TRUE/FALSE

Objective #1
1. Predication is required before civil charges can be filed.  
   F
2. An anonymous tip can be a form of predication.  
   T
3. Predication requires hard evidence before it is said to exist.  
   F

Objective #2
4. The Fraud Triangle consists of: motive, opportunity, and rationalization.  
   T
5. Pressure is a form of motive.  
   T
6. Failure to obtain a promotion is a form of rationalization.  
   T

Objective #3
7. Evidence is defined as all that is admitted to the court.  
   F
8. Evidence must be authentic in order to be admitted.  
   T
9. If changes are made to a document by the fraud investigator, the evidence is said to be circumstantial.  
   F
10. Direct evidence consists of a supervisor’s opinion as to the plaintiff’s mental state at the time of the crime.  
   F

Objective #4
11. A written affidavit given by a witness is classified as testimony.  
   T
12. Checks retrieved from the defendant’s home are considered real evidence.  
   T
13. Using a copy of an electronic file is not allowed in court.  
   F
14. An oral statement in court as to what the witness heard from another coworker is called testimony evidence.  
   T
15. Circumstantial evidence usually has no impact on convictions.  
   F

Objective #5
16. Reviewing cash receipts before, during, and after an individual’s employment is a form of invigilation.  
   T
17. Searching for changes in behavior patterns prior to and after a crime is a form of invigilation.  
T
18. Obtaining documents dating prior to a suspected fraud is a form of invigilation.  
F

Objective #6
19. Interviewing and interrogation are synonyms.  
F
20. Depositions are often a product of an interview.  
T
21. Interrogations are for the purpose of securing a confession.  
T
22. Interviews can become interrogations.  
T

Objective #7
23. A fraudster erases files from his hard drive. This is an example of data alteration.  
T
24. Changing the payee’s name on a check is an example of alteration.  
T
25. Wiping a computer is a form of alteration.  
T

Objective #8
26. Andy Jones creates a shell organization from which to buy supplies for his company. This is a method to hide assets.  
T
27. Barney Fife keeps bank accounts in Switzerland. This is a method for hiding assets.  
T
28. Katie Cutie transfers assets to a living trust. This is a method of hiding assets.  
F

Objective #9
29. Examination of credit files is one indirect method of determining income.  
T
30. Lifestyle audits, conducted by the IRS, are a means of determining tax evasion.  
T
31. Real estate transaction records can be sources of evidence for income concealment.  
T

Objective #10
32. Lexis-Nexis is a tool used to corroborate net income.  
F
33. The SBA is a source of information regarding cash flow for a business.  
T
34. The U.S. Customs Service has information regarding both legally and illegally imported good.  
T
35. The FDA can determine if an individual is living in poverty.  
T

MULTIPLE CHOICE
LO #1 & LO #2
36. Red flags indicating predication include:
   a. The individual handling cash is undergoing a divorce
   b. The individual disbursing checks is divorced
   c. The individual receiving cash is sick
   d. None of the above

37. Signs of pressure that would prompt an individual to commit fraud include:
   a. A wealthy brother
   b. Success at work
   c. An change in home value
   d. Both “a” and “c”

38. Which of the following is NOT an attribute of M.I.C.E.:
   a. Motive
   b. Coercion
   c. Ego
   d. Ideology

39. Intent:
   a. Need not be proved directly
   b. Must be proved
   c. Must be proved with evidence
   d. Both “b” and “c”

40. Intent is usually demonstrated by showing which of the following:
   a. The act
   b. The concealment
   c. The cover-up
   d. All of the above
41. One major difference between fraud and a mistake is:
   a. Concealment
   b. Cover-up
   c. The act
   d. Conversion

42. One way of demonstrating that the act was fraud and not a mistake is by:
   a. Demonstrating that the employee concealed the act
   b. Showing that there were multiple incidents of the same act
   c. The destruction of evidentiary documents that describe the act
   d. All of the above

43. Conversion can be shown to have occurred by:
   a. Tracing the money to the defendant’s care
   b. Tracing the money to the defendant’s department
   c. Tracing the money to the defendant’s bank account
   d. All of the above

44. A colleague witnesses the defendant counting a large amount of cash. The defendant is accused of theft. This evidence is:
   a. Circumstantial and relevant
   b. Circumstantial and irrelevant
   c. Direct and relevant
   d. None of the above

