collusion between employees, vendors, and other outside contacts.
- Monitoring employees and providing a hotline for anonymous tips (whistle-blowing system).
- Creating an expectation of punishment. And,
- Conducting proactive auditing.

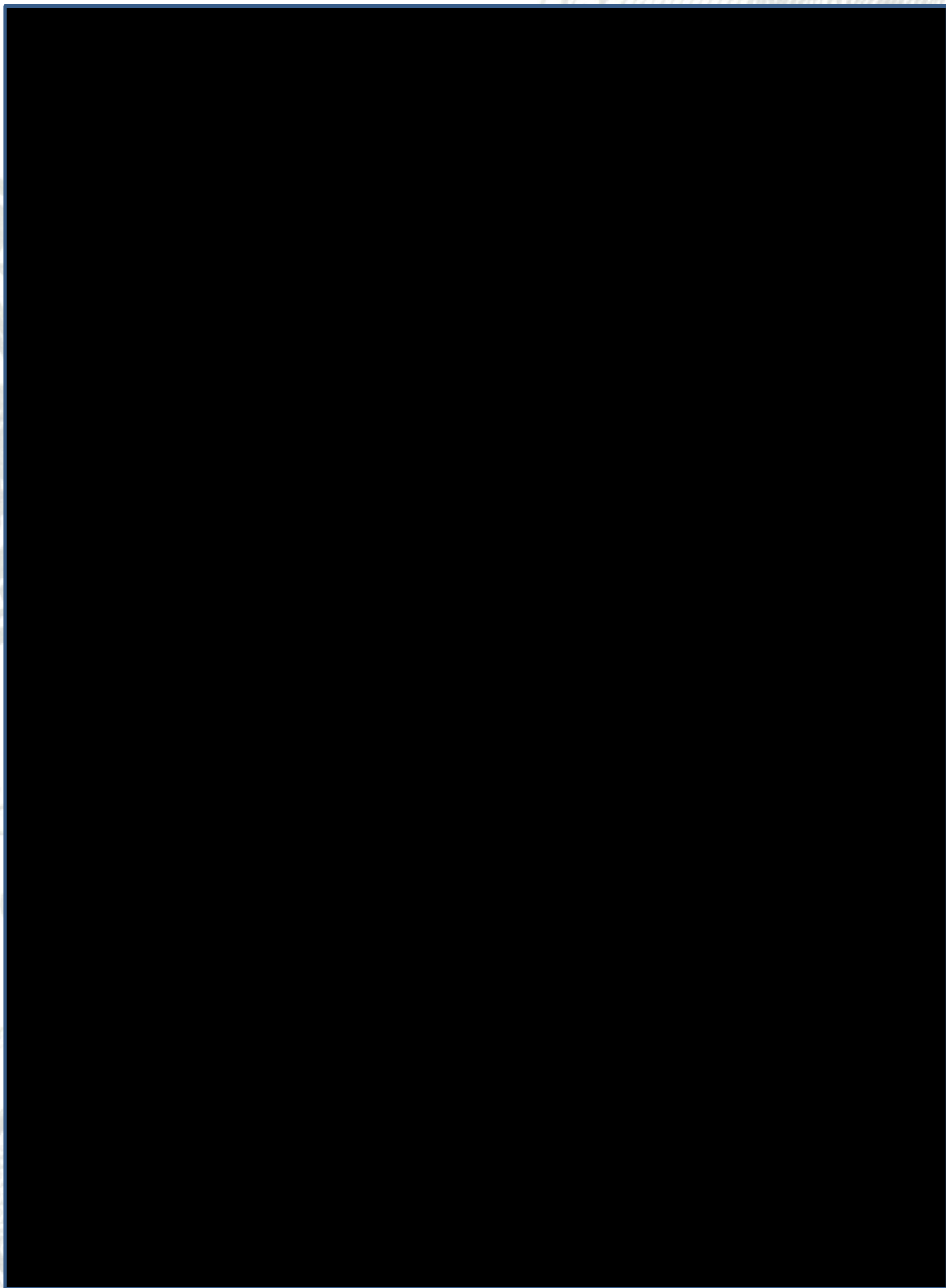
41. W. Steve Albrecht, Chad O. Albrecht, Conan C. Albrecht, and Mark F. Zimmerman. *Fraud Examination, Instructor's Edition*. Cengage Learning. 107-117. (5th ed. 2016).

