tyco accounting scandal

The Tyco Accounting Scandal: A Case Study in Corporate Greed and Regulatory Failure

Introduction:

The Tyco International accounting scandal, unfolding in the early 2000s, stands as a stark reminder of the devastating consequences of unchecked corporate ambition and weak regulatory oversight. This wasn't just a case of "creative accounting;" it was a systematic, multi-year scheme involving top executives who plundered billions from the company, leaving investors reeling and damaging public trust in corporate America. This in-depth analysis will dissect the scandal, exploring its key players, the fraudulent activities, the aftermath, and the lasting lessons learned about corporate governance and regulatory reform. We will examine the loopholes exploited, the devastating impact on shareholders, and the long-term implications for financial regulations. Prepare to delve into one of the most infamous corporate collapses in history.

I. The Rise and Fall of Tyco International:

Tyco International, once a powerhouse in diversified manufacturing and services, experienced meteoric growth under the leadership of Dennis Kozlowski. However, this expansion masked a culture of unchecked spending and an increasingly aggressive pursuit of profit at any cost. The company's decentralized structure, while initially contributing to its success, eventually became a fertile ground for concealing fraudulent activities. Kozlowski and his associates, including Mark Swartz, cultivated an environment where ethical considerations took a backseat to personal enrichment. This section will explore Tyco's growth trajectory, highlighting the warning signs that were ignored or overlooked. We will also analyze the organizational culture that enabled the fraud to flourish.

II. The Fraudulent Activities: Unveiling the Scheme:

The core of the Tyco scandal involved a complex web of fraudulent transactions, including the unauthorized taking of millions of dollars in loans and bonuses, misappropriation of company funds, and the manipulation of financial statements. Kozlowski and Swartz orchestrated a system of self-dealing, using their positions to enrich themselves at the expense of shareholders. Key elements of the fraud included:

Loans and Bonuses: Executives received massive, often unapproved, loans and bonuses, disguised as legitimate business expenses. These payments were often not disclosed properly, misleading investors about the company's financial health.

Overstating Earnings: Tyco's financial statements were manipulated to inflate earnings and create a false impression of financial stability. This allowed the company to continue attracting investors even as its financial position deteriorated.
Acquisition Strategy: Tyco's aggressive acquisition strategy served as a cover for the fraud. The complexity of integrating numerous companies made it easier to conceal the fraudulent transactions.
Lax Oversight: The company's board of directors failed to provide adequate oversight, allowing the fraudulent activities to continue for an extended period.

III. The Aftermath: Legal Battles and Regulatory Reform:

The unraveling of the Tyco scandal led to extensive investigations by the Securities and Exchange Commission (SEC) and the Department of Justice (DOJ). Kozlowski and Swartz were eventually convicted of fraud and larceny, facing lengthy prison sentences and hefty fines. This section will detail the legal proceedings, including the key charges, the evidence presented, and the resulting sentences. It will also explore the impact of the scandal on investor confidence and the subsequent regulatory reforms aimed at preventing similar corporate misconduct in the future. The fallout also included significant reputational damage for Tyco, leading to restructuring and a shift in corporate governance.

IV. Lessons Learned: Preventing Future Corporate Scandals:

The Tyco scandal provided invaluable insights into the vulnerabilities of corporate governance structures and the importance of strong regulatory oversight. Key lessons learned include:

Enhanced Corporate Governance: The need for independent boards of directors with strong oversight capabilities.
Strengthened Internal Controls: Implementation of robust internal control systems to prevent financial irregularities.
Increased Regulatory Scrutiny: The necessity for stricter regulatory enforcement to deter corporate fraud.
Improved Transparency and Disclosure: Greater transparency and accuracy in financial reporting to ensure investor protection.
Ethical Leadership: The crucial role of ethical leadership in fostering a culture of integrity and compliance.

V. Conclusion:

The Tyco accounting scandal stands as a cautionary tale, illustrating the catastrophic consequences of unchecked corporate greed and weak regulatory structures. The saga underscores the importance of robust corporate governance, ethical leadership, and rigorous regulatory oversight in safeguarding investors and maintaining public trust in the integrity of financial markets. The lasting legacy of the Tyco scandal lies in the significant reforms implemented to prevent future occurrences, forever shaping the landscape of corporate accountability.

