

**FEFF**

Fraud Examination & Financial Forensics

ACC 307 FORENSIC ACCOUNTING I

**EXAM #4**

INVESTIGATIONS

FALL 2017

## ACC 307 Forensic Accounting I: Exam #4: Investigation

- Per the *Fraud Examiners Manual*, which of the following best describes the fraud examiners approach to writing effective reports?
  - Fraud examiners typically must be very flexible in their writing technique.
  - Fraud examiners typically must use standardized language similar to language used in auditors' reports.
  - Fraud examiners typically must limit their report to no more than one or two pages.
  - Fraud examiners should provide their opinion on the guilt or innocence of individual parties.
- Per the *Fraud Examiners Manual*, what is the purpose of an expert report?
  - to inform the parties, the judge, and the jury (if applicable) about the facts of the case.
  - to inform the parties, the judge, and the jury (if applicable) about the expert's interpretation of the legal issues involved in the case.
  - to inform the parties, the judge, and the jury (if applicable) about the expert's opinion on the guilt or innocence of individual parties involved.
  - Per the *Fraud Examiners Manual*, which of the following is false?
    - Most fraud cases will be presented in judicial proceedings.
    - The purpose of the fraud examiners report is to give an objective and reliable account and analysis of the facts of a case.
    - A court or administrative hearing is the ultimate test of a report, because the judge or the opposing parties will thoroughly scrutinize it.
    - Producing a written report that can withstand scrutiny in a judicial proceeding is the ideal goal.
- Per the *Fraud Examiners Manual*, which of the following is not a one of the characteristics of a good fraud examiners report?
  - Accuracy.
  - Clarity.
  - A representation of the party of to which the fraud examiner was hired.
  - timeliness.
- Per the *Fraud Examiners Manual*, most evidence in fraud cases will be in what form?
  - demonstrative.
  - physical.
  - eye-witness.
  - document.
- Per the *Fraud Examiners Manual*, which of the following best describes digital storage of documents?
  - harder to permanently destroy, but also easier for them to proliferate.
  - easier to permanently destroy and easier for them to proliferate.
  - harder to permanently destroy and harder for them to proliferate.
  - easier to destroy, but more expensive to store.
- Per the *Fraud Examiners Manual*, under what circumstances should the fraud examiner prepare a communication with the idea that the information will not be disclose to adverse third parties?
  - Under no circumstances.
  - When the client provides written assurances to the fraud examiner that they will not disclose the communication without the fraud examiners written permission.
  - When the fraud examiner's code of conduct requires confidentiality.
  - When the fraud examiner is protected by investigator/client or attorney/client privilege.
- Per the *Fraud Examiners Manual*, what are the two most common mistakes that prevent effective report writing?
  - too much technical jargon and grammatically incorrect sentences.
  - vagueness and wordiness.
  - passive voice and overly complex sentence structures.
  - inclusion of irrelevant information and deliberate omission of information that contradicts the expert opinion.
- Per the *Fraud Examiners Manual*, which of the following is false?
  - Many examiners pay too much attention to documents.
  - It is easy to get bogged down in detail when examining records and to lose sight of a simple fact: witnesses do not make cases: documents make cases.
  - So-called paper cases often confuse and bore a jury.
  - Obtain original documents where feasible.

