The Core Body of Knowledge for Master Analyst in Financial Forensics (MAFF)
The Core Body of Knowledge for MAFF

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Part I: Foundations of Financial Forensics

I. Professional Responsibilities
   A. Authoritative Professional Standards—NACVA and other
   B. Responsibilities of Independent Accountant
   C. Ethical Issues
   D. Liability Issues
   E. Roles

II. Laws, Courts, and Dispute Resolution
    A. Federal and State Rules of Evidence and Procedure
    B. Court System—Federal and State
    C. Alternative Dispute Resolution

III. Practice Management

IV. Information Gathering and Preserving
    A. Document and Evidence Gathering
    B. Client Records
    C. Other Party Records
    D. Document and Evidence Preservation and Retention
    E. Paper Records
    F. Electronic Records
    G. Requesting and Examining Other Parties’ Information
    H. Document Production
    I. Document Management and Control
    J. Work Papers
    K. Subpoena

V. Role of a Financial Forensic Specialist
    A. Supervision and Control
    B. Fact Finding
    C. Reports and Exhibits
    D. Experts
       1. Consulting Expert
       2. Testifying Expert
       3. Other
    E. Motions in Limine
       1. Daubert
       2. Kumho Tire
       3. Kelly-Frye
Part II: Specialty Areas—Bankruptcy, Insolvency, and Restructuring

I. Environmental Issues
   A. Understanding the Causes of Business Failures
   B. Successful vs. Unsuccessful Business
   C. Causes of Financial Difficulty
   D. Stages of Financial Failure

II. Turnaround Management
   A. Elements of Turnaround Management
   B. Stages of Turnaround Process
   C. Out-of-Court Settlements
   D. Assignment for the Benefit of Creditors

III. Legal Issues
   A. Bankruptcy Law and Courts
   B. Alternatives Available to a Financial Troubled Business
   C. Nature of Insolvency
   D. Provisions Common to all Proceedings
   E. Classifications and Priorities of Claims and Interests

IV. Parties Employing Financial Professionals
V. Debtor in Possession Under Chapter 11
   A. Operating Under Chapter 11
   B. Developing the Plan of Reorganization/Plan Feasibility
   C. Confirming the Plan of Reorganization
   D. Financial Elements of the Plan of Reorganization
   E. Post-confirmation Issues/Discharge of Debt

VI. Accounting and Reporting for the Distressed Company
   A. Financial Services for Debtor-in-Possession or Trustee
   B. Accounting Services/Operating Reports
   C. Additional or Other Accounting Services/Proofs of Claim
   D. Accounting and Financial Services for the Creditors’ Committee
   E. Form and Substance of Financial Statements and Reports
   F. Fresh Start Accounting

VII. Auditing the Distressed Company
   A. Monitoring Debtor’s Activities
   B. Going Concern Concept
   C. Unaudited Financial Statements
   D. Auditors Responsibility to Detect Fraud and Irregularities
Part II: Specialty Areas—Bankruptcy, Insolvency, and Restructuring (continued)

VIII. Income Tax Issues
   A. Administrative Aspects of Taxes
   B. Notification of Proceedings and Filing of Returns
   C. Special Rules for Individuals
   D. Minimization of Tax and Related Payments
   E. Treatment of Income During Bankruptcy Period
   F. Corporate Reorganizations
   G. Availability of New Operating Losses
   H. Effects on Earnings and Profits

IX. Financial Forensic Investigations
   A. Detection of Failure
   B. Special Investigations
   C. Special Areas of Inquiry and Investigation
      1. Solvency Analyses
      2. Preferences
      3. Fraudulent Transfers
      4. Other Voidable Transfers
Part II: Specialty Areas—Business Fraud and Deterrence

I. Background and History
   A. Definition of Fraud
   B. Standards and Ethics
   C. Federal Fraud Statutes (Title 18 of the U.S. Code)
   D. Foreign Corrupt Practices Act
   E. The Cohen Commission
   F. SEC Initiatives—Sarbanes-Oxley Act of 2002
   G. The Treadway Commission
   H. The COSO Report

II. The Environment
   A. Perpetrators, Accessories, and Victims
   B. Fraud Triangle
   C. Ethical Foundations
   D. Monitoring—Internal Control Design