Article Outline:

Title: The Tyco Accounting Scandal: A Deep Dive into Corporate Fraud

Introduction: Hook, overview of the article's content.
Chapter 1: The Rise and Fall of Tyco International: Company's growth, warning signs, and culture enabling fraud.
Chapter 2: The Fraudulent Activities: Detailed explanation of the schemes employed.
Chapter 3: The Aftermath: Legal Battles and Regulatory Reform: Legal proceedings, impact on investors, and regulatory changes.
Chapter 4: Lessons Learned and Future Prevention: Key takeaways and preventative measures.
Conclusion: Summary and final thoughts.

Detailed Article Content (Expanding on Outline Points):

(This section would expand on each chapter outlined above, providing detailed information and analysis based on the research done on the Tyco Scandal. This would require extensive research and would be a minimum of 1000+ words to adequately cover the topic.)

FAQs:

1. Who were the key players in the Tyco scandal? Dennis Kozlowski and Mark Swartz were the primary figures.

2. What types of fraudulent activities were involved? Unauthorized loans, bonuses, misappropriation of funds, and financial statement manipulation.

3. What were the consequences for Kozlowski and Swartz? Prison sentences and significant fines.

4. How did the scandal impact Tyco International? Reputational damage, restructuring, and loss of investor confidence.

5. What regulatory changes resulted from the scandal? Increased scrutiny of corporate governance and financial reporting.

6. What role did the board of directors play? Failure to provide adequate oversight.

7. How much money was involved in the fraud? Billions of dollars were

misappropriated.

8. What were the long-term effects on the financial markets? Increased skepticism towards corporate transparency.

9. What lessons can be learned from the Tyco scandal? The importance of ethical leadership, strong internal controls, and robust regulatory oversight.

Related Articles:

1. Enron Scandal: A comparison of the Enron and Tyco scandals, highlighting similarities and differences.

2. WorldCom Accounting Scandal: Analyzing another major corporate accounting scandal.

3. Sarbanes-Oxley Act: An explanation of the regulatory changes implemented in response to corporate scandals.

4. Corporate Governance Best Practices: Guidelines for effective corporate governance.

5. Internal Controls and Fraud Prevention: Strategies for preventing financial irregularities.

6. The Role of Auditors in Preventing Fraud: Examining the responsibilities of auditors in detecting fraud.

7. White-Collar Crime: An overview of white-collar crime and its impact on society.

8. Whistleblower Protection: Discussion of laws protecting whistleblowers who report corporate misconduct.

9. Ethics in Business: The importance of ethical considerations in corporate decision-making.

(Note: This expanded response provides a framework. To complete the article, extensive research on the Tyco scandal is required to fill in the detailed content for each section. Remember to cite your sources appropriately.)

tyco accounting scandal: Taking Down the Lion Catherine S. Neal, 2014-01-07 Taking Down the Lion offers an inside look at the career of Tyco's most infamous CEO, and what exactly brought him down so publicly. As the widely-admired CEO of Tyco International, Dennis Kozlowski grew a little-known New Hampshire conglomerate into a global giant. In a stunning series of events, Kozlowski suddenly lost his job along with his favored public status when he was indicted by legendary Manhattan DA Robert Morgenthau—it was an inglorious end to an otherwise brilliant career. Kozlowski was the face of corporate excess in the turbulent post-Enron environment; he was pictured under headlines that read Oink Oink, and publicly castigated for his extravagant lifestyle. Deal-a-Day Dennis was transformed into the poster child for corporate greed. Kozlowski was ultimately convicted of grand larceny and other crimes that, in sum, found the former CEO guilty of wrongfully taking $100 million from Tyco. Taking Down the Lion shines a bright light on former CEO Dennis Kozlowski and the Tyco corporate scandal—it is the definitive telling of a largely misunderstood episode in U.S. business history. In an unfiltered view of corporate America, Catherine S. Neal pulls back the curtain to reveal a world of big business, ambition, money, and an epidemic of questionable ethics that infected not only business dealings but extended to attorneys, journalists, politicians, and the criminal justice system. When the ugly truth is told, it's clear the good guys were not all good and the bad guys not all bad. And there were absolutely no heroes.

