

arthur andersen accounting

The Rise and Fall of Arthur Andersen: A Legacy of Accounting Scandals and Reform

Introduction:

The name Arthur Andersen & Co. once resonated as a symbol of prestige and authority in the accounting world. For decades, this firm audited some of the world's largest and most influential companies, shaping financial landscapes and influencing investor confidence. However, the firm's legacy is irrevocably stained by its involvement in one of the most significant accounting scandals in history – the Enron collapse. This article delves deep into the Arthur Andersen accounting practices, its downfall, and the lasting impact on the accounting profession and regulatory oversight. We'll explore the firm's history, its contributing factors to the Enron debacle, the legal battles that ensued, and the subsequent reforms that aimed to prevent similar catastrophes. We will also analyze the ethical dilemmas inherent in the audit profession and how the Andersen case serves as a cautionary tale.

1. The Arthur Andersen Story: From Humble Beginnings to Global Powerhouse

Arthur Andersen, founded in 1913 by Arthur E. Andersen, initially focused on providing services to small businesses in Chicago. Its early success was built on a foundation of integrity and a commitment to independent auditing. As the American economy boomed, so did Andersen's client base. The firm aggressively expanded globally, becoming a dominant force in the Big Five accounting firms (alongside Deloitte, Ernst & Young, KPMG, and PricewaterhouseCoopers). Their growth strategy involved attracting top talent, investing heavily in technology, and aggressively pursuing large corporate clients. This success, however, ultimately laid the groundwork for its dramatic downfall.

1. The Enron Scandal: The Catalyst for Destruction

The Enron scandal stands as the pivotal event that led to the demise of Arthur Andersen. Enron, a once-respected energy giant, employed complex accounting practices, including the use of Special Purpose Entities (SPEs), to mask billions of dollars in debt and inflate its profits. Arthur Andersen, as Enron's auditor,

failed to adequately scrutinize these practices, essentially enabling Enron's fraudulent activities. This failure stemmed from several factors, including:

Conflicts of Interest: Andersen provided both auditing and consulting services to Enron, creating a significant conflict of interest. The lucrative consulting arm often overshadowed the importance of maintaining independent auditing standards.

Pressure from Management: Enron's aggressive management exerted immense pressure on Andersen to overlook questionable accounting practices. Fear of losing a major client led to compromised professional judgment.

Lack of Auditor Independence: Andersen's auditors lacked the necessary skepticism and independence to challenge Enron's accounting practices effectively. This resulted in a failure to identify and report significant accounting irregularities.

Shredding of Documents: A particularly damning aspect of the scandal was Andersen's destruction of Enron-related documents. This action was seen as an attempt to obstruct justice and further damaged the firm's credibility.

1. The Legal Fallout and Dissolution of Arthur Andersen

Following the Enron collapse, Arthur Andersen faced intense scrutiny from regulatory bodies and the Department of Justice. The firm was indicted on obstruction of justice charges related to the shredding of documents. Although Andersen maintained that it hadn't intentionally obstructed justice, the conviction, later overturned by the Supreme Court, dealt a fatal blow to its reputation. The firm's clients abandoned it en masse, leading to its eventual dissolution in 2002. The fallout extended far beyond the firm itself, causing widespread damage to investor confidence and prompting significant reforms within the accounting profession.

1. The Lasting Impact on Accounting and Regulatory Reform

The Arthur Andersen scandal acted as a watershed moment, leading to profound changes in the accounting profession and regulatory landscape. The Sarbanes-Oxley Act of 2002 (SOX), enacted in response to the Enron and WorldCom scandals, significantly strengthened corporate governance and financial reporting regulations. Key provisions of SOX include:

Increased Auditor Independence: SOX introduced stricter rules to enhance auditor independence, including restrictions on non-audit services provided by accounting firms to their audit clients.

Enhanced Corporate Governance: SOX mandated greater corporate responsibility and oversight from boards

of directors and senior management.

Improved Financial Reporting: SOX strengthened requirements for financial reporting transparency and accuracy.

Increased Penalties for Corporate Fraud: SOX imposed stricter penalties for corporate fraud and securities violations.

These reforms, though significant, did not eliminate the potential for accounting scandals entirely.

However, they established a much higher bar for ethical conduct and professional responsibility within the accounting profession.

1. Ethical Considerations and Lessons Learned

The Arthur Andersen case serves as a cautionary tale about the ethical challenges faced by accounting firms. The pursuit of profit and the pressure to maintain lucrative client relationships can compromise professional judgment and lead to ethical lapses. The case highlights the importance of:

Maintaining Auditor Independence: Auditors must prioritize their independence and objectivity above all else.