Module 2 – Case Study: Bernie Madoff

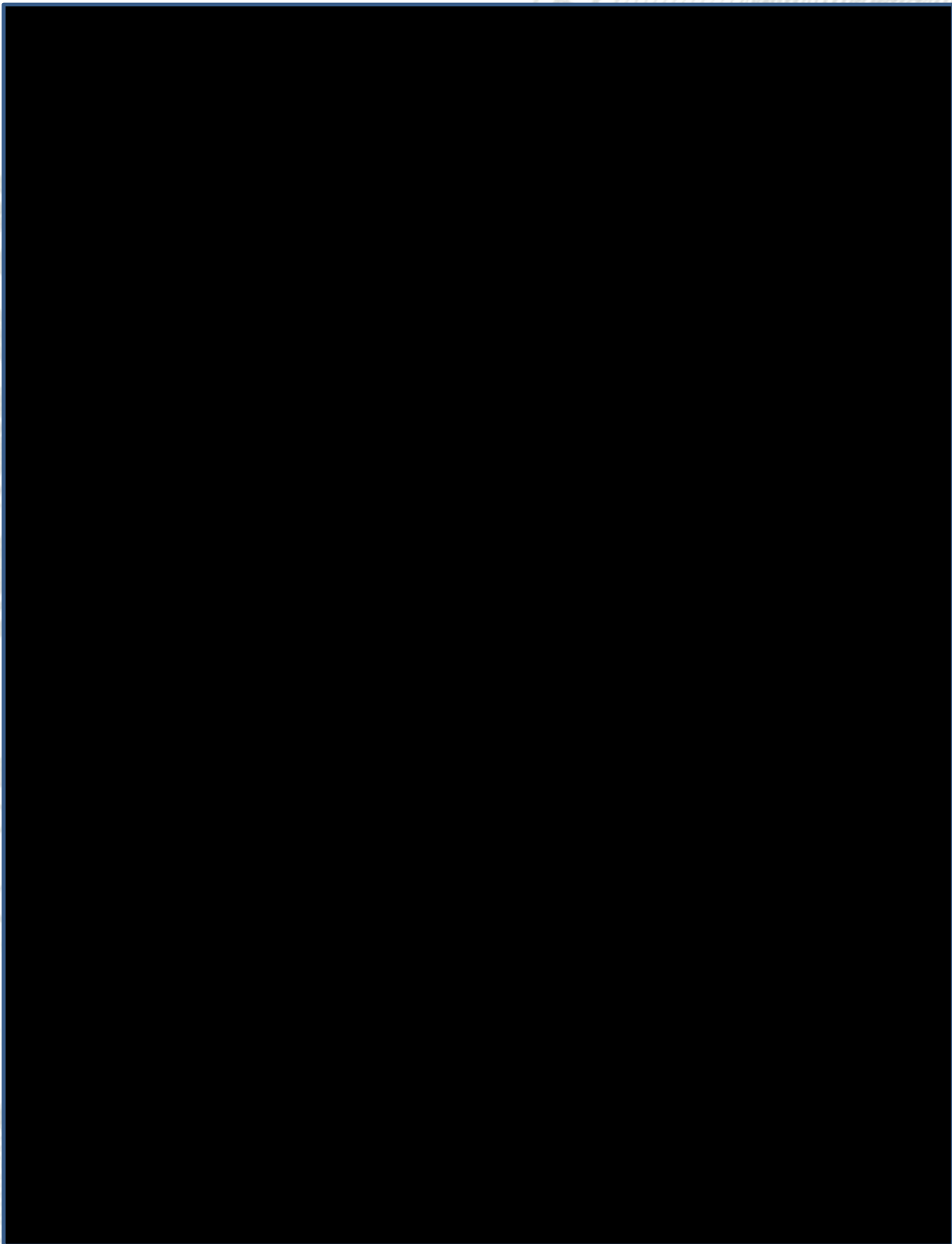


Module 3 – Ethics & Professional Responsibility





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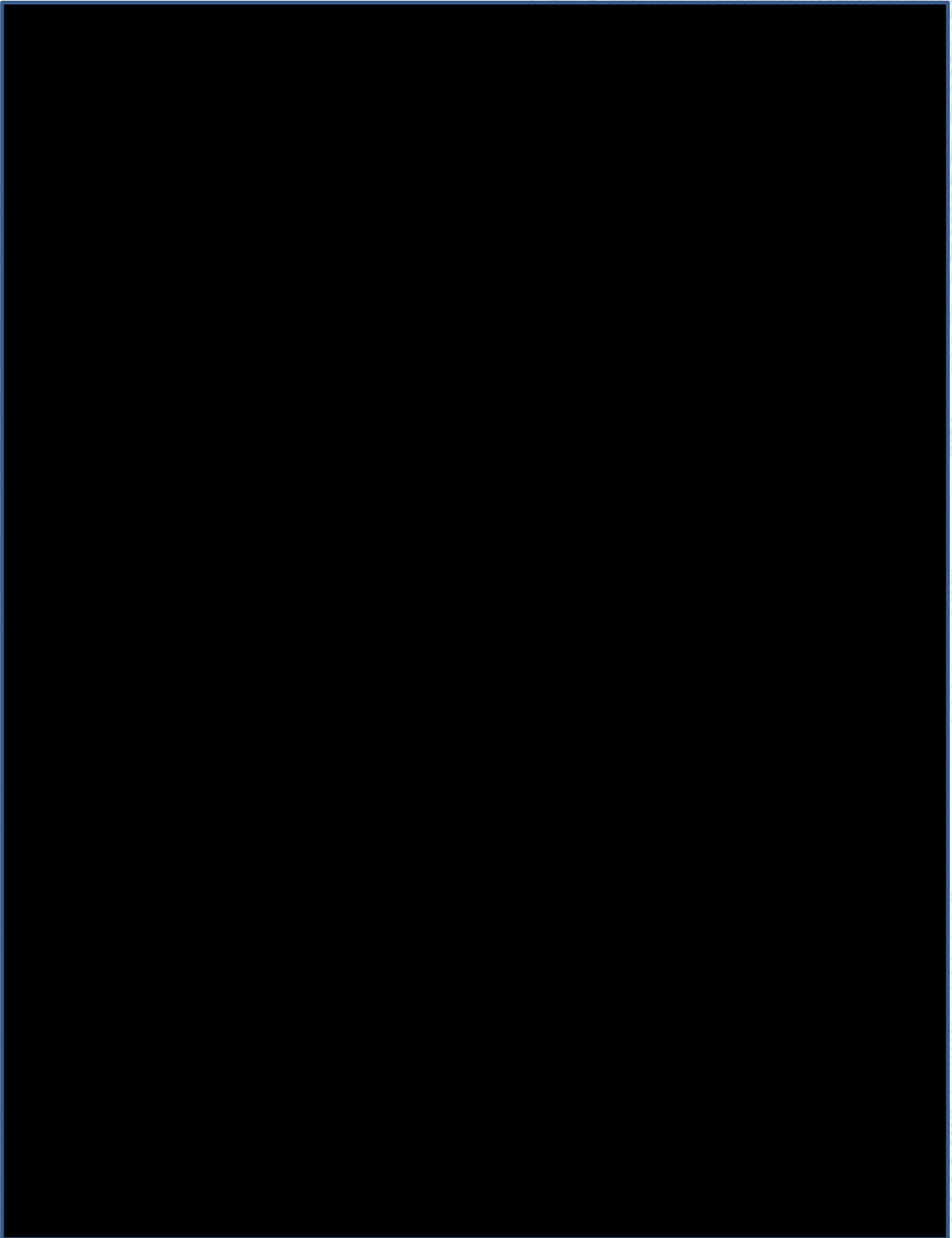


LEGAL
PUBLIC

do
Unite



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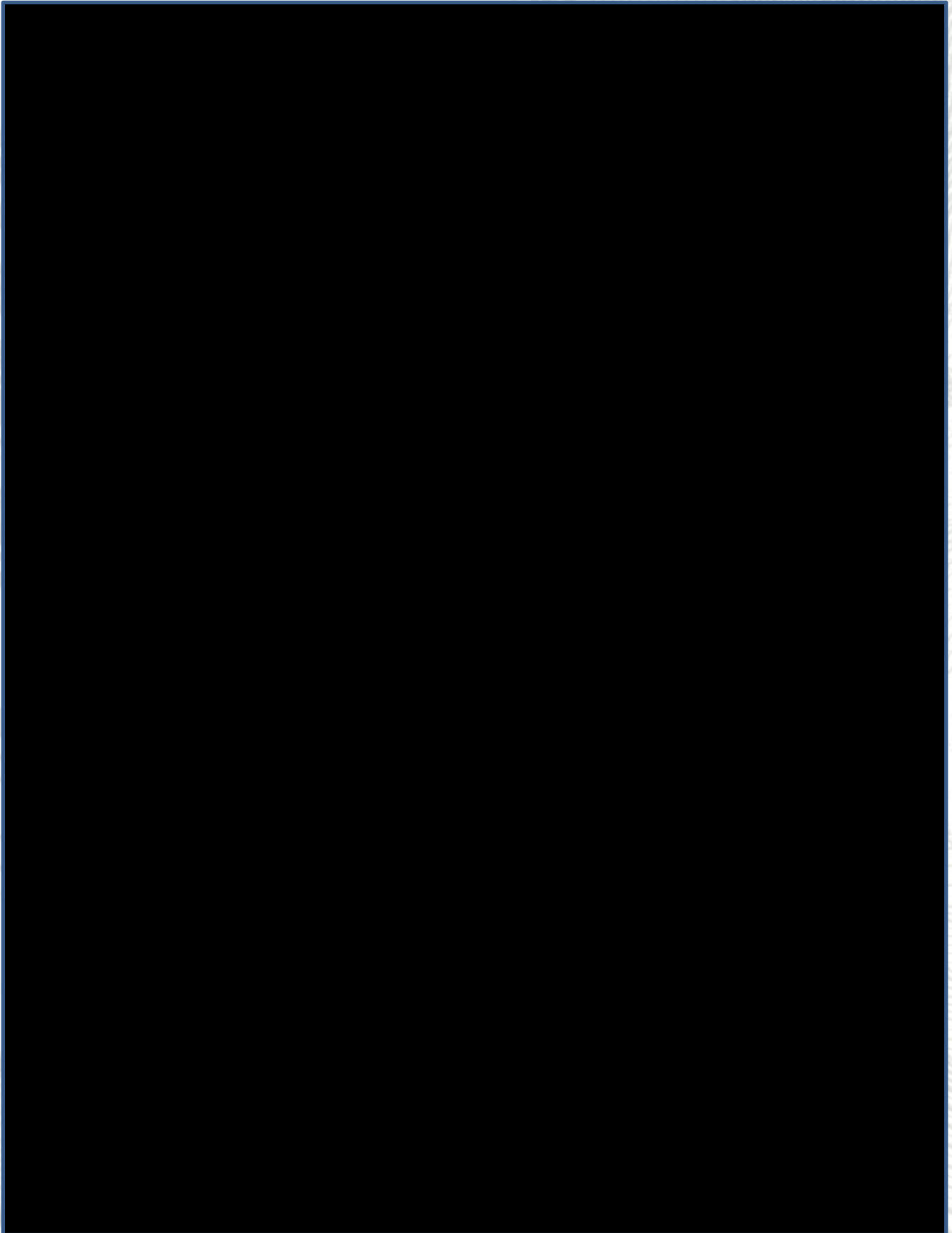
Module 4 – Guest Speaker

Constitutional Issues, Conflict of Laws, and the Model Penal Code

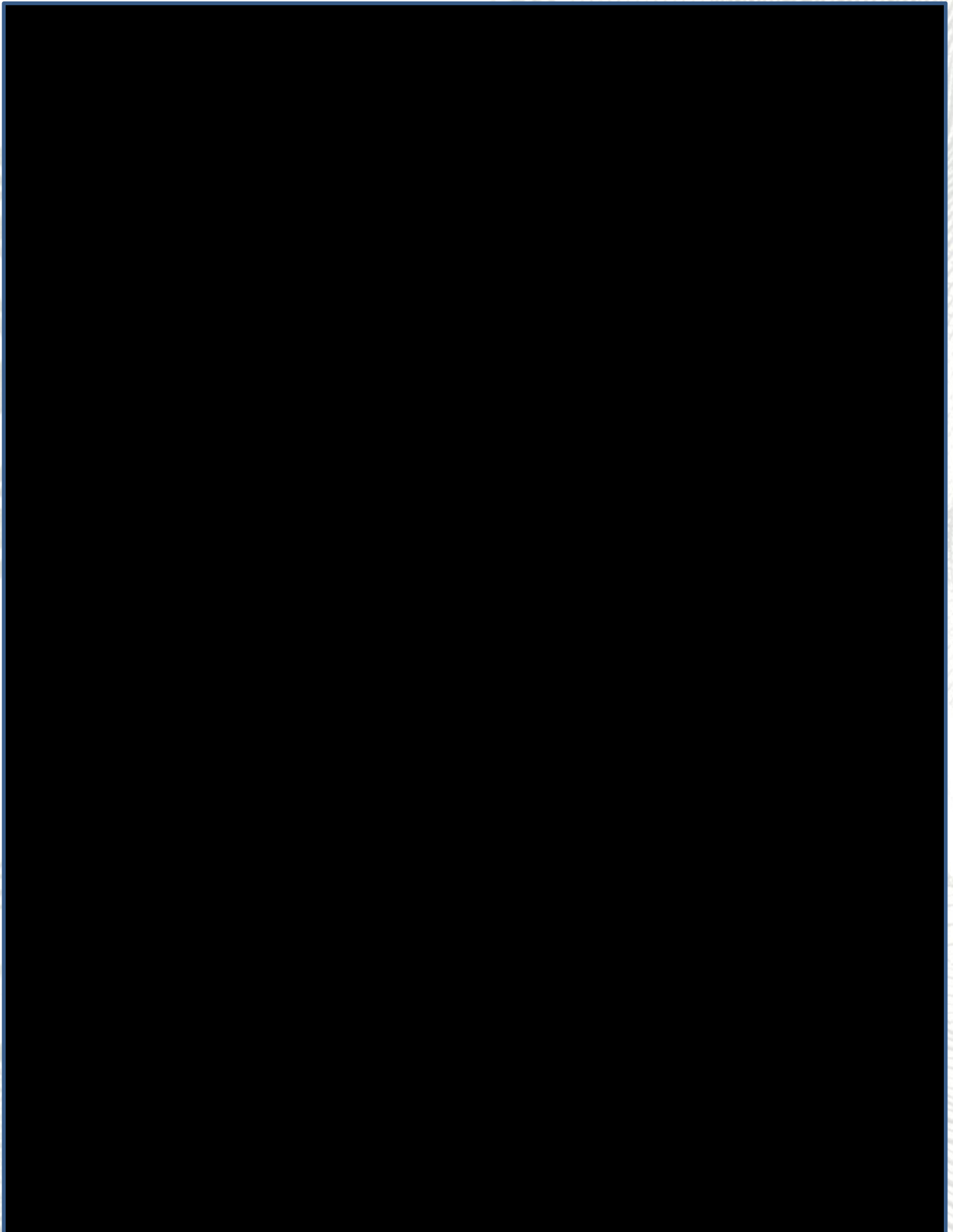
In the past, I have had a retired Assistant District Attorney from San Francisco as a guest speaker to discuss various legal and Constitutional issues. Since this is a criminal justice class, I feel that it is very important that students understand the Constitutional framework that has been established in our society that values the rule of law.

