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CENTER FOR BUSINESS ANALYTICS

CASE STUDY

Forensic Accountants Nail Philadelphia's Fumo

Recently, Pennsylvania State Senator Vincent Fumo, who represented a district in Philadelphia and was one of the most powerful politicians in the state, was convicted of a \$4 million fraud. Senator Fumo was a fixture in Philadelphia, living there all his life and representing South Philadelphia's 1st Senatorial District for 30 years. It took forensic accountants from the FBI over five years to investigate the fraud and build evidence for the court case. The forensic accountants had to wade through credit card bills, store receipts, toll slips, canceled checks, invoices, etc. Databases had to be constructed to organize the records of thousands of fraudulent purchases. Numerous uncooperative parties had to be interviewed.

Fraud has become an extremely important topic in recent years due to high profile accounting scandals and the passage of the Sarbanes-Oxley Act. Frauds typically increase during recessions, so in our current economy, it is more important now than ever before to educate current and future accountants on fraud prevention, detection, and prosecution. This case study will trace an actual fraud from beginning to end and detail how it occurred and why it went undetected for so long, as well as how it was eventually detected. It will also include how the evidence was compiled and presented in court, leading to conviction.