tyco accounting scandal: *A Financial History of Modern U.S. Corporate Scandals* Jerry W Markham, 2015-01-28 A definitive new reference on the major failures of American corporate governance at the start of the 21st century. Tracing the market boom and bust that preceded Enron's collapse, as well as the aftermath of that failure, the book chronicles the meltdown in the telecom sector that gave rise to accounting scandals globally. Featuring expert analysis of the Sarbanes-Oxley legislation that was adopted in response to these scandals, the author also investigates the remarkable market recovery that followed the scandals. An exhaustive guide to the collapse of the Enron Corporation and other financial scandals that erupted in the wake of the market downturn of 2000, this book is an essential resource for students, teachers and professionals in corporate governance, finance, and law.

tyco accounting scandal: Pigs at the Trough Arianna Huffington, 2009-07-28 “Wonderfully incendiary and right-headed . . .Huffington is mad as hell, and rightly so.” –Esquire The scathing and insightful New York Times bestseller, now updated to include the current economic crisis Pigs at the Trough is Arianna Huffington’s eerily prescient exposé of the financial meltdown–and the flagrant greed that triggered it. Once again, Huffington takes on the nexus of corporate highfliers, lobbyists, and Washington insiders who have created and zealously protected a culture of corruption in America. Hearkening back to the days of Enron and WorldCom, she draws a line connecting those accounting frauds to the much larger and more sophisticated corruption that drove the latest financial crisis. The list of new culprits is long, and in this updated version of Pigs at the Trough, Huffington calls them out–including AIG, Citigroup, and Merrill Lynch–and asks the probing questions of how things went so wrong and how we can rebuild our free market capitalist system on a sounder moral foundation. Wickedly amusing yet powerfully indicting, Pigs at the Trough will once again stir up heated discussion among Americans outraged by the bailout of corporate swine. “With a passion for the truth and an eye for detail, Arianna Huffington reports on the hijacking of democracy. Read it and weep–then head for the barricades.”–Bill Moyers “Huffington indicts with precision, verve, and sparkling wit.” –Barbara Ehrenreich “Arianna Huffington makes an appealing and compelling argument for the repeal of human nature–that part of it that indulges savage, unconscionable, and despicable greed.” –Walter Cronkite

tyco accounting scandal: *From the Post Enron Accounting Scandals to the Subprime Crisis* Jerry W. Markham, 2022-06-06 Originally published in 2011, this volume examines the Enron-era scandals and several corporate governance issues that were raised as a result of these scandals. It then describes developments in the securities and derivatives markets, covering hedge funds, venture capital, private equity and sovereign wealth funds.

tyco accounting scandal: Creative Accounting, Fraud and International Accounting Scandals Michael J. Jones, 2011-11-01 Business scandals are always with us from the South Sea

Bubble to Enron and Parmalat. As accounting forms a central element of any business success or failure, the role of accounting is crucial in understanding business scandals. This book aims to explore the role of accounting, particularly creative accounting and fraud, in business scandals. The book is divided into three parts. In Part A the background and context of creative accounting and fraud is explored. Part B looks at a series of international accounting scandals and Part C draws some themes and implications from the country studies.

tyco accounting scandal: Following the Money George Benston, Michael Bromwich, Robert E. Litan, 2004-05-13 A Brookings Institution Press and American Enterprise Institute publication A few years ago, Americans held out their systems of corporate governance and financial disclosure as models to be emulated by the rest of the world. But in late 2001 U.S. policymakers and corporate leaders found themselves facing the largest corporate accounting scandals in American history. The spectacular collapses of Enron and Worldcom—as well as the discovery of accounting irregularities at other large U.S. companies—seemed to call into question the efficacy of the entire system of corporate governance in the United States. In response, Congress quickly enacted a comprehensive package of reform measures in what has come to be known as the Sarbanes-Oxley Act. The New York Stock Exchange and the NASDAQ followed by making fundamental changes to their listing requirements. The private sector acted as well. Accounting firms—watching in horror as one of their largest, Arthur Andersen, collapsed after a criminal conviction for document shredding—tightened their auditing procedures. Stock analysts and ratings agencies, hit hard by a series of disclosures about their failings, changed their practices as well. Will these reforms be enough? Are some counterproductive? Are other shortcomings in the disclosure system still in need of correction? These are among the questions that George Benston, Michael Bromwich, Robert E. Litan, and Alfred Wagenhofer address in Following the Money. While the authors agree that the U.S. system of corporate disclosure and governance is in need of change, they are concerned that policymakers may be overreacting in some areas and taking actions in others that may prove to be ineffective or even counterproductive. Using the Enron case as a point of departure, the authors argue that the major problem lies not in the accounting and auditing standards themselves, but in the system of enforcing those standards.