In the event that this individual is unable to be a guest speaker, I have another attorney who will take his place.

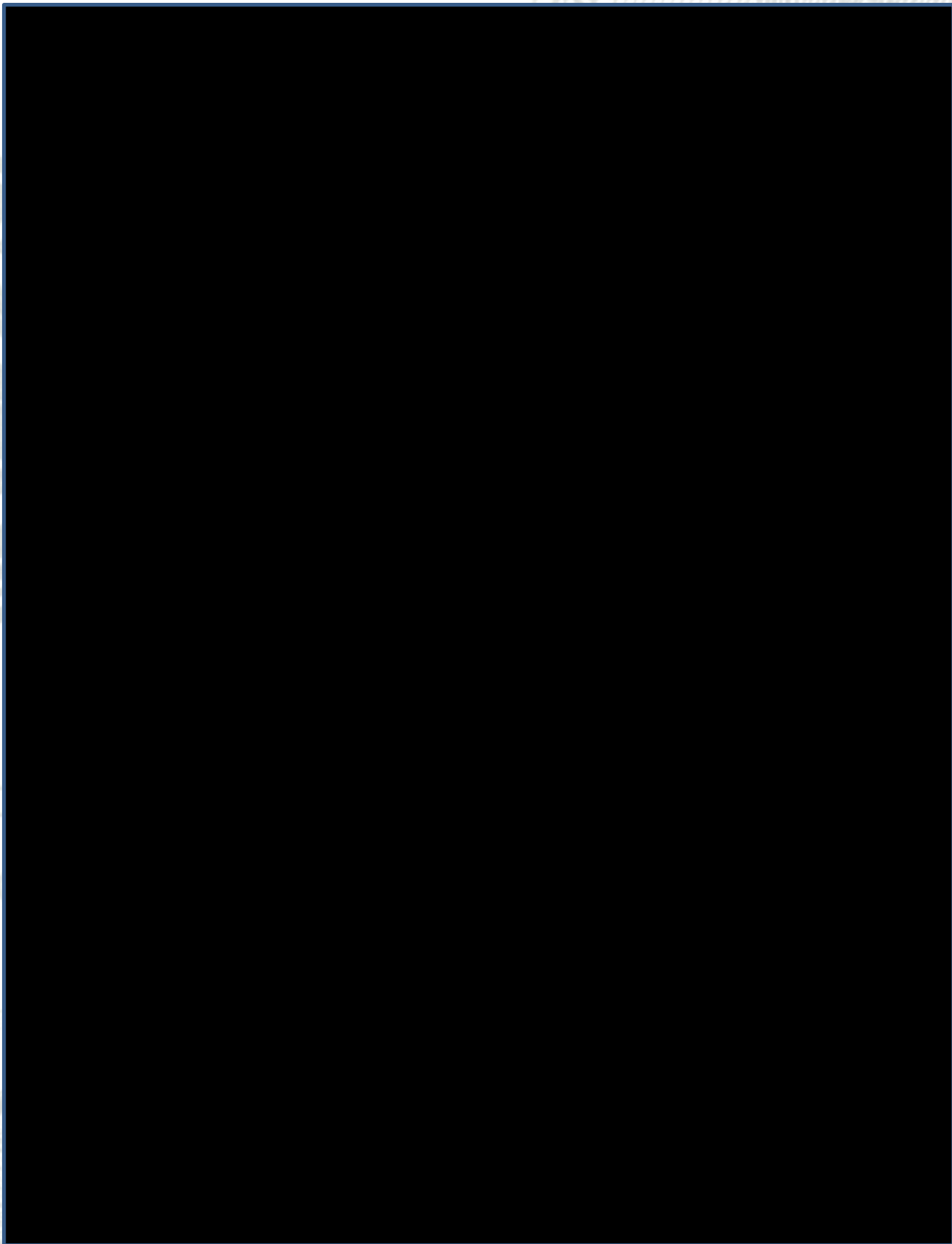
Module 5 – Anti-Money Laundering

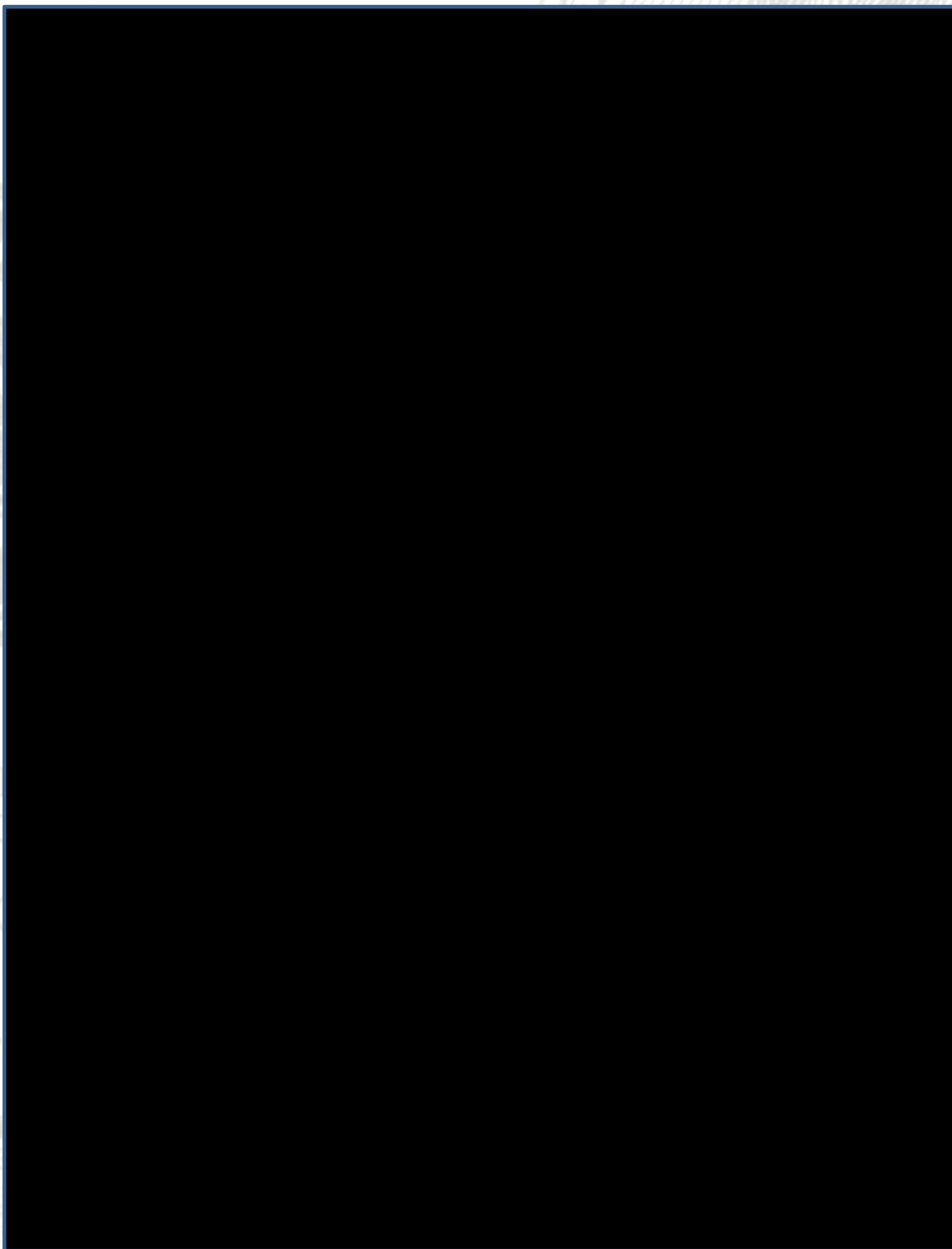


Module 6 – Accounting Fraud

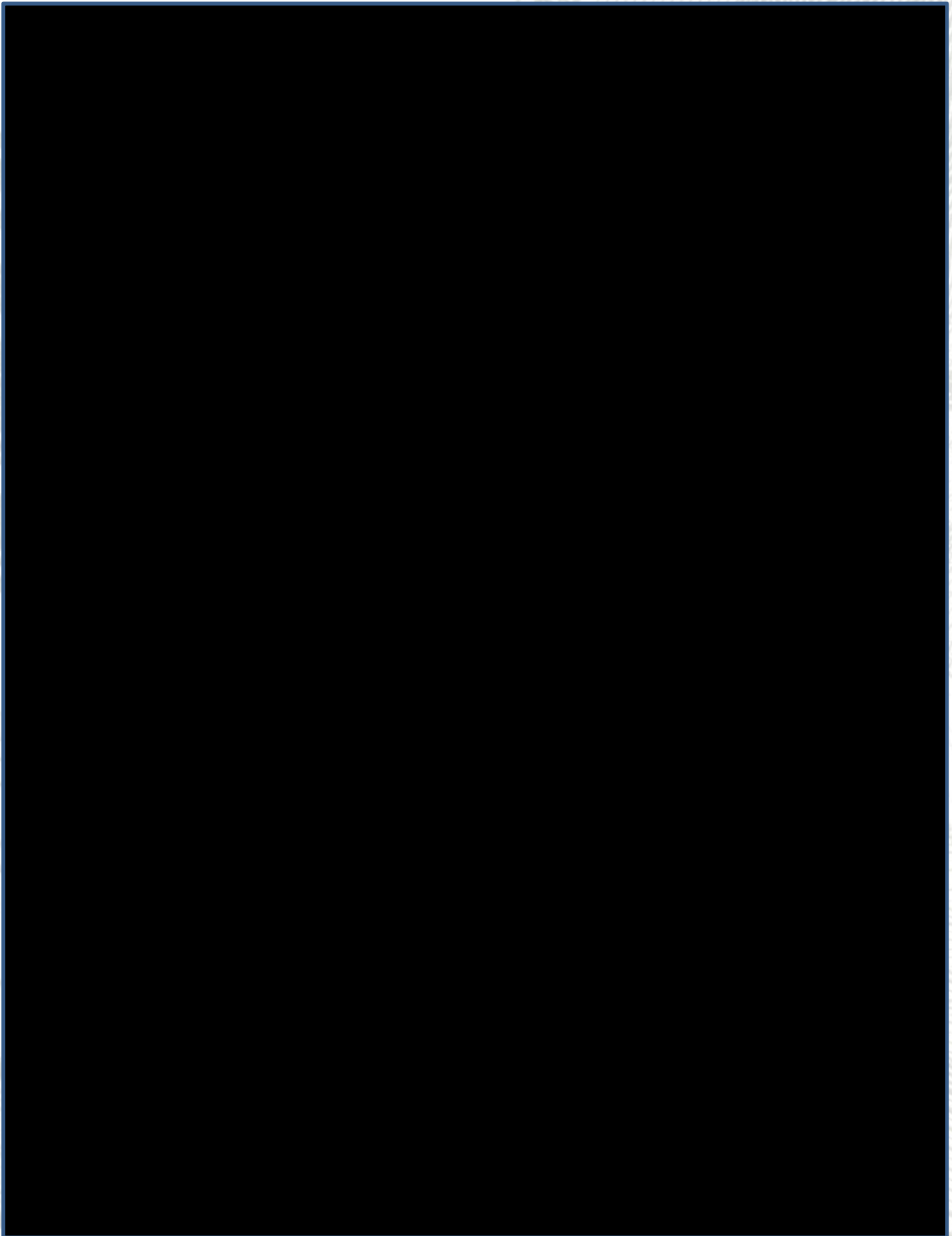


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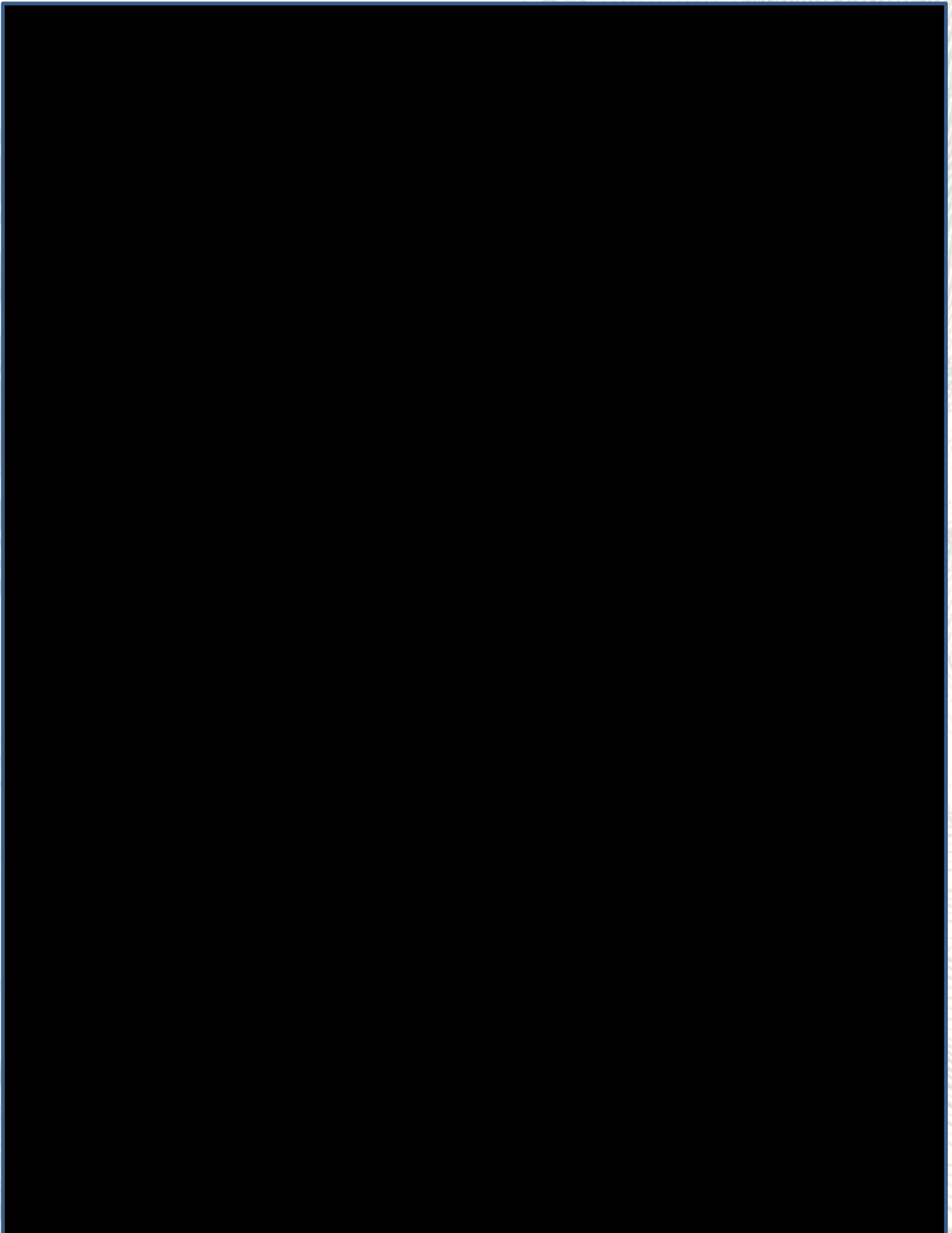




Term Paper



Module 8 – Case Study: The Panama Papers



Module 9 – Guest Speaker

Accounting Crimes & Tax Crimes from an International Perspective

I work with [US Global Tax, Ltd.](#), which is an international tax firm headquartered in Auckland, New Zealand, and with offices in Sydney, Australia. I have worked with them for several years. [Mr. Lance Morris](#) is the managing director, and in the past he has been kind enough to be a guest speaker via Skype.

Working with US Global Tax, Ltd. is where I gained most of my experience working with clients who had committed various tax crimes. We had several international clients who were trying to come into FATCA compliance, and many of these hired us to guide them through the Offshore Voluntary Disclosure Program. As such, we dealt with clients who had money in various tax havens, secret Swiss and Lichtenstein accounts, as well as clients whose names were leaked in the Panama Papers. We worked aggressively to bring our clients into compliance with the US Treasury FATCA regulations. We were largely successful, and to the best of our knowledge, none of our clients were ever criminally prosecuted.

I am certain that you will find Mr. Lance Morris to be an extremely knowledgeable person. He has over three decades of accounting and senior management experience, and he has pretty much seen it all. He is the person I go to when I get stuck! Please feel free to ask him any questions that you may have.

Module 10 – Counterfeiting & Intellectual Property Crimes

What does it mean for something to be counterfeit?

