1. Description of the Course:

Parallel to the legitimate world of international commerce and finance, there exists an alternative universe of commercial fraud. From Charles Ponzi to Bernard Madoff, commercial fraud is a matter of the gravest concern because, apart from direct and indirect losses, it poses a serious threat to the integrity of national and global economies.

There is no precise delineation of commercial fraud. It encompasses financial fraud, commodity fraud, and fraud regarding the sale and delivery of goods. It includes other dimensions, as well, including consumer fraud, securities fraud, bank fraud, risk management, insurance, and money laundering. It touches on issues in commercial law, contract, tort, and regulatory matters as well as criminal law.

2. Objectives

One of the significant problems in dealing with commercial fraud is the lack of a systematic study of its nature and of the role of law in combating it. This course is designed to assist in that study in the context of coordination of actual efforts to combat commercial fraud including the work of the Secretariat of the United Nations Commission on International Trade Law and the United Nations Office on Drugs and Crime.

The goals of the course are to expose students to the various aspects of commercial fraud, to acquaint them with the methodology and tools of analysis appropriate to fraud cases, to provide them with an opportunity to exchange views with internationally recognized experts, and to enable them to explore an aspect of commercial fraud that is of interest to them.

3. Materials

Commercial Fraud has not been a traditional subject of legal studies. As a result, there is no history of collected cases or materials. To remedy this gap, the instructor has collected materials in Introduction to Commercial Fraud and various presenters will assign materials throughout the semester which will include essays, reports of cases, and miscellaneous documents. In addition, students are requested to read The Myth of Prime Bank Fraud (Byrne, ed.) (3rd Ed.) and R. Cialdini, Influence, which will form a basis for the class sessions. These books will be placed on reserve in the Library. The text will be available through the bookstore. [Although I am the author of two of these books, I receive no royalties for them. They are published by the Institute of International Banking Law & Practice, Inc., a non profit 501(c)(3) educational organization of which I am Director but I draw no salary for my work and have not been compensated for my work on either book.]
From time to time useful supplementary materials will also be sent electronically or placed on reserve for copying and made available through the University Copy Center.

4. Grades & Examination

The grades will be based on a paper and an oral report on the topic investigated. The paper must be submitted by a date agreed between the instructors and the student. Students may propose any topic for approval by the instructor that is of interest to them within the wide range of commercial fraud. The oral report will be given at a time to be scheduled on TWEN.

The schedule for the papers and Reports is as follows: 1.) Written proposal stating the topic, its scope, the method of research, and the approach to be taken, together with a proposed outline: 11:59 PM 15 September 2012; 2.) Initial draft: 11:59 PM 19 October 2012; 3.) Presentation of Oral Report: times to be announced; 4.) Final paper by date agreed by student and instructors.

The paper will be graded on its professionalism, the rigor of its methodology and analysis, and the ability to organize data and approach the topic.

4. Class Participation, Assignments, & Exercises

It is expected that students will be regularly prepared for class as part of the attendance requirements. Reading assignments will be given in the previous class and posted. Preparation includes the completion of class assignments.

5. Attendance

A seating chart will be circulated at the first class. Students are responsible for selecting a seat. Attendance will be taken at the beginning of each class based on this chart. Any student not seated in the seat selected at the time class is scheduled to begin will be marked absent. Anyone coming to class after attendance has been taken is responsible after class for advising the instructor of his or her presence. At the discretion of the instructor, an attendance sheet may be circulated for signature in which case it is governed by the Honor Code and only the student named may indicate his or her presence by signing.

The maximum number of absences permitted will be allowed for this course under law school regulations. As it is assumed that all students will conduct themselves as professionals, there is no need to advise the instructor in advance of an absence.

Cancelled classes will be announced in advance in class whenever possible and notices posted in accordance with University policies. To the extent possible, make up classes will be scheduled as extensions of regularly scheduled classes. Please be prepared to
discuss possible make up classes at the first class session. When classes are cancelled due
to inclement weather, arrangements will be made to make them up as announced.

6. **Notices & TWEN**

All information regarding the course will be posted on TWEN and notices sent to
students via TWEN. Students are required to register on TWEN by the first class.

7. **Office Hours and Individual Appointments**

Professor Byrne warmly welcomes any questions relating to the course or otherwise. He
will be available regularly for office hours during the following times:

**30 minutes before and after class**

If these times are inconvenient, he is available by appointment. They can be contacted
through the Faculty Secretary at (703) 993-8065.

8. **Tentative Topics to be studied:**

[Agencies that will be invited are indicated in brackets. The
order in which these topics are to be discussed will depend
on the availability of guest lecturers.]

- Bank Fraud & the Use/Misuse of Banks in Frauds [Federal Reserve]
- Criminal Fraud & Prosecution [DOJ]
- Kiting, Commodities, & Check/Drafts/Bills of Exchange
- Letter of Credit & Maritime Frauds
- Money Laundering & Regulatory Responses [FINcen]
- Risk Management & Fraud
- Securities Frauds & Prime Bank Frauds [SEC]
- State Security Laws & Enforcement [NAASA]
- Treasury Instruments & Historical Bonds [Bureau of the Public Debt]

9. **Special Exercise**

In connection with an initiative by the Institute of International Banking Law & Practice,
two projects are underway this Fall related to commercial fraud. One is domestic in
character, addressing the abuse of trust or escrow accounts including attorney escrow
accounts in connection with commercial frauds. The other relates to an initiative by the
United Nations Commission on International Trade Law in connection with a
Colloquium to be held in Spring 2013. Interested students may participate in either of
these efforts and focus their paper topic on matters preparatory to either project.