

## Forensic Accounting and Financial Statement Fraud

ACCT-GB.3310.30/31

### Instructors:

- Professor Paul Zarowin (Case-based study) - [pzarowin@stern.nyu.edu](mailto:pzarowin@stern.nyu.edu)
- Professor Matthew Rutter (Lecture and practice-based study) - [mrutter@stern.nyu.edu](mailto:mrutter@stern.nyu.edu)

### Required Reading Materials:

- **Course Packet** - Case-based study
- **[The Chickenshit Club](#)** by Jesse Eisinger – (ISBN 9781501121364) – Lecture and practice-based study – Specific page assignments to be communicated separately.

**Additional required readings assignments will be communicated shortly and throughout the course.**

**Course Description:** The objective of the course is to impart a detailed understanding of forensic accounting and the schemes used to commit financial statement fraud. The course is designed to highlight fraud schemes, methods of prevention and detection, and investigative practices. The course content should be of interest to those intending to work in management roles as well as those with interest in financial law and regulation.

### Attendance:

- We expect you to attend each lecture live<sup>1</sup>.
- A note on guest speakers – To the extent guest speakers are secured, we may alter timing of lectures to limit the burden on those speakers. In such cases, we may ‘double up’, thus having both sections participate at either 6pm or 730pm on either Tuesday or Thursday.

### How to succeed:

- Complete case and course readings and assignments.
- Participate during class discussions by asking thoughtful questions and providing insight derived from relevant experiences or prior learning.
- Promote a positive learning environment for your peers by communicating constructively, offering encouragement, and generally, staying engaged.

Laptop, tablet, phone policy: Notetaking on laptops/tablets is permitted. Please step out of class to make calls or message (text). ***Alternatively, for Spring 2021 – Good Zoom etiquette and expectations***

- **Please participate with camera on.** If for whatever reason, you would prefer to go without camera, please email Professors Zarowin and Rutter
- **Please mute your mic when not speaking**

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<sup>1</sup> For students joining from time zones that make participation difficult (attending class between 10pm and 6am local time), please email Professors Zarowin and Rutter to discuss alternative arrangements and accommodations.

- **Please do not multitask.** Failing to participate will negatively affect your grade. We prefer to encourage participation without resorting to Socratic, i.e., cold-calling.
- **We understand these are challenging circumstances and APPRECIATE your efforts to make the best of it.**

## Grading

- **Overall:** Your class grade is based on quizzes, assignments, case presentation, and class participation.
- **Case presentations - 20%:** Your grade will be driven by the quality of your analysis and presentation on your assigned group case.
- **Assignments and exercises – 40%:** Your aggregate score will be based on your performance across graded assignments, quizzes, and in-class exercises. Each graded item will carry a maximum number of points that will be summed to arrive at the denominator for this category. Your summed individual scores will be summed to arrive at the numerator for this category.
- **Class participation and attendance – 40%<sup>2</sup>**
  - Case-based portion - For cases that you are not required to present, you will be graded based on your preparation as reflected by class discussion and questions submitted to your peers presenting.
  - Lecture and practice-based study - You are expected to contribute to class discussions regarding the lectures and practical exercises that Professor Rutter administers.
  - Professors Zarowin and Rutter will be working with the TA's to track the quality and quantity of your participation.
- **Grading breakout illustration and guidelines:**
  - *19/20 – Group case presentation, grading guidelines:*
    - Excellent – 19+/20;
    - Good – 18/20;
    - Above Average – 17/20;
    - Average – 16/20;
    - Below average – 15/20.
  - *30/40 (75% see below) – Assignments, quizzes, and in-class exercises will be administered for varying 'points', example:*
    - 5/10 - Quiz 1
    - 7/10 - Quiz 2
    - 15/20 - Assignment 1
    - 9/10 - Quiz 3
    - 8/10 - Quiz 4
    - 9/10 - Assignment 2
    - 22/30 - In-class exercise 1
    - 75 points / 100 points or 75%
  - *36/40 – Participation (Split 75%/25%, case-based portion vs. lecture-based portion)*
    - 27/30 Case-based portion, grading guidelines:

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<sup>2</sup> For students in time zones that preclude regular participation and attendance, additional weighting will be placed on case presentations and graded assignments. Supplemental assignments may be offered.