To counterfeit something is to unlawfully forge, copy, or imitate an item, especially money or a negotiable instrument (such as a security or promissory note) or other officially issued item of value (such as a postage stamp or a food stamp), or to possess such an item without authorization and with intent to deceive or defraud by presenting them as genuine.⁵⁴

Counterfeiting includes producing or selling an item that displays a reproduction of a genuine trademark, usually to deceive buyers into thinking they are purchasing genuine merchandise.⁵⁵

US Bureau of Engraving and Printing (Where US currency is printed):

- https://www.uscurrency.gov/sites/default/files/downloadmaterials/en/CEP_Dollars_In_Detail_Brochure.pdf
- <https://www.uscurrency.gov/sites/default/files/download-materials/en/quick-reference-guide-5-10-20-50-100.pdf>
- <https://www.moneyfactory.gov/resources/lawsandregulations.html>

US Mint (Where US coins are minted):

- <https://www.usmint.gov/>
- <https://www.usmint.gov/learn/collecting-basics/anatomy-of-a-coin>

US Secret Service (The US Government agency that investigates counterfeiting):

- <https://www.secretservice.gov/investigation/>

Bank of Canada:

- https://www.bankofcanada.ca/wp-content/uploads/2018/06/vertical10_awareness_poster.pdf
- https://www.bankofcanada.ca/wp-content/uploads/2012/05/bank_note_fact_sheets.pdf

European Central Bank:

- <https://www.ecb.europa.eu/euro/pdf/material/partnership-kit-new-100-200.en.pdf?fd81df5550cd6d251bd7fb617c1a652>
- https://www.ecb.europa.eu/euro/pdf/material/140722_FOLDET_POSTERS_COINS_Specimen.pdf?819cef4526d4c8db35be6e21b10d8541

Bank of Japan:

- https://www.boj.or.jp/en/note_tfjgs/note/security/bnnew3.htm/#p01

How US Currency is made:

- <https://www.youtube.com/watch?v=2qjCj8phzaM>

54. BLACK'S LAW DICTIONARY 402 (9th ed. 2009).

55. BLACK'S LAW DICTIONARY 402-403 (9th ed. 2009).

How Euros are made:

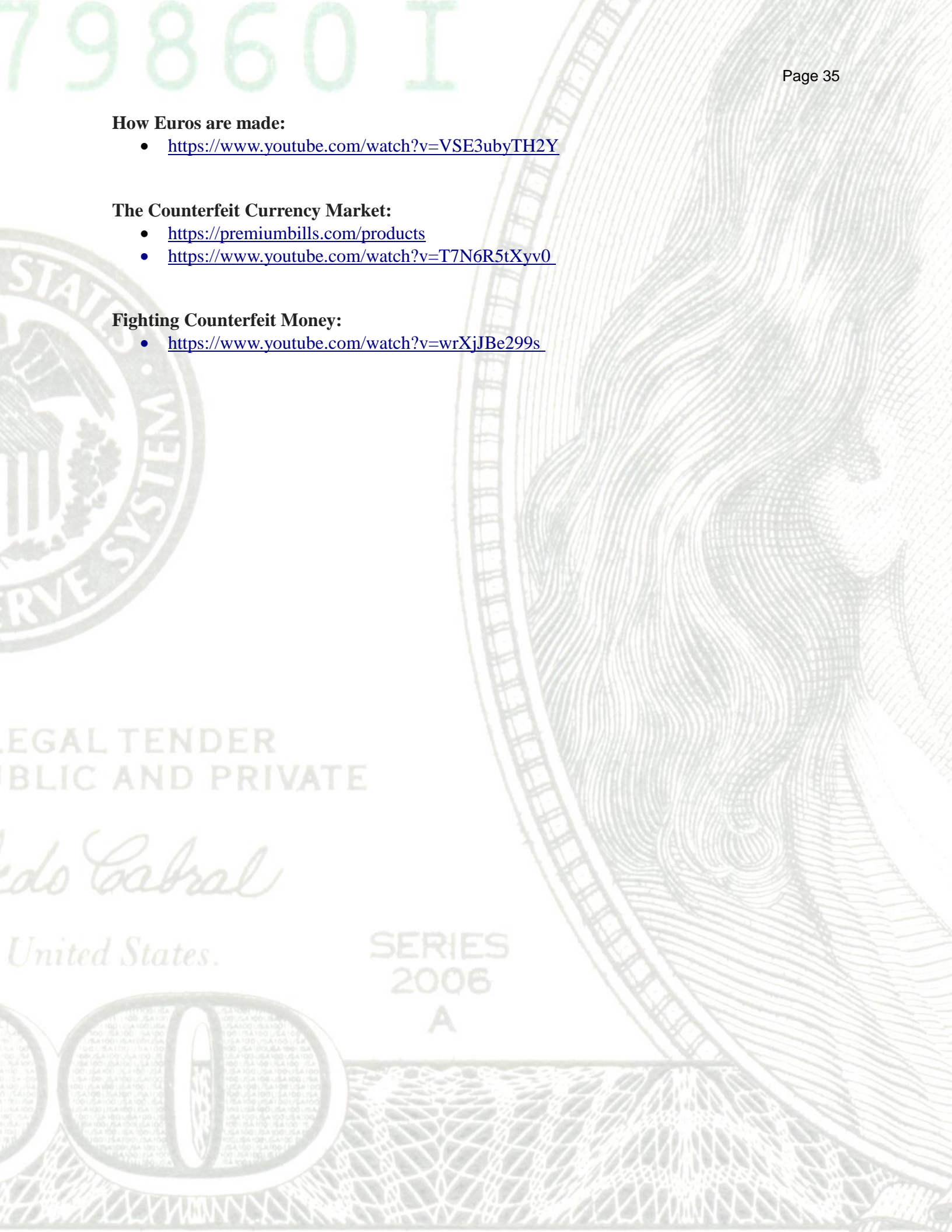
- <https://www.youtube.com/watch?v=VSE3ubyTH2Y>

The Counterfeit Currency Market:

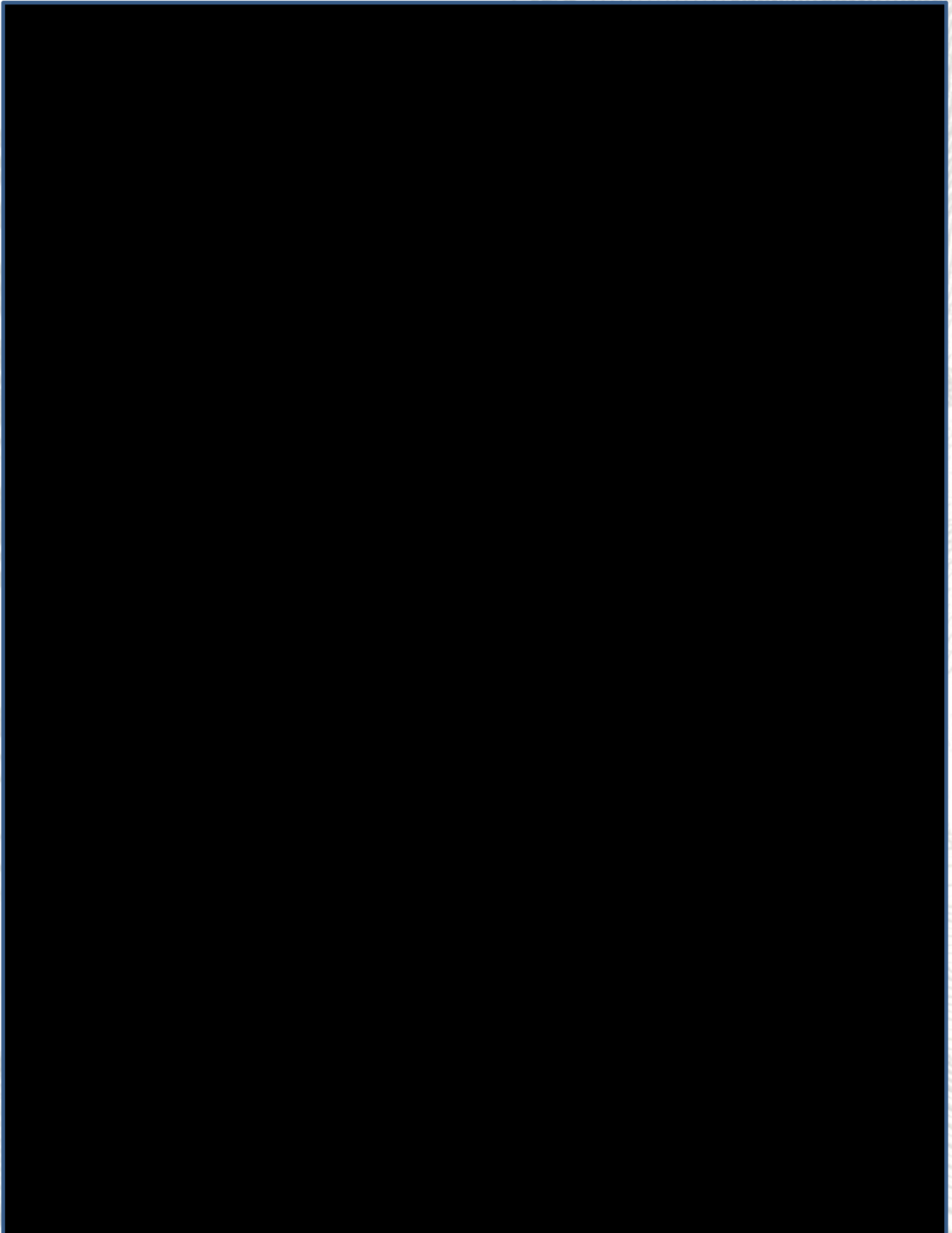
- <https://premiumbills.com/products>
- <https://www.youtube.com/watch?v=T7N6R5tXyv0>