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11. Per the *Fraud Examiners Manual*, what is the preferred method for obtaining documents?
- By subpoena.
  - By search warrants.
  - By searching the Internet.
  - By consent, if both parties agree.
12. Per the *Fraud Examiners Manual*, keeping track of the amount of paper is one of the biggest problems in fraud cases. Which of the following is not one of the recommended organization practices for complex cases.
- Shred all documents not relevant to the case and documents that may be detrimental to the case.
  - Segregate the documents, generally by witness or transaction.
  - Make a *key document file* – a separate file that contains copies of certain important pieces of information for quick access.
  - Establish a database early and code all documents if there is a large amount of information to process.
13. Per the *Fraud Examiners Manual*, what is the preferred method to store photocopies and laser-printed documents?
- Obtain electronic versions stored on the hard drive of the photocopier, fax machine, or printer. Save the electronic copies and shred the hard copies.
  - Fold, staple or use paperclips to organize similar documents together.
  - In paper folders or envelopes, not transparent plastic envelopes.
  - In a vacuum sealed humidor.
14. Per the *Fraud Examiners Manual*, documents made by computerized dot matrix, ink jet, thermal transfer, or laser printers are usually identifiable, much like old-fashioned typewriters.
- True.
  - False.
15. Per the *Fraud Examiners Manual*, how should examiners determine whether a document has indented writings, such as on a sheet following a page in which handwriting has occurred?
- The examiner should develop indented writings by shading or scratching on the surface of a sheet of paper with a pencil.
  - By employing an oblique-lighting method where the examiner takes the document into an area with subdued overhead lighting, places the document on a flat surface and shines a bright beam of light across the document.
  - By employing a graphologist.
  - All of the above are recommended.
16. Per the *Fraud Examiners Manual*, what are the five general types of questions an interviewer can ask?
- Introductory, informational, assessment, closing, and admission-seeking.
  - Introductory, preliminary, probing, closing, and judgmental.
  - Introductory, exploratory, investigative, blocking, and accusatory.
  - Introductory, experimental, fact-finding, closing, and final.
17. Per the *Fraud Examiners Manual*, which of the following is not an objective of introductory questions?
- To establish rapport.
  - To get the respondent to agree verbally to cooperate in the interview.
  - To impress the interviewer with your knowledge and authority.
  - To observe the respondent's reactions to questions.
18. Per the *Fraud Examiners Manual*, which of the following best describes a purpose of admission-seeking questions?
- To encourage the person to provide a morally unacceptable rationalization.
  - To demoralize the person.
  - To encourage the person to confess.
  - To encourage the culpable person to confess.
19. Per the *Fraud Examiners Manual*, which of the following are *inhibitors* of communication?
- Fulfilling expectations.
  - Disapproval.
  - Sympathetic understanding.
  - Recognition.
20. Per the *Fraud Examiners Manual*, which of the following best describes the use of deception during an interview?

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- A. The use of deception to gain information can always be employed legally.
- B. The use of deception to gain information can sometimes be employed legally.
- C. The use of deception to gain information can rarely be employed legally.
- D. The use of deception to gain information can never be employed legally.
21. Per the *Fraud Examiners Manual*, what should the examiner do if there is a covert recording of an interview and the subject asks if the interview is being recorded?
- A. Ask the interviewee for their permission to record.
- B. Deny that a recording has taken place.
- C. Explain that it is in the subject's best interest that an accurate recording be made and he may have a copy only with a court order.
- D. Explain that it is in the subject's best interest that an accurate recording be made and that he can have a copy when completed.
22. Per the *Fraud Examiners Manual*, there are three basic rules for taking notes during an interview. Which of the following is not one of them?
- A. Start each interview on a separate sheet of paper.
- B. Take accurate, but not necessarily verbatim, notes during an interview.
- C. Try to write down all the information you are given during an interview.
- D. Do not slow down the interview process for note taking. In general, it is better to err on the side of taking too few notes rather than too many.
23. Per the *Fraud Examiners Manual*, what is *proxemic communication*?
- A. The use of interpersonal space to convey meaning.
- B. The use of time in interpersonal relationships to convey meaning, attitudes, and desires.
- C. The use of body movement to convey meaning.
- D. The use of volume, pitch, and voice quality to convey meaning.
24. Per the *Fraud Examiners Manual*, which type of questions should be avoided during an interview?
- A. Leading questions.
- B. Complex questions.
- C. Free narratives.
- D. All of the above types of questions should be avoided.
25. Per the *Fraud Examiners Manual*, should the interviewer, whenever possible, prepare a list of predetermined questions to ask the subject?
- A. Yes.
- B. No.
26. Per the *Fraud Examiners Manual*, what is one of the best ways to respond to an interviewee who says, "I don't remember"?
- A. Immediately ask the interviewee to try harder to remember.
- B. Ask the interviewee if he has learning deficits that could cause memory loss or has selective memory problems.
- C. Ask the interviewee why they think they cannot remember.
- D. Remain silent while the person is deliberating and if this is not successful, the best way to counter is to pose an alternate, narrower question.
27. Per the *Fraud Examiners Manual*, which one of the following is one of the five common-sense steps to take with difficult interviewees?
- A. Strike back by showing your credentials.
- B. Terminate the interview.
- C. Make it easy for the interviewee to say, "Yes."
- D. Try to reason with the unreceptive interviewee.
28. Per the *Fraud Examiners Manual*, which of the following is true in regards to volatile interviews?
- A. There should be only one interviewer involved in potentially volatile situations.
- B. Surprise should be employed in any interview that is considered potentially volatile.
- C. Hypothetical questions should be avoided in potentially volatile situations.
- D. In a potentially volatile interview, the interviewer should ask questions in their natural sequence.
29. Per the *Fraud Examiners Manual*, what of the following is not one of the three purposes of closing questions?
- A. To reconfirm facts.
- B. To gather additional facts, and to conclude the interview.
- C. To assess the credibility of the respondent.
- D. To conclude the interview by helping to maintain goodwill and ensure future cooperation.