45. What is the accepted definition of evidence:
   a. Anything submitted to the court during trial
   b. Anything admitted to the trial
   c. Anything admitted during testimony
   d. None of the above

46. Which of the following is a legal form of evidence:
   a. A conversation overhead by a fellow employee in the lunchroom
   b. A conversation between two parties
   c. A document found in the defendant’s possession
   d. All of the above

47. The defendant has an account at a local bank. As part of the trial, bank statements showing the defendant made several large cash deposits are admitted. Which type of evidence is this:
   a. Testimony
   b. Real
   c. Demonstrative
   d. All of the above

48. In order for evidence to be admitted at trial, it must first be:
   a. Real
   b. Viable
   c. Relevant
   d. All of the above
49. Two separate defendants are charged with conspiring to commit fraud. Each has chosen to be tried separately. In the first trial evidence is admitted that demonstrates the defendant attempted to conceal her act of stealing cash. At the second trial, the prosecuting attorney can:
  a. Admit the same evidence
  b. Refer to the evidence used at the first trial
  c. Draw a link between the first trial and the second trial
  d. None of the above

50. Authentication, as it relates to evidence, is demonstrated by:
  a. Storing the evidence in a secure facility that is accessible to police and prosecuting attorneys
  b. Copying the evidence where possible
  c. Maintaining a chain of custody of the evidence
  d. All of the above

51. Chain of custody is achieved in which of the following scenarios:
  a. A police officer tags each unit of evidence and places it in a separate envelope
  b. A detective seals each unit of evidence in a manila envelope, signs and dates the envelope, and places it in protective custody
  c. An evidence technician tags each unit of evidence in a sealed envelope, signs and dates the envelope, and places it with the evidence locker personnel for safekeeping
  d. A police officer tags each unit of evidence, places it in a secure envelope, signs and dates the envelope, gives the envelope to evidence personnel for safekeeping and logging of access

52. Which of the following is an example of an effective logging technique used in the organization of evidence:
  a. Bates numbering
  b. Organized by defendant
  c. Organized by name
  d. Both “a” and “b”

LO #5

53. Which of the following is an example of invigilation:
  a. The before and after behavior of a cashier
  b. The pattern of behavior prior to, during, and after an event
  c. The change in behavior prior to and during an employee’s absence
  d. All of the above

54. Evidence of invigilation can be:
  a. Used as direct evidence
  b. Used as indirect evidence
  c. Must be coupled with evidence to be admissible
  d. All of the above

55. Which of the following is an example of invigilation:
  a. Claire is hired on Tuesday and on Wednesday $1,000 cash is found missing from the office.
  b. Claire is hired in 20x1 and cash is missing from the office during 20X2; Claire subsequently leaves in 20X3 and cash is no longer missing.
c. Dora is hired in January and leaves unexpectedly in March. Later that month, $1,000 cash is missing from the office.

d. All of the above

56. In order to prove invigilation, an attorney must:
   a. Show cause
   b. Show intent
   c. **Show a pattern of loss during the defendant’s tenure**
   d. Show concealment

**LO #6**

57. An interview that is conducted in order to obtain a confession is called:
   a. A confession
   b. **An interrogation**
   c. Cross-examination
   d. None of the above

58. Sources of information include:
   a. Witnesses to an act of fraud
   b. Surveillance by private detectives
   c. Surveillance by police officers
   d. **All of the above**

59. The difference between a source and an informant is:
   a. A source can have sinister intentions
   b. An informant is a good citizen who wishes to remain confidential
   c. **The reason for an informant’s cooperation needs to be determined**
   d. All of the above

60. When either a source or informant is used, the attorney must also:
   a. Guarantee confidentiality will be maintained
   b. Understand the motives of each
   c. Obtain evidence to corroborate the claims made
   d. **Both “b” and “c”**

**LO #7**

61. Data can be altered by:
   a. Changing numbers on a check; e.g. making a “3” an “8”
   b. Destroying supporting detail
   c. Making copies and submitting them as the original
   d. **All of the above**

62. Which of the following is a method used to detect forgery:
   a. Examination of facsimile plates
   b. **Determining document age**
   c. Presence of coffee stains
   d. Presence of folds and staples

63. Counterfeiting of documents can be performed by:
   a. Using a color copier
   b. Using a facsimile signature
   c. Using a typewriter
   d. **Both “a” and “c”**
64. Detecting altered documents can be performed by searching for:
   a. Erasures
   b. Stray marks
   c. Use of facsimile signatures
   d. All of the above