Exercising Professional Skepticism: Auditors should maintain a healthy skepticism towards client information and thoroughly investigate potential irregularities.

Upholding Professional Ethics: Adherence to a strict code of ethics is crucial for maintaining the integrity of the accounting profession.

Transparency and Accountability: Open communication and accountability are essential for preventing future scandals.

The Andersen case serves as a constant reminder that the pursuit of financial success should never come at the expense of ethical conduct.

Article Outline:

Introduction: Hook, overview of the article's content.

Chapter 1: The Arthur Andersen Story: Humble Beginnings to Global Powerhouse.

Chapter 2: The Enron Scandal: The Catalyst for Destruction.

Chapter 3: Legal Fallout and Dissolution of Arthur Andersen.

Chapter 4: Lasting Impact on Accounting and Regulatory Reform (SOX).

Chapter 5: Ethical Considerations and Lessons Learned.

Conclusion: Summary of key findings and future implications.

(Each chapter above is already detailed within the article itself.)

Conclusion:

The collapse of Arthur Andersen serves as a stark reminder of the consequences of prioritizing profit over ethical conduct. While the firm's demise led to significant regulatory reforms, the lessons learned from its downfall remain crucial for maintaining the integrity of the accounting profession and safeguarding investor confidence. The story of Arthur Andersen is a cautionary tale that continues to shape the landscape of corporate governance and financial reporting today.

FAQs:

1. What caused the downfall of Arthur Andersen? Primarily, its failure to adequately audit Enron's accounting practices and the subsequent destruction of documents.
1. What is the Sarbanes-Oxley Act? Legislation enacted in response to Enron and WorldCom, strengthening corporate governance and financial reporting.
1. What were the conflicts of interest at Arthur Andersen? The firm provided both auditing and consulting services to Enron, creating a bias.
1. Was Arthur Andersen's conviction overturned? Yes, the Supreme Court overturned the obstruction of justice conviction.
1. What is the significance of the Enron scandal? It exposed systemic failures in corporate governance and accounting oversight.
1. What impact did the Andersen collapse have on the accounting industry? It led to major reforms,

stricter regulations, and increased emphasis on auditor independence.

1. Did Arthur Andersen's actions constitute obstruction of justice? While the conviction was overturned, the destruction of documents was widely considered an attempt to obstruct justice.
1. What are Special Purpose Entities (SPEs)? Off-balance sheet entities used by Enron to hide debt and inflate profits.
1. What ethical lessons can be learned from the Andersen case? The importance of auditor independence, professional skepticism, ethical conduct, and transparency.

Related Articles:

1. Enron Scandal: A Deep Dive: A comprehensive analysis of the Enron scandal and its contributing factors.
2. The Sarbanes-Oxley Act: A Comprehensive Guide: A detailed explanation of SOX's provisions and impact.
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5. Special Purpose Entities (SPEs): Understanding the Risks: A thorough explanation of SPEs and their potential for misuse.
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7. The Role of Whistleblowers in Corporate Governance: Examining the role of whistleblowers in

uncovering fraud and corporate misconduct.

8. **Post-Enron Accounting Reforms: Successes and Limitations:** Assessing the effectiveness of accounting reforms in preventing future scandals.
9. **The Big Four Accounting Firms: A Comparative Analysis:** A comparison of the four largest accounting firms and their market dominance.

arthur andersen accounting: 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.

arthur andersen accounting: *Inside Arthur Andersen* Susan Elaine Squires, Susan Squires, 2003 The authors bring their unique insights to a close-range observation of Andersen's culture that has continued for more than 15 years. They first review Andersen's unique history and role; its traditionally careful attention to enculturating new employees via mentoring, social networking, rewards and punishments; and its social structure characterized by personal, familial relationships. Next, they narrate two decades of change at Andersen, showing how the firm's tightly integrated cultural system gradually began to devolve, rapidly coming apart in the wake of the 1990s new economy revolution. The book concludes with an insightful discussion of the systemic cultural and business factors that placed Andersen and many other organizations at risk, along with a realistic assessment of the proposed reforms.

arthur andersen accounting: *And You Thought Accountant's Were Boring* Larry R. Katzen, 2013-09-25 This is a story about the power of the government who destroyed Arthur Andersen, one of the largest accounting firms in the world. The company was later vindicated by a 9-0 supreme court ruling, but it was too late. The careers of 85,000 people were destroyed. Meet one

of them: Larry R Katzen, who devoted his life to Arthur Andersen.

