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Course Information

Course Title: Fraud Schemes #368520

Number of continuing education credit hours recommended for this course:

In accordance with the standards of the National Registry of CPE Sponsors CPE credits have been granted based on a 50-minute hour.

CPA: 3 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration

Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (ethics): 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

Fraud schemes can threaten the financial stability of an organization. By understanding as much as possible about the nature of fraud, an organization can take steps to prevent it from occurring. Fraud Schemes serves as this necessary guidebook, describing the different types of fraud schemes that may be perpetrated against a business. The schemes are broken down into schemes by employees, financial statement fraud, and schemes by outsiders. Accompanying the descriptions of fraud schemes are discussions about how to minimize the effects of fraud on a business.

Program Delivery Method: NASBA QAS Self-Study (interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program level: Overview

Prerequisites: None

Advance Preparation: None

Course Content

Publication/Revision date: 4/24/2020.

Author: Steven M. Bragg, CPA.

Final exam (online): Fifteen questions (multiple-choice).

Instructions for taking this course

Note: Downloading the PDF of this course will enable Bookmarks for easier navigation (on the left side of the document window, open the bookmarks pane).

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- Select "Take Exam" for this course and follow instructions.

Additional Information

- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

- Identify the characteristics of each type of employee fraud scheme.
- Recognize the methods used by employees to falsify their expense reports.
- Recognize the techniques used to artificially assist suppliers in winning bids.
- Specify how a payables clerk can obtain a valid signature on a check intended for personal use.
- Describe how stock option backdating can benefit employees.
- Identify the tools available to a management team that wants to inflate sales.
- Specify how the reported asset balances in the balance sheet can be artificially altered.
- Point out the circumstances in which a management team is more tempted to set up a large loss reserve.
- Recognize the methods available for using fixed assets to alter reported expense levels.
- Identify the methods available for falsely reducing reported liability levels.
- Describe the reasons why cash flows may be mis-reported.
- Specify the possible indicators of application fraud.
- Describe the controls that can be used to mitigate the effects of outsider fraud schemes.
- Cite the underlying mechanics of a bust-out scam.
- Point out the indicators of a possible money laundering scheme.

About the Author

Steven Bragg, CPA, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been the two-time President of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written numerous books on accounting, finance, and human resources/personnel.

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Table of Contents

Chapter 1 - Fraud Schemes by Employees	1
What is Fraud?	1
Cash Schemes	2
Skimming (No Recordation)	2
Discounted Sales (Partial Recordation)	3
Modification of Receipts (Altered Recordation)	3
Fake Refunds (Subsequent Recordation)	3
Receivable Schemes	3
Diversion of Collections on Old Receivables	4
Lapping.....	4
Inventory Schemes	4
Incorrect Receipt Fraud.....	4
Product Replacement Fraud	5
Diversion of Scrap Payments	5
Procurement Schemes	5
Fake Invoice Fraud	5
Diverted Purchases Fraud.....	6
Kickbacks	6
Bid Rigging	6
Payables Schemes	7
Outbound Check Fraud	7
Diverted Payment Fraud.....	7
Petty Cash Fraud.....	8
Expense Report Fraud	8
Human Resources Schemes	9
Job Application Fraud.....	9
Compensation Fraud	9
Dependent Fraud.....	10
Workers' Compensation Fraud.....	10
Self-Insurance Fraud	10
Time Fraud	10
Executive-Level Fraud	11
Abuse of a Position of Trust.....	11
Executive and Related Party Loan Fraud.....	11
Insider Trading Fraud.....	11
Stock Option Backdating Fraud.....	12
General Employee Fraud Observations.....	12
Chapter 2 - Financial Statement Fraud Schemes	15
Sales Inflation	16
Expenses Falsification	18
Marketable Securities Falsification.....	19
Prepaid Expenses Falsification	19
Receivables Falsification	19
Loss Reserves Falsification	20
Inventory Falsification.....	20
Fixed Asset Falsification	21
Liability Falsification	22
Debt Falsification.....	23
Discontinued Operations Stuffing.....	24
Cash Flow Reclassifications	24
Acquisition Falsification.....	25
Financial Statement Disclosure Fraud.....	26

Chapter 3 - Fraud Schemes by Outsiders.....	29
Imposter Schemes	29
Application Fraud	29
Bank Account Fraud	29
CEO Fraud.....	30
Redirected Payments Fraud.....	30
Software Service Fraud	30
Bust-Out Fraud	30
Misrepresentation Schemes	31
Advance-Fee Loan Fraud	31
Investor Marketing Fraud.....	31
Business Directory Fraud.....	32
Substandard Goods Fraud	32
Counterfeit Schemes.....	32
Counterfeit Goods Fraud.....	32
Gift Certificate Fraud	33
Inbound Check Fraud.....	33
Money Laundering Schemes	33
Fraud Tools used by Outsiders	34
Social Engineering Fraud.....	34
Temporary Business Address	35
Answers to Chapter Questions	37
Glossary	41
Index.....	43

Preface

Every organization is potentially subject to fraud by its employees and outsiders. This fraud can take many forms, ranging from the deliberate falsification of records by an accounting clerk to a phishing attack by someone in another country. The outcome of these situations can be catastrophic, potentially resulting in the collapse of a business. The *Fraud Schemes* course is intended to show a broad range of schemes that can be used to damage or destroy a business. The course covers fraud schemes that can be perpetrated by employees, financial statement fraud that is usually engineered by the management team, and fraud schemes employed by outsiders. The course also notes how these schemes can be prevented or their effects mitigated. The reader can find the answers to many questions about fraud schemes in this course, including:

- How is fraud defined?
- What are the different types of cash-related fraud schemes?
- How is lapping used to hide the theft of cash?
- What techniques are used by employees to overstate their expense reports?
- What incentives do managers have to falsify financial statements?
- What methods can be used to alter the reported results on an income statement?
- What are the negative effects of social engineering fraud?

This course is updated regularly to reflect changes in the latest fraud schemes.

Centennial, Colorado
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