Fighting Counterfeit Money:

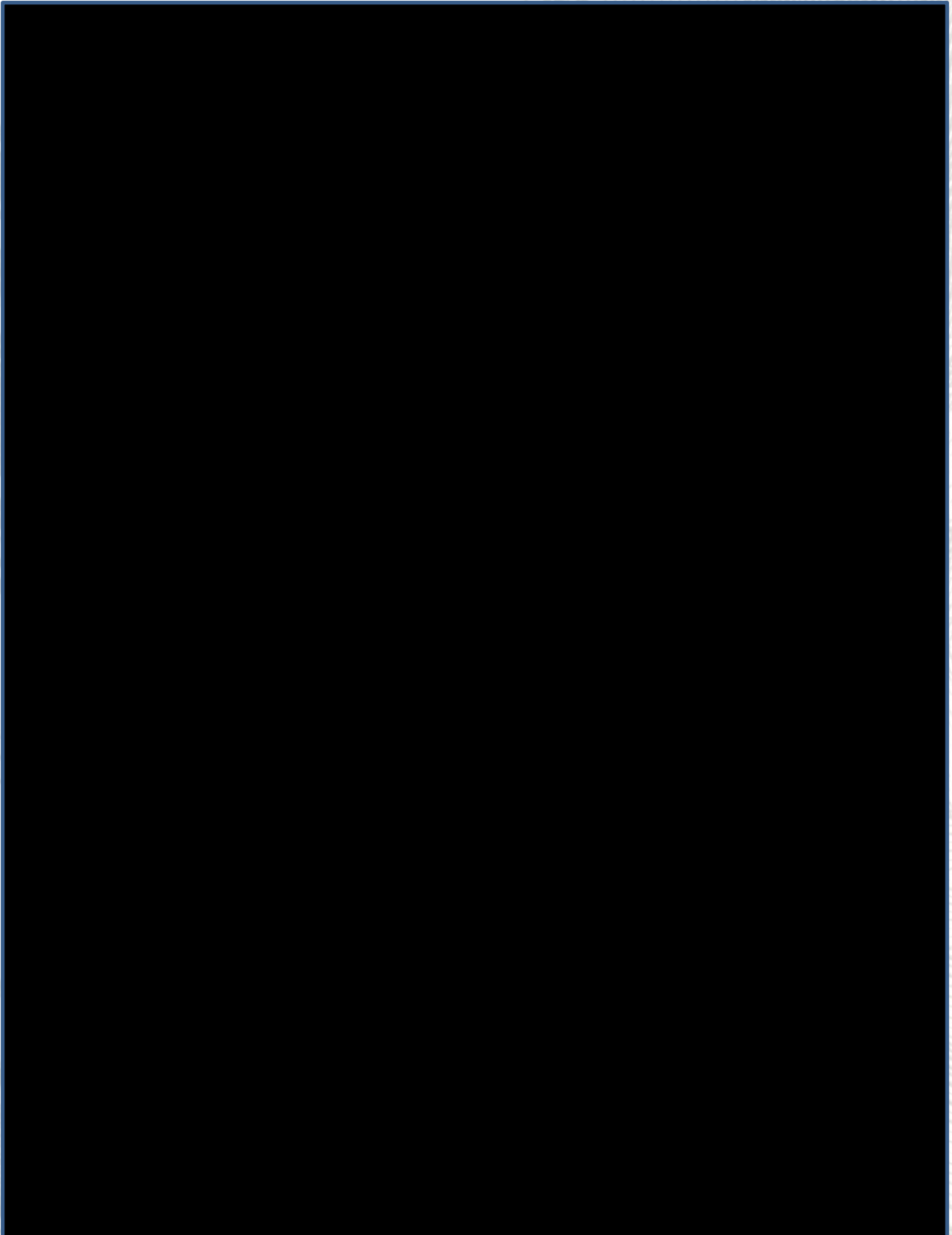
- <https://www.youtube.com/watch?v=wrXjJBe299s>



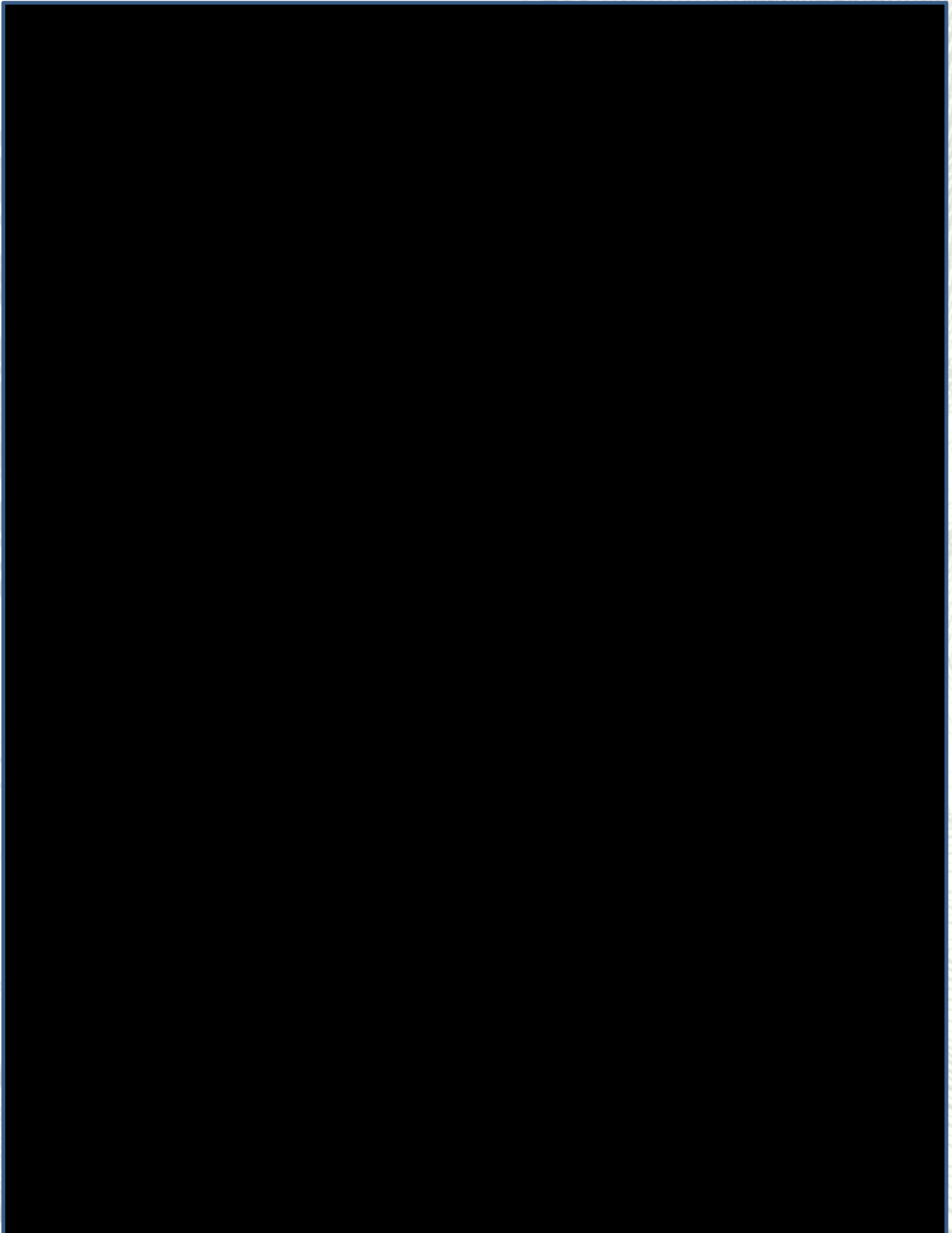
Module 11 – Antiquities and Art Trafficking