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30. Per the *Fraud Examiners Manual*, what is *norming or calibrating*?
- A. The process of observing behavior before critical questions are asked.
  - B. The process of observing behavior after critical questions are asked.
  - C. Preparing the interview room.
  - D. Occurs when the interviewer purposely adopts similar behaviors as the respondent.
31. Per the *Fraud Examiners Manual*, which of the following is not a verbal clue to deception?
- A. Changes in speech patterns.
  - B. Repetition of the question.
  - C. Selective memory.
  - D. All of the above are verbal clues to deception.
32. Per the *Fraud Examiners Manual*, which of the following is false?
- A. People rarely confess voluntarily.
  - B. People will not confess if they believe that there is doubt in the mind of the accuser regarding their guilt.
  - C. Accusatory questions should not ask, "Why did you do it?" They should ask, "Did you do it?"
  - D. The basic logic of obtaining confessions can be summed up as *maximize sympathy and minimize the perception of moral wrongdoing*.
33. Per the *Fraud Examiners Manual*, which of the following is true?
- A. The admission-seeking interview begins with a direct accusation.
  - B. Emotive words such as *steal*, *fraud*, and *crime* should be avoided during the accusatory process.
  - C. Both the truthful and untruthful person will normally will normally object to and deny accusations. But when compared to an innocent person, a culpable person is more likely to stop short of an outright denial and is more apt to furnish the interviewer with explanations as to why he in not the responsible party.
  - D. All of the above are true.
34. Per the *Fraud Examiners Manual*, what are the two major forms of covert operations?
- A. Undercover operations and surveillance operations.
  - B. Clandestine operations and reconnaissance operations.
  - C. Moving surveillance and stationary surveillance.
  - D. Infiltration and shadowing operations.
35. Per the *Fraud Examiners Manual*, when the interviewer is successful in stopping denials, the accused frequently will present one or more reasons why he could not have committed the act in question. In these situations what should interviewer do?
- A. Let the accused to continue to lie so that the lies can be used to challenge his credibility in court.
  - B. Quickly and decisively diffuse the alibis by convincing the accused of the weight of the evidence against him.
  - C. Scold the accused for lying.
  - D. All of the above are good tactics to diffuse alibis.
36. Per the *Fraud Examiners Manual*, which of the following is not true in regards to covert operations?
- A. Covert operations require the highest degree of skill and planning.
  - B. A covert operation can produce results that cannot be achieved in any other way.
  - C. Covert operations used incorrectly or handled badly can lead to embarrassment, serious financial liability, injury, and even death.
  - D. All of the above are true.
37. Per the *Fraud Examiners Manual*, how should the examiner's initial efforts generally be best spent?
- A. Interviewing the suspect.
  - B. Identifying, collecting, and securing all possible relevant documents.
  - C. Obtaining subpoenas.
  - D. Examining the tax returns of the suspect.
38. Per the *Fraud Examiners Manual*, which of the following best describes who may access public records?
- A. Available to law enforcement upon request.
  - B. Available to law enforcement, but only if they have a court order.
  - C. Available to anyone, but only with a court order.
  - D. Available to anyone who wishes to use them.
39. Per the *Fraud Examiners Manual*, which act governs the availability of government records to the general public?
- A. The Freedom of Information Act (FOIA).
  - B. The USA PATRIOT Act.
  - C. Family Educational Rights and Privacy Act (FERPA).
  - D. Fair Credit Reporting Act (FCRA).