III. Three Major Categories of Fraud
   A. Financial Reporting Fraud
      1. Definition
      2. Reasons for Financial Statement Fraud
      3. COSO Study May 2010
      4. Fraudster Profile—COSO
      5. Common Accounting Issues
      6. SEC and Other Enforcement Processes
      7. Common Violations
      8. SEC Investigations
      9. Types of Causes
     10. Role of the Expert
     11. Documents Considered
     12. Conflicts of Interest
     13. Internal Investigations—Red Flags
     14. Methodologies
     15. Internal Investigations—Investigative Techniques
     16. Foreign Corrupt Practices Act Investigations (FCPA)
   B. Misappropriation of Assets
   C. External Fraud

IV. Fraud Prevention
   A. Role of Professionals in Fraud Prevention
   B. Organizational Level Controls
   C. Functional Level Controls
   D. Information Technology Controls
Part II: Specialty Areas—Business Fraud and Deterrence (continued)

V. Internal Controls and Fraud Deterrence Basics
   A. Internal Controls and Fraud Prevention
   B. Forms of Occupational Fraud
   C. Focus on Fraudulent Financial Statements
   D. Financial Statement Effect of Defalcation
   E. Fraud Triangle and Financial Reporting (SAS 99)
   F. Knowledge of Relevant Cases
   G. Control Activities in the Prevention of Fraud

VI. Fraud Deterrence Engagement

VII. Understanding the Perpetrator
   A. Thinking Like a Crook
   B. Profile of a Fraudster

VIII. Detection and Prevention of Fraud in the Workplace

IX. Interview Techniques

X. Behavioral Analysis
Part II: Specialty Areas—Business Valuation in Litigation

(Percentage Emphasis on MAFF Exam 12%) 

I. Business Valuation as a Measure of Damages
   A. Professional Standards
   B. Rev Rul. 59-60 and Related
      1. Eight Factors
      2. Fair Market Value Criteria
   C. Rev Rul. 77-287 and Related
      1. Discounts for Lack of Marketability (DLOM)
      2. Valuation of Securities

II. Business Valuation Reports in Litigation
   A. Rules of Civil Procedure
   B. FRCP 26(a)(2)(B):

III. Dissenting/Oppressed Shareholder Litigation
   A. Dissenters Rights
   B. Shareholder Oppression
   C. Judicial Approaches to Oppression
      1. Bad Faith
      2. Fiduciary Duty
      3. Reasonable Expectations
   D. Business Judgment Rule

IV. Bankruptcy Litigation and Valuations
   A. Legal Declaration of the Inability or Impairment
   B. Constituencies:
      1. Trustee
      2. Debtor
      3. Security (Equity) Holders
      4. Secured Creditors
   C. Typical Premise of Value
      1. Orderly Liquidation Value
      2. Forced Liquidation Value
      3. Going Concern Value
      4. Reorganization Value
   D. Tangible and Intangible Assets

V. Marital Litigation and Valuation
   A. Standards of Value
   B. Approaches and Methodology
   C. Goodwill Issues

VI. Buy Out Litigation
Part II: Specialty Areas—Commercial and Personal Damages

(Percentage Emphasis on MAFF Exam 12%)

I. Calculating Lost Profits
   A. Components
      1. Measures of Loss
         a. Lost profits
         b. Lost business value
      2. Elements of Lost Profits
         a. Proximate cause
         b. Foreseeability
         c. Reasonable certainty
         d. Mitigation
      3. Methods to Calculate Lost Profits
         a. Before and After Method
         b. Yardstick Method
         c. Sales Projection Method
         d. Market Model Method
   B. Liability and Causation
   C. The Damage Period
   D. Discounting Future Damages
   E. Interest Rates/Discount Rates
   F. Ex-ante vs. Ex-post
   G. Tax Treatment of Damages
   H. Comparison of Business Valuation and Lost Profits Approaches
   I. New Business Rule/Start-ups
   J. Damages for Non-profitable Businesses

II. Personal Damages
   A. Personal Injury
   B. Wrongful Death
   C. Lost Earnings
   D. Medical Expenses
   E. Work/Life Expectancy
   F. Personal Consumption
   G. Household Services
   H. Punitive Damages
III. Presenting Damage Calculations—Report Writing
   A. Communications with Counsel
   B. Vocabulary/Grammar
   C. Formats
      1. 26(a)2B
      2. Valuations in a Litigation Context
   D. Standards Applicable for Report Writing
      1. Federal
      2. State