LO #8 & 9

65. Assets hidden from easy detection are often identified by:
   a. Tax returns
   b. Property records
   c. Divorce proceedings
   d. All of the above

66. One way of hiding assets is to:
   a. Place them in a trust
   b. Place them in a remote bank
   c. Place them in a child’s trust
   d. All of the above

67. How would an investigator detect off-shore bank account made by a drug dealer:
   a. Through testimony of company personnel
   b. By tracing money transfers out of the country
   c. Through testimony of neighbors
   d. Through suspicion of ill-gotten gains

68. Hidden assets can be found through:
   a. A lifestyle audit
   b. Examination of property records
   c. Examination of spending habits
   d. All of the above

69. An example of an indirect method of income determination is:
   a. Bank analysis method
   b. Net worth method
   c. Title companies
   d. All of the above

70. Joe Jones is suspected of gambling heavily and not reporting the gains. He also pays for all expenditures with cash (currency). A method that can be used to detect such gains would be:
   a. Examining bank records
   b. Examining lifestyle choices
   c. Examining receipts at places where Joe does business
   d. All of the above

71. Validity of evidence means:
   a. The information cannot be corroborated
   b. The information is consistent with past accounts
   c. The information is judgmental
   d. All of the above

72. In determining validity, which of the following carries the most weight:
   a. Probable
   b. Confirmed
   c. Doubtful
   d. None of the above
73. Which of the following is an example of confirmed validity:
   a. A witness offers direct evidence
   b. A co-worker offers corroborating evidence of another witness
   c. A pattern of theft consistently points to the defendant as the culprit
   d. None of the above

**LO # 10**

74. Investigators and accountants can find data on the internet regarding:
   a. Time a person spent in prison
   b. Whether or not a person is eligible for social security disability income
   c. The type of property owned by an individual
   d. All of the above

75. Remailers:
   a. Resend email through a series of routers and servers
   b. Usually involve the use of free email accounts
   c. Often use more than one anonymous email server
   d. Both “b” and “c”

76. Which government agency handles export and import licenses:
   a. Commerce department
   b. Department of the Treasury
   c. Department of State
   d. None of the above

**ESSAY QUESTIONS**

77. Match each description with its correct term
   a. invigilation #1
   b. validity #4
   c. evidence #3
   d. predication #4
   e. indirect evidence #5

Descriptions:
1. The pattern of behavior of a suspected fraudster prior to, during, and after the suspect is involved with an event.
2. The totality of circumstances that would lead a reasonable, professionally trained, and prudent individual to believe that a fraud has occurred, is occurring, or is about to occur.
3. Anything legally admitted at trial that is relevant to the case.
4. Corroboration of testimony, then consistency of data
5. Use of bank records, internet information, lifestyle information, e.g. not direct information concerning income/cash receipts to determine amount of income hidden
78. Provide an example of the following:
   1. Direct evidence
      A: eyewitness testimony or confession of co-conspirator or fraudster
   
   2. Types of evidence
      A: real, testimony, demonstrative
   
   3. Circumstantial evidence
      A: evidence that does not directly link a fraudster to an act, but coupled with other evidence forms a pattern that provides evidence that the fraudster committed the crime.
   
   4. Data mining software
      A: Software that discovers new links or relationships between data elements that was previously missed. Examples include a pattern of returns by the same individual; discounts provided by the same salesperson, etc.
   
   5. Net worth method
      A: A method of indirect income verification that involves examination of real property records and major expenditure, such as tuition payments to an expensive school.
   
   6. Bank analysis method:
      A: A method of indirect income verification that relies on the deposits and withdrawals (including checks cashed) from bank accounts for evidence of hiding income.

79. Describe the process by which evidence should be handled.
    A: Student answers will vary, but should include a discussion of the chain of evidence, particularly maintaining the chain and proper physical control to prevent alteration of the evidence.

80. How do electronic versus “paper” evidence vary in the protections needed to prove chain of custody?
    A: Student answers will vary, but should speak to the uniqueness of electronic data and the need for software to provide evidence of non-tampering. Answers might include: Paper evidence can be copied and visually inspected for erasures, tampering, etc. Electronic evidence cannot be “seen,” and can be altered through careless handling (e.g. placing near magnets), so more sophisticated
methods and software need to be used to determine that the exact number of bytes on a particular device (such as a disk) seized in evidence are exactly the same as those on the disk used for court purposes.