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40. Per the *Fraud Examiners Manual*, which of the following best describes the usefulness of Department of Motor Vehicles (DMV) information?
- A. Extremely useful as a locator tool.
  - B. It is extremely difficult to obtain almost any up-to-date information.
  - C. Useful to obtain driver's photographs.
  - D. Useful to obtain driver's Social Security numbers.
41. Per the *Fraud Examiners Manual*, which of the following best describes a state's Bureau of Vital Statistics as a source of information?
- A. It is an excellent source of information.
  - B. It is a mediocre source of information.
  - C. It is a weak source of information.
  - D. It is an insignificant source of information.
42. All documents filed with federal bankruptcy courts are public record and can be examined by anyone without charge.
- A. True.
  - B. False.
43. If an individual's Social Security number begins with 221, which state did that person reside when he or she applied for the Social Security card (prior to 2011)?
- A. New York.
  - B. New Jersey.
  - C. Maryland.
  - D. Delaware.
44. Per the *Fraud Examiners Manual*, what information does the Drug Enforcement Administration (DEA) maintain?
- A. Information on forgers, counterfeiters, and money-launderers.
  - B. Information on unlicensed handlers of narcotics.
  - C. Information on licensed handlers of narcotics and the criminal records of users, pushers, and suppliers of narcotics.
  - D. All of the above.
45. Per the *Fraud Examiners Manual*, who maintains the Integrated Automated Fingerprint Identification System (IAFIS)?
- A. Central Intelligence Agency.
  - B. The FBI's Criminal Justice Information Services (CJIS) Division.
  - C. The Internal Revenue Services.
  - D. The Drug Enforcement Administration.
46. Per the *Fraud Examiners Manual*, which office within the Department of the Treasury is charged with the administration and enforcement of various economic sanction programs?
- A. Central Intelligence Agency.
  - B. Federal Bureau of Investigations.
  - C. The Office of Foreign Assets Control (OFAC).
  - D. The Internal Revenue Service.
47. Per the *Fraud Examiners Manual*, which type of non-public records are, "perhaps the single most important external source of information available to a fraud examiner.?"
- A. Tax returns.
  - B. Credit records.
  - C. Telephone records.
  - D. Banking records.
48. Per the *Fraud Examiners Manual*, valuable information can be obtained from a safe-deposit record. Which of the following best describes the information that is generally available from these records?
- A. The contents of the safe-deposit box.
  - B. The value of the contents in the safe-deposit box.
  - C. The name(s) of the person(s) renting the box, how often a person visited it, the dates he visited it, and the times he visited it.
  - D. All of the above.
49. Per the *Fraud Examiners Manual*, which organization collects, analyzes, and disseminates intelligence of financial crimes?
- A. Public Company Accounting Oversight Board (PCAOB).
  - B. The Financial Crimes Enforcement Network (FinCEN).
  - C. Office of the Comptroller of the Currency (OCC).
  - D. National Law Enforcement Telecommunications System (NLETS).
50. Per the *Fraud Examiners Manual*, which of the following is false in regards to accessing information online?
- A. Fraud examiners today still need to travel extensively to the county courthouse or state capital to search for public records.
  - B. A great deal of information can be accessed through the Internet for little or no cost.
  - C. Fraud examiners today have enough information available through different online sources to conduct entire inquiries without leaving their computer.
  - D. All of the above are true.

