

**FINANCIAL CRIMES
OBJECTIVES
CHAPTER 2**

OBJECTIVE 1: Identify Various Financial Crimes.

This chapter identifies all of the financial crimes that the fraud examiner may encounter. Many of these financial crimes are violations of Federal Law. Most are violations of local and state laws.

OBJECTIVE 2: Identify the Elements to Prove Each Financial Crime.

The student should be able to identify the elements of each crime. For a subject to be convicted of a financial crime, the elements of the crime must be proved.

**FINANCIAL CRIMES
QUESTIONS & PROBLEMS
CHAPTER 2**

1. What are the connecting factors for a fraud to take place?
 - a. Money, greed, person
 - b. Money, need, person
 - c. Something of value, opportunity, and perpetrator
 - d. Something of value, greed, and perpetrator

2. What are the two financial motives for committing arson?
 - a. Greed and revenge
 - b. Revenge and insurance claim
 - c. Greed and competitor elimination
 - d. Insurance claim and competitor elimination

3. Bankruptcy fraud has what prime characteristic?
 - a. Creditors recovering part of their loses
 - b. Hiding or nondisclosure of assets from creditors
 - c. Hiding assets from the court
 - d. Creditors don't recover anything

4. What are the elements of bribery?
 - a. Offer and acceptance of money or favors for preferential treatment
 - b. Offer and acceptance of money to public official
 - c. Giving and receiving gifts to suppliers
 - d. Giving gifts to voters for their votes.

5. What are the elements of loan sharking?
 - a. Lending money without interest
 - b. Lending money with low interest rates
 - c. Lending money at usury interest rates
 - d. Lending money at variable interest rates

6. A person who uses another person's credit card is committing credit card fraud. T or F

7. What is the difference between a prostitute and a panderer? Explain.

8. What are the signs of fencing?
 - a. Costs are low, no invoices, no identified supplier
 - b. Costs are low, business existence is long, no identified supplier
 - c. Costs are high, business existence is short, no identified supplier
 - d. Costs are high, purchases made in cash, no identified supplier

9. When a telemarketer calls and says "This deal is too good to be true.", this is an example of:
 - a. Bust out artist

- b. Boiler room operator
 - c. Con artist
 - d. An honest and sincere telemarketer
10. Pornography is a crime that sells:
- a. Sale of sex novels, magazines, photographs, and stag films
 - b. Sale of best selling novels.
 - c. Watching hit movies with sex scenes
 - d. Selling law books
11. Gambling involves many facets. Which of the following are the most common facets of gambling.
- a. Cards, numbers, roulette
 - b. Numbers, cards, roulette
 - c. Bookmaking, numbers, races
 - d. Cards, numbers, races
12. Skimming in a small business usually relates to what type of fraud:
- a. Company fraud
 - b. Shareholder fraud
 - c. Tax fraud
 - d. Officer fraud
13. Labor racketeering provides illicit gains in three areas. They are:
- a. Extortion, employee fraud, and ghost employees
 - b. Kickbacks, embezzlement, and pension fund fraud
 - c. Kickbacks, ghost employees, and embezzlement
 - d. Extortion, embezzlement, and ghost employees
14. What type of investigation does a stock fraud and manipulation require?
- a. A simple method of identifying sales prices.
 - b. A complex method of identifying sales prices.
 - c. A complex method of determining sales, before, during and after the scheme.
 - d. A simple method of determining sales during and after the scheme
15. Narcotics organizations are usually:
- a. Small, involving limited number of people
 - b. Large, involving limited number of people
 - c. Large, involving numerous people from all walks of life
 - d. Small, involving limited number of people in all walks of life
16. Racketeering involves what type of crimes?
- a. Narcotic trafficking
 - b. Gambling in its various forms
 - c. The Mafia and other highly organized crime organizations
 - d. Any two acts of crimes involved by a group of individuals, associates, or corporations

17. Financial data can have a major impact on racketeering cases since civil and criminal forfeitures come into play. T or F
18. What are the elements required for a Continuing Criminal Enterprise conviction? Explain.
19. A person calls up saying that he is requesting donations to the Police Athletic League. This organization is a profit organization. What type of fraud is the person committing?
- Wire fraud
 - Telephone fraud
 - Extortion
 - Tax fraud
20. Burglars steal goods for the purpose of:
- Personal use
 - Business use
 - Sale to individuals and pawn shops
 - Give to non-profit organizations
21. What are the elements of forgery?
- Falsely making or materially altering a writing
 - Intent to defraud another person's rights
 - Preparing a legal document
 - Exchanging something of value for a document.
22. One person offers another person a forged document which is known to be false. The other person rejects the forged document. Is this a crime of uttering? Y or N
23. What are the three elements of larceny?
- Wrongful taking and carrying away of another's personal property
 - No consent of the property owner
 - Intent to deprive the owner of such property permanently
 - Consent of property owner and wrongful taking and carrying away of another's personal property.
24. What is one element of robbery?
- A felonious taking
 - Use of actual or constructive force
 - No consent by the victim
 - Personal property of value
 - Intent by the perpetrator to deprive the owner permanently of the property
25. What are the elements of tax evasion?
- A false return is filed with the taxpayer knowing it to be false
 - The returns is known to be false by the taxpayer
 - Taxpayer omitted some income items.
 - Taxpayer omitted some deductions.

**FINANCIAL CRIMES
ANSWERS & SOLUTIONS
CHAPTER 2**

1. c
2. d
3. b
4. a
5. c
6. F
7. A prostitute commits sexual acts or debaucher while panderers solicits clients for prostitutes.
8. a
9. b
10. a
11. c
12. c
13. b
14. c
15. c
16. d
17. T
18.
 1. A person has committed three or more felonies
 2. A person holds a supervisory position
 3. The person has five or more people under his direction
 4. The person has acquired substantial financial resources
19. d
20. c
21. a
22. Y
23. a
24. a
25. a