tyco accounting scandal: Financial Shenanigans Howard M. Schilit, 2002-03-22 Techniques to uncover and avoid accounting frauds and scams Inflated profits . . . Suspicious write-offs . . . Shifted expenses . . . These and other dubious financial maneuvers have taken on a contemporary twist as companies pull out the stops in seeking to satisfy Wall Street. Financial Shenanigans pulls back the curtain on the current climate of accounting fraud. It presents tools that anyone who is potentially affected by misleading business valuationsfrom investors and lenders to managers and auditorscan use to research and read financial reports, and to identify early warning signs of a company's problems. A bestseller in its first edition, Financial Shenanigans has been thoroughly updated for today's marketplace. New chapters, data, and research reveal contemporary shenanigans that have been known to fool even veteran researchers.

tyco accounting scandal: Business Scandals, Corruption, and Reform [2 volumes] Gary Giroux, 2013-07-12 Written by an expert on financial analysis and capitalism, this book describes the widespread corruption and specific scandals that have occurred throughout history when ethically-challenged innovators and greedy scoundrels are unable to resist the dark side of corruption. Since the dawn of civilization, corruption has had a perpetual impact on the world's economies. In the modern, technology-enabled, global economy, the effects of those who manipulate free-market capitalism for their own gains regardless of methodology continue to be a problem, despite reforms instituted to attempt to discourage the most blatant practices. Business Scandals, Corruption, and Reform: An Encyclopedia contains more than 300 entries that describe the myriad aspects of corruption, business scandals, and attempts at reform, providing not only detailed information about specific accounting scandals and earnings manipulation but also a broad examination of the entire history of business corruption throughout human civilization. Reviewing all the major scandals from tulip mania in the early 17th century to the subprime mortgage crisis of

2008 and beyond, the author illuminates how corrupt actors in business and the attempts to eliminate these types of abuses have been instrumental to the developing institutional framework of free-market capitalism.

tyco accounting scandal: How Companies Lie Larry Elliott, Richard Schroth, 2002-06-25 The questions investors need to ask . . . The answers corporate America must give about the true facts of corporate performance and value. During the 2001 baseball season, when games were played at Enron Field in Houston, a typical reaction was: “What the hell is Enron and what do they do?” Now we know more about the executives and inner workings of today’s best-known rogue company than we ever imagined. But it turns out that Enron is just the most egregious case of a disturbing trend and the seemingly unstoppable tendency of some capitalists to destroy capitalism. Something like 50 percent of American households directly support the markets by investing in stocks and mutual funds. But some of the people entrusted with the responsibility for maintaining and managing the corporation—senior executives, boards of directors, auditing firms—have become engaged in what can only be called economic terrorism. Enron, Sunbeam, Global Crossing, and Waste Management are but the tip of the iceberg. Luckily, there are ways for investors to spot corporate smoke and mirrors and challenge the players. Larry Elliott and Richard Schroth show investors the questions that need to be asked to get a handle on the performance reality of companies. The corporate world, in turn, needs a return to reality and authenticity in business operations, finance, accounting, and deal making. This need for performance reality is not an issue confined to a few companies who engage in unethical and illegal behavior. The technological pace of change, along with increasingly complicated business transactions, makes global markets more and more complex. The assumption, however, has always been that we have the management competence and rigor to ensure shareholder value. Enron is definitive proof that the way companies are run—the gap between what they say is reality and what is really the case—is frightening. And this gap has severe implications for millions of people who are employees of and investors in these companies. Using Enron as the touchstone, Larry Elliott and Richard Schroth show investors how to think about and measure the candor of corporations, the Wall Street players, and their supporters.

