INCORPORATINGFRAUDCONCEPTSINTOTHECURRICULUM

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ABSTRACT

With the amount of fraud being discovered in businesses today, the need for fraud investigation in our education system becomes apparent. The authors illustrate the basic concepts and use both a general example, i.e., identity theft, and a specialized example, money laundering, to illustrate the concepts. This approach can be used by anyone to further his or her knowledge in the investigation and prevention of fraud.

Fraud is defined as the "intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right; an act of deceiving or misrepresenting; person who is not what he or she pretends to be" in the Merriam-Webster Online Dictionary. This definition covers many areas of curriculum.

The authors show that even individuals not seeking employment in the area of fraud examination and prevention benefit from taking fraud courses and having fraud concepts integrated into accounting and computer curriculum. A common body of knowledge important to all individuals would include ethical issues, legal, regulatory, and professional environment norms; corruption; false representations; and identity theft.

Though there are many ways to perpetrate fraud, three elements are deemed common to all and they are put together and called the fraud triangle. These elements are 1) perceived pressure, 2) perceived opportunity, and 3) rationalization. Recognizing situations where people become centralized in this triangle is important in business and in personal situations.

Once fraud is suspected it is imperative that the individual know the proper methods for implementing an investigation. Of course, there are different guidelines for business vs. personal situations, but both require discretion and effective documentation and communication. If major concepts are reinforced throughout the curriculum they become almost second nature.

Computer forensics is quickly becoming an integral part of fraud investigation and is quite important in prosecution. Simple computer forensic techniques are reviewed to ensure that data is not corrupted, and a few advanced techniques for data analysis are introduced.

Incorporating fraud concepts into the curriculum helps every student gain more awareness of the vagaries and possible pitfalls encountered in our current wired world.