arthur andersen accounting: Inside Arthur Andersen E Squiresm S, Susan Squires, Cynthia Smith, Lorna McDougall, William Yeack, 2003 Inside Arthur Andersen provides a perceptive analysis of the changes in cultural values that took Andersen from the top of the accounting profession to its doom. The authors do a superb job of analyzing the historical Andersen culture and the varied forces that led to dramatic changes in that culture in recent years. In addition, the authors display great insight into what made Andersen great and the changes that led it to fail, while also raising serious questions about the remaining accounting firms and whether they understand how they must change to survive. In the struggle between public interest and private profit, private profit won out only to cause Andersen to fail.--Arthur R. Wyatt, Retired Partner, Arthur Andersen, former member, FASB, and past Chairman, IASC This book provides a thought-provoking account of how the firm's culture changed over time. It is balanced and helped me make sense of what happened to our once-great firm.-James Brennan, former Associate Partner, Andersen Consulting This author team is the best to provide insider insights and credible explanations of what happened at Arthur Andersen and why it happened. The story they tell contains valuable lessons for all companies and leaders and is a must-read for anyone interested in the health and well-being of companies today.-D. Quinn Mills, Harvard Business School, and author of *Wheel, Deal, and Steal* . The wave of corporate financial scandals has served to emphasize the critical role of the external auditor in maintaining a market economy. Arthur Andersen had a distinguished history of being the 'gold standard' of the profession. How this highly respected firm lost its bearings is the subject of a superb, serious study by former Andersen employees. Inside Arthur Andersen is and will remain the definitive explanation of the downward spiral to Enron.-Leonard R. Sayles, Professor Emeritus, Graduate School of Business, Columbia University Inside Arthur Andersen provides a lively excursion through the conflicting goals and values that permeate organizations in general and the public accounting profession in particular. The story of the birth and death of the Arthur Andersen firm is loaded with lessons for us all. This book should appeal especially to readers who want an overview of the dramatic consequences of Andersen's changing values through the years.-Charles T. Horngren, Stanford Graduate School of Business Inside Arthur Andersen provides an outstanding chro ...

arthur andersen accounting: Enron and World Finance P. Dembinski, C. Lager, A. Cornford, J. Bonvin, 2005-12-16 Four years after the debacle, the term 'Enron' has earned its place in the everyday vocabulary of business ethics. Hardly anyone understands the business intricacies of what really happened with the sophisticated energy conglomerate. Even fewer are those able to envision, beyond the business case, the ethical questions and dilemmas facing actors at any one stage of the drama. Using the collapse of Enron as a case study, this book not only shows how and where ethics came into play, but also draws lessons and discusses possible remedies that may prevent the whole financial system from falling apart as a result of either excessive greed or over-regulation.

arthur andersen accounting: 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.

arthur andersen accounting: Complete Accounting Course David Himmelblau, 1926

arthur andersen accounting: Activity-Based Management Steve Player, David E. Keys, 1999-05-03 We believe the results of this work deliver up some valuable lessons for any company thinking about ABM, about to start ABM, or recovering from a failure with ABM. . . . We hope our views on the pitfalls that impede successful implementation of ABM help the reader and that by book's end, you'll be as convinced as we are that ABM can be a key weapon in today's international business arena.-from the Preface Now revised and expanded, *Activity-Based Management* covers the tools and techniques needed to implement ABM as smoothly as possible and use it to its maximum potential over the long-term. Along with revealing case studies from companies across industries, this comprehensive resource includes thirty lessons to be learned in three crucial areas: starting off right, developing the pilot, and moving from pilot to mainstream. Instrumental in decreasing or eliminating misallocation and misinformation, activity-based management (ABM) is a discipline that focuses on the management of activities as the route to improving the value received by the customer and the profit achieved by providing this value. While a host of Fortune 500 and other growth companies are using ABM, not all are doing so with maximum results, demonstrating clearly that proper application requires certain tools and techniques. The fundamentals needed for the effective deployment of ABM are presented and explained in this comprehensive resource, now completely revised and updated. Edited by Steve Player and David E. Keys, with cases written by members of Arthur Andersen's Advanced Cost Management Practice, *Activity-Based Management* defines what kind of organization should employ ABM, why it should be implemented, and how it can link with other improvement initiatives to enhance a company's management performance. Along with straightforward guidelines on ABM do's, Player and Keys offer important details on the don'ts, highlighting thirty lessons to be learned in three crucial areas: getting off to the right start, developing the pilot, and moving from pilot to mainstream. Covering potential pitfalls, as well as what to do to overcome them, the authors pinpoint such problems as unclear objectives, misallocation of costs, inadequate software, and poor project management. For a frontline perspective, *Activity-Based Management* features revealing case studies from various corporations. Presenting their experiences with ABM and activity-based costing (ABC), these firsthand accounts examine a wide range of topics, including using storyboarding to develop ABM systems, how to use ABM for profitability, using ABM to support reengineering, and using ABC for target-costing, activity-based budgeting, and benchmarking. In addition, the next wave of tools are examined. These include customer profitability, revenue profitability, performance management systems, target costing, and reporting ABC information. Packed with proven strategies and practical tips, this accessible and exhaustive resource is indispensable reading for anyone looking to implement activity-based management smoothly and successfully. Jacket Design: Andrew Liefer.