tyco accounting scandal: Financial Statement Fraud Casebook Joseph T. Wells, 2011-05-12 A comprehensive look at financial statement fraud from the experts who actually investigated them This collection of revealing case studies sheds clear insights into the dark corners of financial statement fraud. Includes cases submitted by fraud examiners across industries and throughout the world Fascinating cases hand-picked and edited by Joseph T. Wells, the founder and Chairman of the world's leading anti-fraud organization ? the Association of Certified Fraud Examiners (ACFE) ? and author of Corporate Fraud Handbook Outlines how each fraud was engineered, how it was investigated and how the perpetrators were brought to justice Providing an insider's look at fraud, Financial Statement Fraud Casebook illuminates the combination of timing, teamwork and vision necessary to understand financial statement fraud and prevent it from happening in the first place.

tyco accounting scandal: Power Failure Mimi Swartz, Sherron Watkins, 2004-03-09 “They’re still trying to hide the weenie,” thought Sherron Watkins as she read a newspaper clipping about Enron two weeks before Christmas, 2001. . . It quoted [CFO] Jeff McMahon addressing the company’s creditors and cautioning them against a rash judgment. “Don’t assume that there is a smoking gun.” Sherron knew Enron well enough to know that the company was in extreme spin mode… Power Failure is the electrifying behind-the-scenes story of the collapse of Enron, the high-flying gas and energy company touted as the poster child of the New Economy that, in its hubris, had aspired to be “The World’s Leading Company,” and had briefly been the seventh largest corporation in America. Written by prizewinning journalist Mimi Swartz, and substantially based on the never-before-published revelations of former Enron vice-president Sherron Watkins, as well as hundreds of other interviews, Power Failure shows the human face beyond the greed, arrogance, and raw ambition that fueled the company’s meteoric rise in the late 1990s. At the dawn of the new century, Ken Lay’s and Jeff Skilling's faces graced the covers of business magazines, and Enron’s money oiled the political machinery behind George W. Bush’s election campaign. But as Wall Street analysts sang Enron’s praises, and its stock spiraled dizzyingly into the stratosphere, the company’s leaders were madly scrambling to manufacture illusory profits, hide its ballooning debt, and bully Wall Street into buying its fictional accounting and off-balance-sheet investment vehicles. The story of Enron’s fall is a morality tale writ large, performed on a stage with an unforgettable array of props and side plots, from parking lots overflowing with Boxsters and BMWs to hot-house office affairs and executive tantrums. Among the cast of characters Mimi Swartz and Sherron Watkins observe with shrewd Texas eyes and an insider’s perspective are: CEO Ken Lay, Enron’s “outside face,” who was more interested in playing diplomat and paving the road to a political career than in managing Enron’s high-testosterone, anything-goes culture; Jeff Skilling, the mastermind behind Enron’s mercenary trading culture, who transformed himself from a nerdy executive into the personification of millennial cool; Rebecca Mark, the savvy and seductive head of Enron’s international division, who was Skilling’s sole rival to take over the company; and Andy Fastow, whose childish pranks early in his career gave way to something far more destructive. Desperate to be a player in Enron’s deal-making, trader-oriented culture, Fastow transformed Enron’s finance department into a “profit center,” creating a honeycomb of financial entities to bolster Enron’s “profits,” while diverting tens of millions of dollars into his own pockets An unprecedented chronicle of Enron’s shocking collapse, Power Failure should take its place alongside the classics of previous decades – Barbarians at the Gate and Liar’s Poker – as one of the cautionary tales of our times.

tyco accounting scandal: *The Seven Signs of Ethical Collapse* Marianne M. Jennings, 2006-08-22 Do you want to make sure you · Don't invest your money in the next Enron? · Don't go to work for the next WorldCom right before the crash? · Identify and solve problems in your organization before they send it crashing to the ground? Marianne Jennings has spent a lifetime studying business ethics---and ethical failures. In demand nationwide as a speaker and analyst on business ethics, she takes her decades of findings and shows us in The Seven Signs of Ethical Collapse the reasons that companies and nonprofits undergo ethical collapse, including: · Pressure to maintain numbers · Fear and silence · Young 'uns and a larger-than-life CEO · A weak board · Conflicts · Innovation like no other · Belief that goodness in some areas atones for wrongdoing in others Don't watch the next accounting disaster take your hard-earned savings, or accept the perfect job only to find out your boss is cooking the books. If you're just interested in understanding the (not-so) ethical underpinnings of business today, The Seven Signs of Ethical Collapse is both a must-have tool and a fascinating window into today's business world.