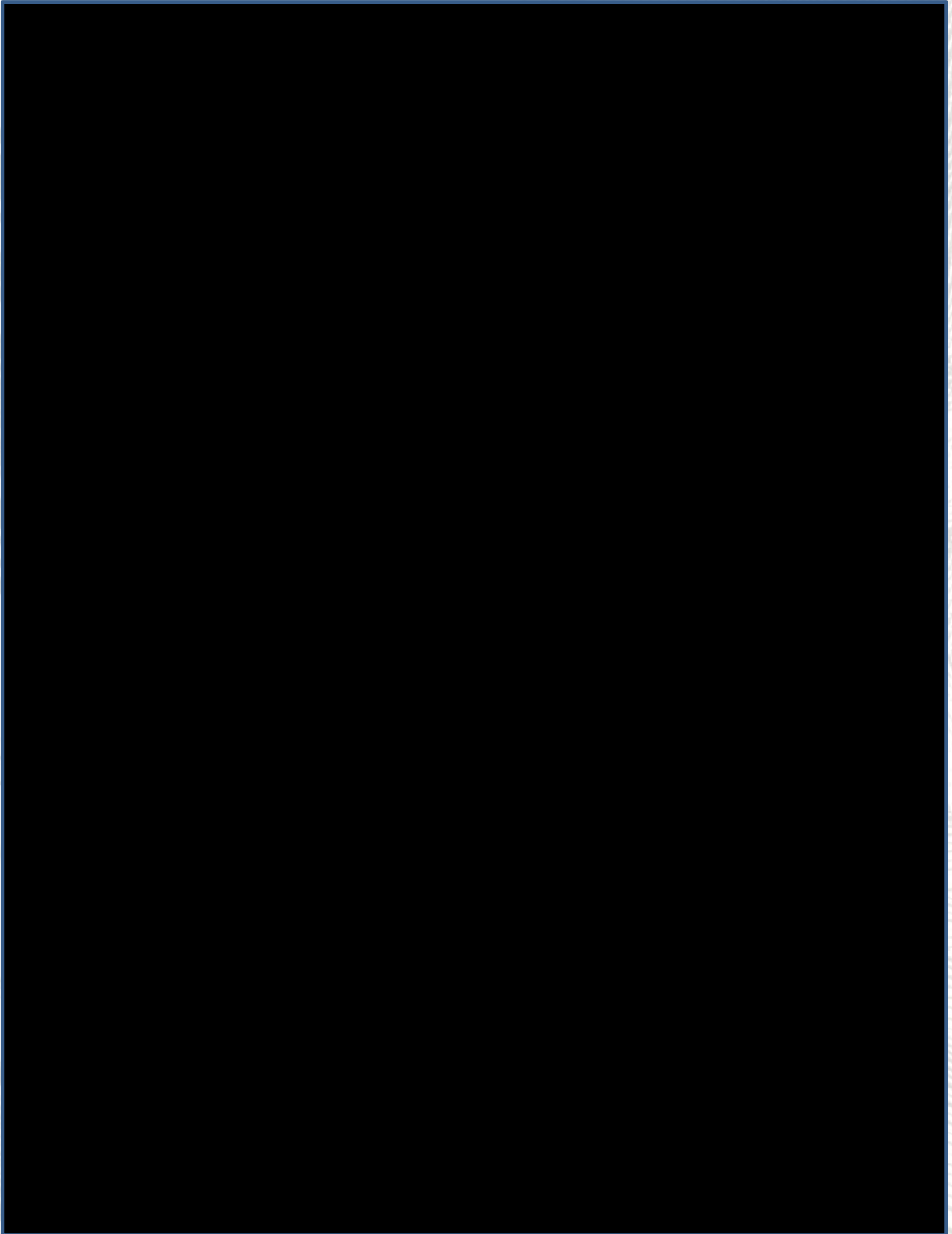
Module 12 – Case Study: The Sub-Prime Mortgage Crisis



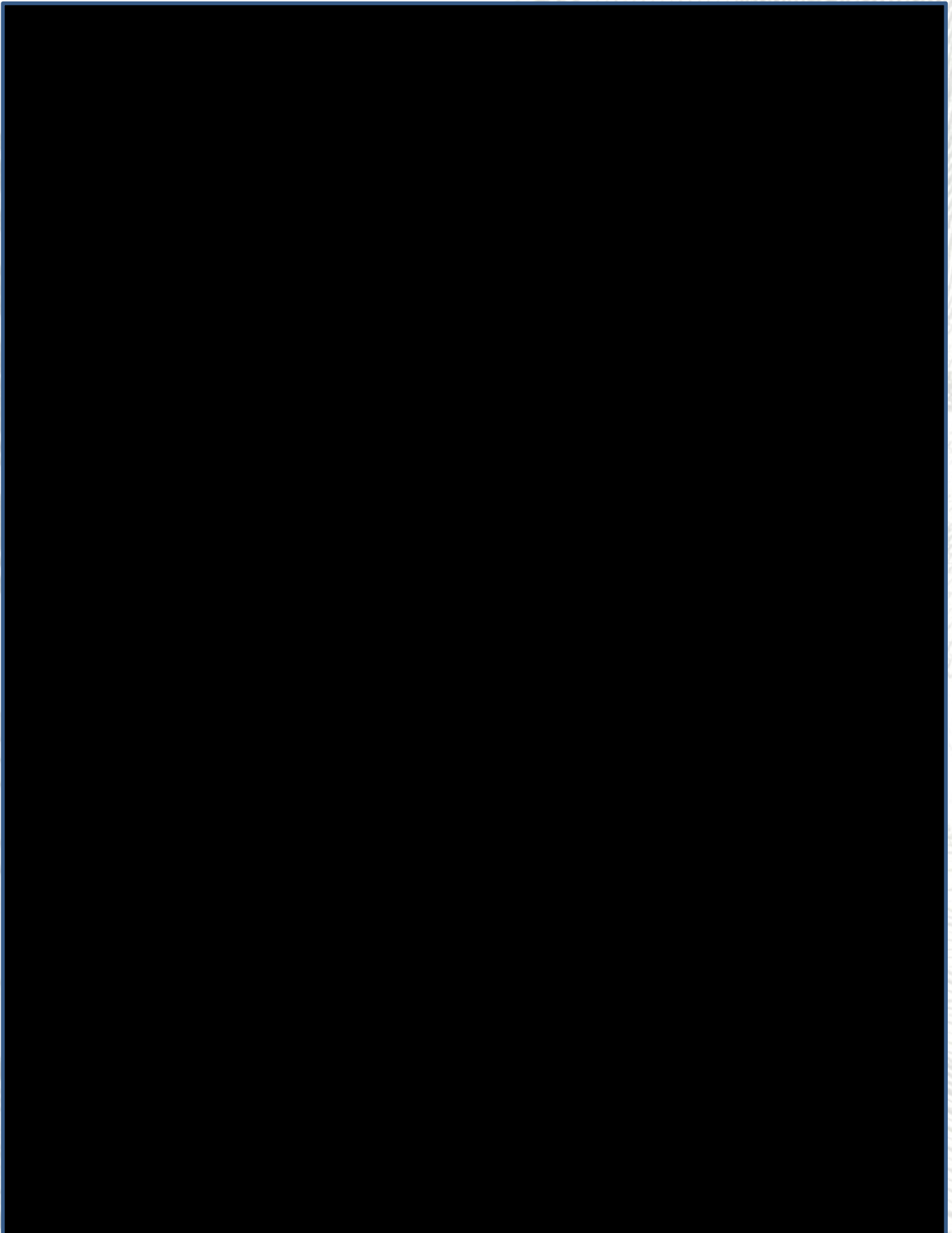
Module 13 – Miscellaneous Financial Crimes



Final Exam



Module 14 – End-of-Class / Wrap-up



Additional Courses by Steve M. Windham

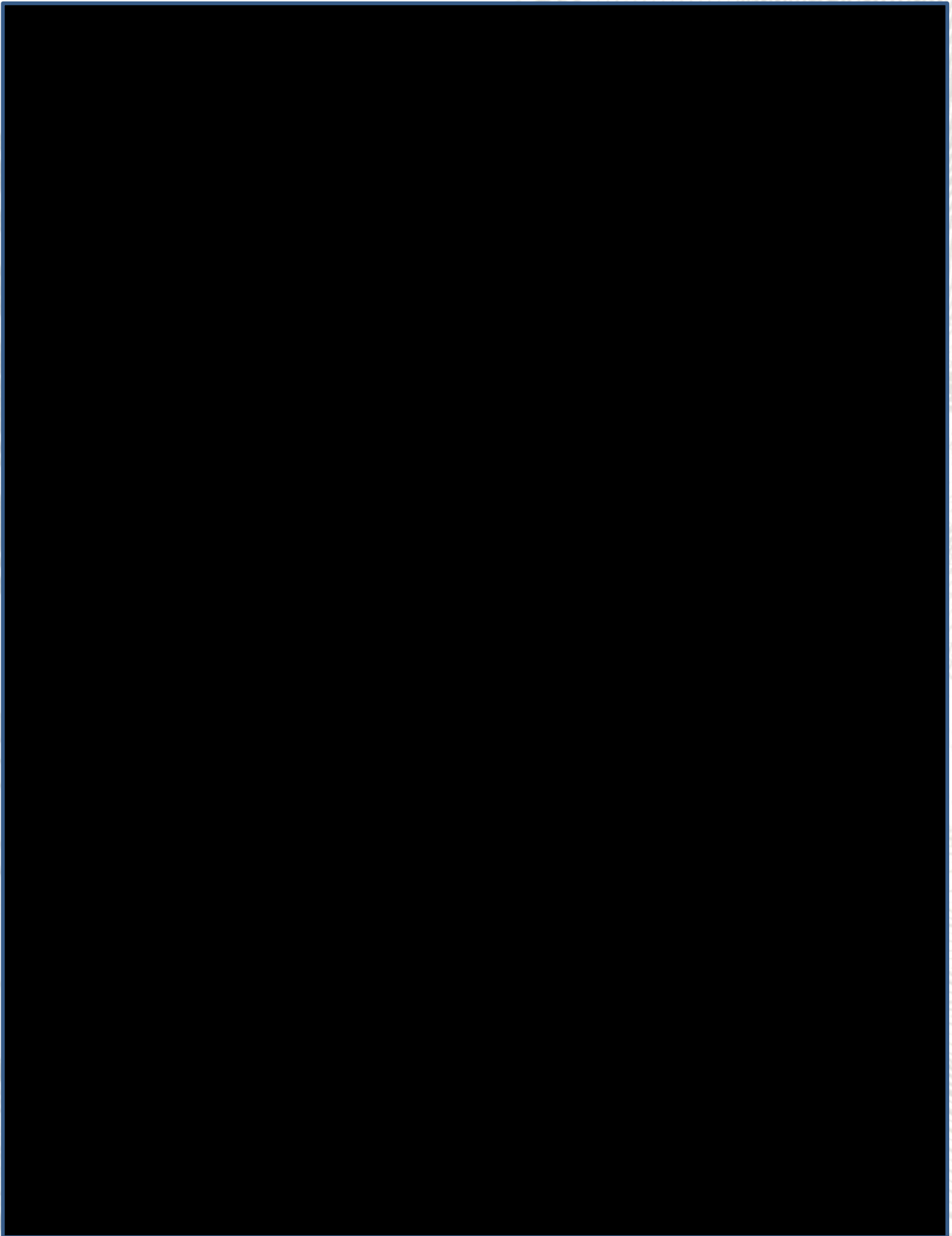
I am working on creating additional course that cover different financial crimes. Below is a tentative list of courses that I am either working on creating, or hope to start working on soon. Please let me know if any of these courses interests you.