arthur andersen accounting: Conspiracy of Fools Kurt Eichenwald, 2005 In a study of the Enron scandal, the author goes behind the scenes to profile the players and expose business practices involved in the financial and political debacle that had a profound impact on both Washington and Wall Street.

arthur andersen accounting: Business Ethics and Corporate Governance Fernando A.C., 2010-09

arthur andersen accounting: Accounting Ethics Ronald F. Duska, Brenda Shay Duska, Kenneth Wm. Kury, 2018-11-28 A trusted resource on the complex ethical questions that define the

accounting profession An accountant's practice depends on making difficult decisions. To achieve the best results, individual accountants and accounting firms need a clear understanding of the ethical duties and decision-making involved in the four major functions of modern accounting—auditing, management accounting, tax accounting, and consulting—as well as a strong sense of ethical conduct to guide the certification and validation of reliable financial records. Now in its third edition, *Accounting Ethics* is a thorough and engaging exploration of the ethical issues that accountants encounter in their professional lives. Since the publication of the first edition in 2002, *Accounting Ethics* has become an indispensable resource for accounting courses and certification programs worldwide, known for its focus on real-world application, practical advice, reader-friendly guidance, and its insight into the effects of global change on the profession. Together with coverage of the contemporary regulatory environment—including the Sarbanes-Oxley Act, the Public Company Accounting Oversight Board, and the Dodd-Frank Wall Street Reform and Consumer Protection Act—this revised edition features expanded pedagogical resources such as new end-of-chapter case studies and discussion questions, and includes the updated AICPA Code of Conduct. Concise and dependable, *Accounting Ethics* sustains its reputation as an authoritative resource for practicing accountants, new professionals, students of accounting, and those who are considering the profession.

arthur andersen accounting: *Unaccountable* Mike Brewster, 2003-10-21 Dieses Buch befasst sich mit einem topaktuellen und gleichzeitig umstrittenen Thema: die Praktiken von Wirtschaftsprüfungsgesellschaften und der Ruf nach umfassenden Reformen. Die ganze Brisanz dieses Themas wird am Beispiel des Prozesses gegen Arthur Anderson im Fall Enron nur zu deutlich, und die Situation für Wirtschaftsprüfer und ihre Klienten wird zunehmend brenzlicher. Anhand von Interviews mit über 100 Hauptakteuren der Prüfungsbranche geht Autor Mike Brewster auf wichtige Gesprächsrunden und Ereignisse ein, die die Weiterentwicklung der Rolle des Wirtschaftsprüfers - weg von der reinen Prüfungspraxis und hin zu Consulting- und Researchaktivitäten bis zu Anlagetipps - deutlich belegen. *Unaccountable* zeichnet die faszinierende Verwandlung des Wirtschaftsprüfers nach, der einst als unabhängige Stimme im Auftrag der Aktionäre handelte und sich mittlerweile in einen Finanzberater für seine Unternehmensklientel verwandelt hat. Mike Brewster hat Kontakt zu einigen der stärksten Befürworter von Reformen sowie zu Brancheninsidern, wie z.B. Arthur Levitt, Harvey Pitt, Sandy Weill und den Vertretern der Großen 5 Wirtschaftsprüfungsunternehmen in den USA. Er stellt unbequeme Fragen und enthüllt dabei den großen Einflussbereich von Prüfern in Vorstandsetage, Wirtschaft und Politik. Denn Prüfer gehen heute lieber ihren Consultingaktivitäten nach als der Rechnungsprüfung; und die Großen 5 sind mehr damit beschäftigt, Prozesse zu führen als an der Verbesserung ihrer Prüfungen zu arbeiten. *Unaccountable* - Dieses Buch diskutiert die wirklich wichtigen Themen, beschreibt Möglichkeiten der Reform und erläutert die Auswirkungen, die diese auf Investoren und die Öffentlichkeit haben werden.