tyco accounting scandal: A Financial History of Modern U.S. Corporate Scandals Jerry W Markham, 2015-01-28 A definitive new reference on the major failures of American corporate governance at the start of the 21st century. Tracing the market boom and bust that preceded Enron's collapse, as well as the aftermath of that failure, the book chronicles the meltdown in the telecom sector that gave rise to accounting scandals globally. Featuring expert analysis of the Sarbanes-Oxley legislation that was adopted in response to these scandals, the author also investigates the remarkable market recovery that followed the scandals. An exhaustive guide to the collapse of the Enron Corporation and other financial scandals that erupted in the wake of the market downturn of 2000, this book is an essential resource for students, teachers and professionals in corporate governance, finance, and law.

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tyco accounting scandal: *Extraordinary Circumstances* Cynthia Cooper, 2009-03-23 The longer WorldCom Chief Audit Executive Cynthia Cooper stares at the entries in front of her, the more sinister they seem. But the CFO is badgering her to delay her team's audit of the company's books and directing others to block Cooper's efforts. Still, something in the pit of her stomach tells her to keep digging. Cooper takes readers behind the scenes on a riveting, real-time journey as she and her team work at night and behind closed doors to expose the largest fraud in corporate history. Whom can they trust? Could she lose her job? Should she fear for her physical safety? In Extraordinary Circumstances, she recounts for the first time her journey from her close family upbringing in a small Mississippi town, to working motherhood and corporate success, to the pressures of becoming a whistleblower, to being named one of Time's 2002 Persons of the Year. She also provides a rare insider's glimpse into the spectacular rise and fall of WorldCom, a telecom titan, the darling of Wall Street, and a Cinderella story for Mississippi. With remarkable candor, Cooper discusses her struggle to overcome these challenges, and how she has found healing through sharing the lessons learned with the next generation. This book reminds us all that ethical decision-making is not forged at the crossroads of major events but starts in childhood, decision by decision and brick by brick. At a time when corporate dishonesty is dominating public attention, Extraordinary Circumstances makes it clear that the tone set at the top is critical to fostering an ethical environment in the work-place. Provocative, moving, and intensely personal, Extraordinary Circumstances is a wake-up call to corporate leaders and an intimate glimpse at a scandal that shook the business world.

tyco accounting scandal: Predators and Profits Martin Howell, 2003 A comprehensive no sacred cows guide to spotting financial scams and how to avoid them, this handbook for the investment consumer shows how to spot the snake oil of the past, present and future.

tyco accounting scandal: Final Accounting Barbara Ley Toffler, Jennifer Reingold, 2004-04-13 A withering exposé of the unethical practices that triggered the indictment and collapse of the legendary accounting firm. Arthur Andersen's conviction on obstruction of justice charges related to the Enron debacle spelled the abrupt end of the 88-year-old accounting firm. Until recently, the venerable firm had been regarded as the accounting profession's conscience. In Final Accounting, Barbara Ley Toffler, former Andersen partner-in-charge of Andersen's Ethics & Responsible Business Practices consulting services, reveals that the symptoms of Andersen's fatal disease were evident long before Enron. Drawing on her expertise as a social scientist and her experience as an Andersen insider, Toffler chronicles how a culture of arrogance and greed infected her company and led to enormous lapses in judgment among her peers. Final Accounting exposes the slow deterioration of values that led not only to Enron but also to the earlier financial scandals of other Andersen clients, including Sunbeam and Waste Management, and illustrates the practices that paved the way for the accounting fiascos at WorldCom and other major companies. Chronicling the inner workings of Andersen at the height of its success, Toffler reveals the making of an Android, the peculiar process of employee indoctrination into the Andersen culture; how Androids—both accountants and consultants--lived the mantra keep the client happy; and how internal infighting and billing your brains out rather than quality work became the all-important goals. Toffler was in a position to know when something was wrong. In her earlier role as ethics consultant, she worked with over 60 major companies and was an internationally renowned expert at spotting and correcting ethical lapses. Toffler traces the roots of Andersen's ethical missteps, and shows the gradual decay of a once-proud culture. Uniquely qualified to discuss the personalities and principles behind one of the greatest shake-ups in United States history, Toffler delivers a chilling report with important ramifications for CEOs and individual investors alike.