IV. Economic Theory and Modeling
Part II: Specialty Areas—Business and Intellectual Property Damages

(Percentage Emphasis on MAFF Exam 12%)

I. Intellectual Property Damages—Overview
   A. Types of Intellectual Property
      1. Patents
      2. Trademarks
      3. Copyrights
      4. Trade Secrets
   B. Proper Methodology Rests in Conventional Valuation Theory
   C. How Does IP Drive Value

II. Patent Damages
   A. Lost Profits or Reasonable Royalty
      1. Panduit Factors
      2. Costs of Designing Around the Patent
      3. Cost to Develop or Reproduce
      4. Determination of Lost Revenues
   B. Reasonable Royalty Revenues
   C. Hypothetical Negotiation
   D. Georgia-Pacific Factors
   E. The Value of the Technology
   F. Approaches Used are the Same as Any Valuation
   G. 25% Rule
   H. Sources of Information—Industry

III. Trademark Damages—The Lanham Act
   A. Primary Difference in Trademark Cases vs. Patent Cases
   B. Primary Categories of Trademark Damages
      1. Defendant’s profits
      2. Damages sustained by plaintiff
   C. Lanham Act Damages

IV. Copyright Damages
   A. Definition
   B. Federal Law
   C. Registration Requirement
   D. Fair Use
   E. Differences from Patents
   F. Differences from Trademarks
   G. Federal Law Relating to Copyright Damages: Title 17, Section 504 of U.S. Code

V. Trade Secret Damages
   A. Definition
   B. Uniform Trade Secrets Act
   C. Measuring Damages
   D. Differences from Patents, Trademarks, and Copyrights
Part II: Specialty Areas—Matrimonial

I. Asset Distribution
   A. Property Division
   B. Post-marital Appreciation of Property
   C. Community Property States
   D. Equitable Distribution States
   E. Separate Property
   F. Community Property

II. Alimony and Child Support
   A. Factors Considered by Courts
   B. Pendente Lite
   C. Rehabilitative Alimony
   D. Term Alimony
   E. Reimbursement Alimony
   F. Temporary vs. Permanent Alimony
   G. Family Support Act of 1988

III. Taxation
   A. Married Joint
   B. Married Separate
   C. Head of Household
   D. Exemptions for Children
   E. Credits
   F. Alimony
   G. Child Support
   H. Effect of Bankruptcy
   I. Entity vs. Professional Goodwill
   J. Innocent Spouse
   K. QDRO
   L. IRA Transfers
   M. Non-qualified Plans
   N. Alimony Recapture

IV. Forensic Analysis
   A. Lifestyle
   B. Hidden Income
   C. Hidden Assets
   D. Allocation Analysis and Equalization Payments
   E. Income Measurement and Reconstruction
   F. Business Valuation
   G. Pensions
   H. FLPs—No Answers—Only Questions
   I. Employee Stock Options, Restricted Stock, and Equity Awards
   J. Other Asset Valuations
V. Alternative Dispute Resolution (ADR)

A. Arbitration
B. Mediation
C. Collaborative Divorce
D. Complimentary Dispute Resolution
Part II: Specialty Areas—Computer Forensics (Percentage Emphasis on MAFF Exam 10%)

I. Computer/Data Architecture
   A. Disc Anatomy
   B. Bits, Bytes, Ones, Zeros, ASCII, and Unicode
   C. Computer Language
   D. File System

II. Types of Data
   A. Active Data
   B. Latent/Ambient Data
   C. Backup Data
   D. Archival Data
   E. Hidden Data
   F. Metadata

III. Data Integrity Fem 3.722

IV. Forensic Investigation Process—Objectives
   A. Authority
   B. Identify the Evidence
   C. Preserve the Evidence
   D. Data Validation GTCFAI
   E. Analyze the Evidence

V. What Computer Forensics Can Reveal
   A. E-Mail and Other Electronic Communications
   B. Dates and Times of Activities
   C. Deleted Files—File Deletion Typically Does Not Eliminate the File
   D. Intentional Destruction
   E. Data Recovery
   F. Data Restoration

VI. Structured Methodology for Investigation

VII. Cost—Benefit Analysis

VIII. Cyber Crime—AKA Ecrime
   A. Spam
   B. Fraud
   C. Phishing
   D. Harassment
   E. Cyberbullying
   F. Drug Trafficking
   G. Cyberterrorism
   H. Piracy
   I. Tampering
   J. Vandalism
   K. Theft