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51. Per the *Fraud Examiners Manual*, which of the following is a limitation of online public database searches?
- A. Online coverage varies widely from state to state.
  - B. Information must be checked to determine if it is accurate and current.
  - C. The records or publications that have been compiled in an electronic format may not go back very far.
  - D. All of the above are limitations.
52. Per the *Fraud Examiners Manual*, which of the follow is false in regards to *data mining*?
- A. *Data mining* is the science searching large volumes of data for patterns.
  - B. *Data mining* tools comb databases for obscured patterns, finding predictive information that even experts may not recognize.
  - C. In contemporary work, the terms *data mining* and *data analysis* are never used interchangeably.
  - D. *Data mining* has its roots in statistics, machine learning, data management and databases, pattern recognition, and artificial intelligence.
53. Per the *Fraud Examiners Manual*, there are three types of situations in which computer evidence is generally discovered. Which of the following is one of those situations?
- A. Computers as the target of crime.
  - B. Computers as the instrument of crime.
  - C. Computers as the repository of evidence.
  - D. All of the above.
54. Per the *Fraud Examiners Manual*, which of the following devices have the ability to store digital evidence?
- A. Printers, copiers, scanners and fax machines.
  - B. Removable storage devices such as CDs, DVDs, USB flash drives.
  - C. Smart phones.
  - D. All of the above.
55. Per the *Fraud Examiners Manual*, which of the following best describes when a victim company should notify law enforcement authorities about a computer crime that has been committed?
- A. Authorities must be notified before the investigation begins.
  - B. Authorities must be notified as soon as the investigation finds conclusive evidence of a computer crime.
  - C. Authorities can be notified at any time during the investigation.
  - D. Authorities must be notified after the investigation is complete.
56. Per the *Fraud Examiners Manual*, the first step in computer investigations and computer forensics is to seize evidence.
- A. True.
  - B. False.
57. Per the *Fraud Examiners Manual*, what are the two golden rules in regards to securing a computer system?
- A. If the computer is off, turn it on. If a computer is on, do not go through the normal shutdown routines.
  - B. If the computer is off, turn it on. If a computer is on, turn it off by going through the normal shutdown routines.
  - C. If the computer is off, do not turn it on. If a computer is on, do not go through the normal shutdown routines.
  - D. If the computer is off, do not turn it on. If a computer is on, turn it off by going through the normal shutdown routines.
58. Per the *Fraud Examiners Manual*, what is *deduplication filtering*?
- A. Identifying and eliminate of duplicates in the collected data.
  - B. Using more than one analysis tool to verify the results are not dependent on the tool that is used.
  - C. Creating an exact duplicate of a hard drive to run the analysis.
  - D. Performing analysis on the same computer with same software in which the data was stored.
59. Per the *Fraud Examiners Manual*, what is last digit of the American Bankers Association (ABA) 9-digit MICR transit number?
- A. Federal Reserve routing symbol.
  - B. ABA institution identifier.
  - C. A check digit.
  - D. The bank's geographical location.
60. Per the *Fraud Examiners Manual*, what are *cashier's checks*?
- A. Checks drawn by the issuing bank on its account with another bank.
  - B. Checks that are issued and certified by a bank with itself as the drawer.
  - C. Customer's checks stamped with the paying bank's guarantee that the make's signature is genuine and that there is enough money in the holder's account to cover the amount paid.
  - D. Checks issued in predetermined amounts by American Express Company and several large U.S. banks.

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