arthur andersen accounting: *Take on the Street* Arthur Levitt, 2002-10-08 In *Take on the Street*, Arthur Levitt--Chairman of the Securities and Exchange Commission for eight years under President Clinton--provides the best kind of insider information: the kind that can help honest, small investors protect themselves from the deliberately confusing ways of Wall Street. At a time when investor confidence in Wall Street and corporate America is at an historic low, when many are seriously questioning whether or not they should continue to invest, Levitt offers the benefits of his own experience, both on Wall Street and as its chief regulator. His straight talk about the ways of stockbrokers (they are salesmen, plain and simple), corporate financial statements (the truth is often hidden), mutual fund managers (remember who they really work for), and other aspects of the business will help to arm everyone with the tools they need to protect—and enhance—their financial future.

arthur andersen accounting: *Introduction to Business* Lawrence J. Gitman, Carl McDaniel, Amit Shah, Monique Reece, Linda Koffel, Bethann Talsma, James C. Hyatt, 2024-09-16 *Introduction to Business* covers the scope and sequence of most introductory business courses. The book provides

detailed explanations in the context of core themes such as customer satisfaction, ethics, entrepreneurship, global business, and managing change. Introduction to Business includes hundreds of current business examples from a range of industries and geographic locations, which feature a variety of individuals. The outcome is a balanced approach to the theory and application of business concepts, with attention to the knowledge and skills necessary for student success in this course and beyond. This is an adaptation of Introduction to Business by OpenStax. You can access the textbook as pdf for free at openstax.org. Minor editorial changes were made to ensure a better ebook reading experience. Textbook content produced by OpenStax is licensed under a Creative Commons Attribution 4.0 International License.

arthur andersen accounting: Small Store Survival Arthur Andersen, LLP, 1997-01-14 Small Store Survival should challenge retailers' views of smallstore retailing by questioning key areas of business. What is the vision for the store in 10 years? How have the customers changed over the past few years? How current are the managers about what customers genuinely like and dislike? What is being done to attract, educate, and motivate the best retail talent in the area? How effective is the merchandising strategy? What plans exist for succession? The real lesson of this study is that the best retailers never stop learning. They never stop growing. They never lose their enthusiasm for the customers and the business. And they never cease to revel in change and the chance to deal with it. --from the Executive Summary of Small Store Survival Small Store Survival Over the past decade, thousands of small retail stores have fallen victim to overwhelming competition from huge discount chains determined to take in every retail dollar in sight. But not everyone succumbs to the megastore invasion; many small retailers grow and prosper in spite of this cutthroat competition. How do they do it? Even more important, how can you do it? Small Store Survival is the how-to book that belongs behind the counter of every independent retail store. It analyzes small-store operation in detail and lays out optimal survival strategies and tactics for seven key areas of business practice that are critical to success: customer service, marketing, merchandising, store operations, management, human resources, and finance. Its clear and logical organization enables you to evaluate your business practices function by function, identify strengths and weaknesses, and develop action plans to improve operations in each of these crucial functions. Written by a team of experts from Arthur Andersen LLP, this guide presents detailed solutions and best practices culled from retailers surveys, site visits, and industry research. Its recommendations are applicable to a broad variety of retail formats, including stores that specialize in apparel; appliances; books; drugs, health, and beauty care products; electronics; hardware; home and garden supplies; pets and pet supplies; as well as other specialty stores. Numerous case studies illustrate the problems that plague many retailers and demonstrate ways you can overcome these obstacles and improve your business. You'll learn how to:

- * Identify customer expectations and meet or exceed them at every turn
- * Identify, pursue, and capture a distinct customer market
- * Establish a vision and culture for your store, plan where the company needs to go, and take steps to get there
- * Compete for quality employees and, once you hire them, keep them
- * Establish budgetary controls and contain costs
- * Negotiate effectively for favorable terms from vendors and suppliers

The most successful retailers never stop learning, growing, and adapting to changing circumstances. The hundreds of sound ideas presented in this study were developed and implemented by the most successful small store operators in the industry. Here is your chance to learn and grow with them by adapting these solutions to your own business needs.

arthur andersen accounting: 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.

arthur andersen accounting: *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.

arthur andersen accounting: *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).

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further exposes the ambivalence and instability at the core of America's relationship with its corporations. An expert in criminal law, Buell masterfully examines the limits of too permissive or overzealous prosecution of business crimes. Capital Offenses invites us to take a fresh look at our legal framework and learn how it can be used to effectively discipline corporations for wrongdoing, without dismantling the corporation.

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