- Anti-Money Laundering
- Elder Financial Abuse
- Ethics and Professional Responsibility for Accountants
- Financial Crimes of Drug Cartels, Criminal Gangs, Terrorists, and Rogue States
- Financial Fraud Investigation
- Insurance Fraud
- Retail and Restaurant Loss Prevention
- Tax Crimes
- White Collar Crime

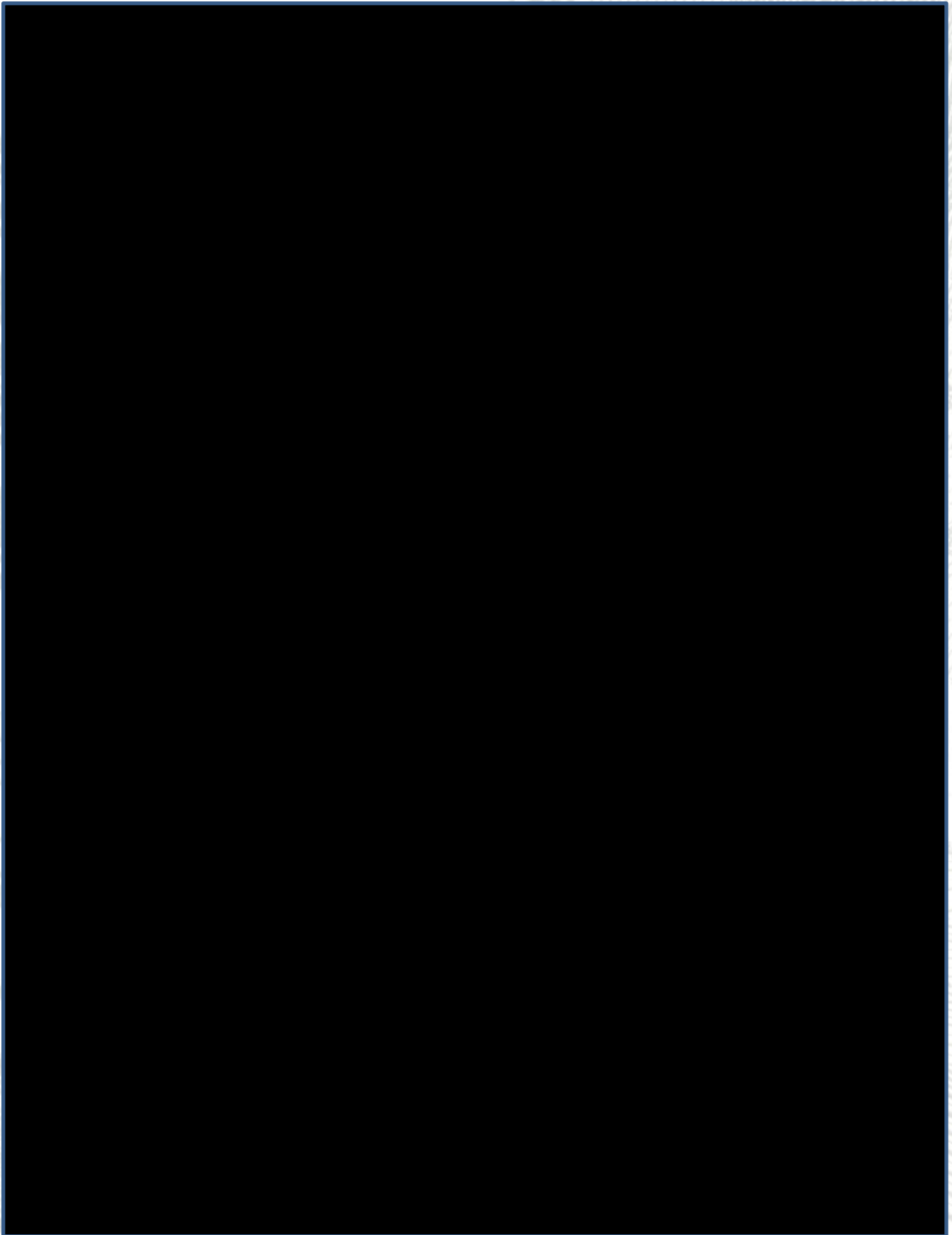
For more information, please contact me or visit:

<https://www.stevewindham.com/library/financial-crimes-courses-library/>

Course Evaluation



Miscellaneous



Academic Honesty Pledge

Plagiarism and cheating are serious issues, and can result in serious consequences. The school has academic policies against both cheating and plagiarism, and I expect for all of my students to refrain from any form of academic malfeasance. Please pay careful attention not to commit plagiarism and/or copyright infringement.

Plagiarism is defined as: “the practice of taking someone else's work or ideas and passing them off as one's own.”⁵⁶ Copyright infringement is the unauthorized use of works that are protected by copyright law.⁵⁷

Some instructors and professors require certain citation formats, such as: APA, MLA, Bluebook, Chicago, *et cetera*. While I recommend that you follow a formal citation format, I do not require you to do so. My only requirement is that you make some sort of reference to work that is not your own.

I do not use anti-plagiarism software, but if I do suspect plagiarism, I will call you in for a meeting. I do not believe that self-plagiarism (recycling your own work) should be disallowed. As such, I will permit limited self-plagiarism with the following caveats:

4. You must cite yourself by listing your name, what class or school or professor, and date,
5. At least sixty percent (60%) of the assignment must be original work for this class, and
6. You must supply a copy of the assignment from which you self-plagiarized if more than a few lines are used (~250 words).

Should you have any questions or concerns regarding cheating, plagiarism, and/or copyright infringement, I would be more than happy to discuss them with you.

Purdue University's Online Writing Lab (OWL) has extensive information on plagiarism. Please follow the link below and take some time to review their articles on avoiding plagiarism.

https://owl.purdue.edu/owl/teacher_and_tutor_resources/preventing_plagiarism/avoiding_plagiarism/index.html

Every student must sign and adhere to the following pledge:

I agree to abstain from all forms of academic malfeasance as a student in this class. This includes, but is not limited to: cheating, plagiarism, and copyright infringement. If I have any questions or concerns, I will discuss them with either Professor Windham or another faculty member that I am comfortable with. I understand that it is my responsibility to conduct myself ethically and to abide by this pledge.

Student Signature

Date

Student Name (printed)

* Note: This copy must be signed and turned in on the first day of class.

56. See: <https://www.google.com/search?q=plagiarism&ie=utf-8&oe=utf-8>.

57. See: https://en.wikipedia.org/wiki/Copyright_infringement.

Terms & Conditions and Legitimate Use Pledge

This course is being offering subject to the following Terms and Conditions:

This course is designed to familiarize the student with a number of financial crimes that they may encounter while working as an accountant, banker, businessperson, manager, or in law enforcement. The intent is to teach the students how to detect, when to investigate, and how to prevent financial crimes. Students will also learn about various career opportunities that are available in the fight against financial crimes.

The instructor and guest speakers will not answer questions if they suspect the student is asking these questions because the student appears to be planning to commit a financial crime. The instructor and/or guest speakers will not facilitate the commission of financial crimes, nor will they collude with those who seek to commit financial crimes.

Any student who appears to use the information in this class to plan to commit a financial crime will be immediately dropped from the class.

Any information presented is not intended to be legal or accounting advice, and is intended for informational and educational purposes only.

Enrolling in this course does not constitute a professional relationship beyond that of educator/student, and no other professional relationship is implied or expressed.

Every student must sign and adhere to the following pledge:

I agree to the Terms and Conditions expressed in this document. I pledge to use the information obtained from this class for legitimate legal and ethical purposes. My intent is to understand financial crimes so as to detect, to investigate, and to prevent financial crimes. I am not taking this course in the furtherance of any criminal activity.

Student Signature

Date

Student Name (printed)

* Note: This copy must be signed and turned in on the first day of class.