- Full participant, e.g., asking questions, reading assigned case, – 27+/30;
- Below average participation/unexcused absences – 24/30;
- Poor participation / many unexcused absences – 21/30.
- 9/10 Lecture and practice-based portion, grading guidelines:
  - Full participant, e.g., participating during in-class exercises and discussion – 10/10;
  - Below average participation/unexcused absences – 8.5/10;
  - Poor participation / many unexcused absences – 7/10.
- **85/100 – “B” - Final Grade**

**Tuesday topic schedule:**

Class	Date	Topic Area
1	2/9/2021	Intro and What is Fraud
2	2/16/2021	Who Commits Fraud / Role of Power
3	2/23/2021	Responsibilities for fraud prevention / Ratio Analysis
4	3/2/2021	Revenue Recognition Fraud
5	3/9/2021	Business Writing - Drafting
6	3/16/2021	Business Writing - Review
	3/23/2021	Spring Break
7	3/30/2021	Jesse Eisinger - The Chickenshit Club
8	4/6/2021	Liabilities / Inventory / Expense-based
9	4/13/2021	FCPA
10	4/20/2021	Disclosure / Materiality / Environmental
11	4/27/2021	Wells Fargo
12	5/4/2021	Workplan Development / Red Flags

**Thursday case schedule:**

2/11	Overview: discussion of motives, methods, and financial analysis of frauds, Longtop Financial Technologies	9-112-036, -037, -038; 9-113-076
2/18	No class – NYU holiday	
2/25	Enron	9-109-039
3/4	Accounting Fraud at Tesco Stores	9-120-032, -033, -034
3/11	Green Mountain Coffee Roasters	9-113-035
3/18	Bausch & Lomb	9-198-009, 9-101-010, 9-101-008, 9-101-009
3/25	WorldCom	9-104-071
4/1	Bristol Myers-Squibb Ivey School of Business Case	905B08
4/8	New Century Financial	9-109-034
4/15	Sino Forest	9-112-004, 9-112-066, 9-112-067
4/22	Diamond Foods	9-113-055
4/29	Manufactured Homes	9-190-090
TBD	Computer Associates	9-110-045

## ACADEMIC INTEGRITY

Academic integrity and honesty is central to our mission as an educational institution. [The MBA Code of Conduct](#), which all students sign, therefore places particular emphasis on academic integrity. Notably this includes refraining from any method or means that provides an unfair advantage in exams or papers, and clearly acknowledging the work of others in your own work. As a reminder, the [entire Code of Conduct is available here](#).

To help ensure the integrity of our learning community, prose assignments you submit to NYU Classes will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

## STUDENT ACCESSIBILITY

New York University is committed to providing equal educational opportunity and participation for students with disabilities. Students who are interested in applying for academic accommodations are advised to reach out to the Moses Center for Student Accessibility (CSA) as early as possible in the semester. If you already receive accommodations through CSA, you are encouraged to request your accommodation letters through the Moses portal as soon as possible.

Moses Center for Student Accessibility (CSA), 212-998-4980, [mosescsa@nyu.edu](mailto:mosescsa@nyu.edu), [www.nyu.edu/csa](http://www.nyu.edu/csa)

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, [mosescsa@nyu.edu](mailto:mosescsa@nyu.edu)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website: <https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

## STUDENT WELLNESS

Classes can get stressful. I encourage you to reach out if you need help. The NYU Wellness Exchange offers mental health support. You can reach them 24/7 at 212 443 9999, or via the “NYU Wellness Exchange” app. There are also drop in hours and appointments. Find out more at <http://www.nyu.edu/students/health-and-wellness/counseling-services.html>