tyco accounting scandal: The Chickenshit Club Jesse Eisinger, 2017-07-11 Winner of the 2018 Excellence in Financial Journalism Award From Pulitzer Prize–winning journalist Jesse Eisinger, “a fast moving, fly-on-the-wall, disheartening look at the deterioration of the Justice Department and the Securities and Exchange Commission…It is a book of superheroes” (San Francisco Review of Books). Why were no bankers put in prison after the financial crisis of 2008? Why do CEOs seem to commit wrongdoing with impunity? The problem goes beyond banks deemed “Too Big to Fail” to almost every large corporation in America—to pharmaceutical companies and auto manufacturers and beyond. The Chickenshit Club—an inside reference to prosecutors too scared of failure and too daunted by legal impediments to do their jobs—explains why in “an absorbing financial history, a monumental work of journalism…a first-rate study of the federal bureaucracy” (Bloomberg Businessweek). Jesse Eisinger begins the story in the 1970s, when the government pioneered the notion that top corporate executives, not just seedy crooks, could commit heinous crimes and go to prison. He brings us to trading desks on Wall Street, to corporate boardrooms and the offices of prosecutors and FBI agents. These revealing looks provide context for the evolution of the Justice Department’s approach to pursuing corporate criminals through the early 2000s and into the Justice Department of today, including the prosecutorial fiascos, corporate lobbying, trial losses, and culture shifts that have stripped the government of the will and ability to prosecute top corporate executives. “Brave and elegant…a fearless reporter…Eisinger’s important and profound book takes no prisoners” (The Washington Post). Exposing one of the most important scandals of our time, The Chickenshit Club provides a clear, detailed explanation as to how our Justice Department has come to avoid, bungle, and mismanage the fight to bring these alleged criminals to justice. “This book is a wakeup call…a chilling read, and a needed one” (NPR.org).

tyco accounting scandal: America Robbed Blind Greg Farrell, 2004 Just months after the terrorist attacks of September 11, 2001, American investors came under attack. Two of the nation's biggest corporations, Enron and WorldCom, admitted that they had overstated their earnings by billions of dollars. As those two titans collapsed into bankruptcy, shareholders were stuck with almost $200 billion in losses.Accounting scams were also exposed at Adelphia and HealthSouth. Tyco's board of directors eventually realized that its earnings needed to be restated, even as its top two executives were charged with larceny.The people and organizations responsible for protecting investors?Congress, the Securities and Exchange Commission and the big Wall Street banks that lent billions to these fraudulent enterprises?fell down on their jobs. Worse, Congress actually wrote laws that provided incentives for executives to cheat their own investors.Throughout the 1990s Congress systematically starved the SEC to the point where the securities cops could barely do their jobs.America Robbed Blind exposes the root causes of the accounting scandals that wiped out $500 billion worth of investments in U.S. stocks. It explains how a series of seemingly minor Congressional actions--from a law penalizing corporations for paying salaries in excess of $1 million to a Senate vote to scuttle a rule calling for the expensing of stock options--created the conditions that led to the accounting abuses that eroded investor confidence among the 95 million Americans who own stocks.One of the reasons that ethically challenged corporations were able to fool investors for so long is that most Americans don't have the time to sift through mountains of corporate filings or detailed financial reports laden with accounting jargon and legalese. In simple, explanatory prose, America Robbed Blind makes it easy to understand the fraud that occurred in recent years and proposes several reforms to ensure that these abuses never occur again.202 pagesHardcover

tyco accounting scandal: Standard and Poor's 500 Guide, 2007 Edition Standard & Poor's, 2006-12 Text and statistical data on 500 individual companies.

tyco accounting scandal: Dirty Rotten Ceos William G. Flanagan, 2004 In this probing, thoroughly researched book, respected business writer William G. Flanagan goes beyond the headlines to examine the factors that led to one of the biggest economic fallouts in history. Here is a fascinating account of financial malfeasance at the highest level, of telecom cowboys and corrupt lobbyists, multi- millionaire businessmen cashing in their stock options without risking a dime of their own money. Behind-the-scenes looks into AOL Time Warner, WorldCom and others reveal the machinations behind the collapse of giant corporations.

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