

**AN ANALYSIS OF FRAUDULENT ACTIVITIES
BY PUBLIC COMPANIES AS ALLEGED IN
ACCOUNTING AND AUDITING ENFORCEMENT
RELEASES ISSUED BY THE U.S. SECURITIES
AND EXCHANGE COMMISSION IN 2011**

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Abstract

Accurate and timely financial reporting and disclosure is the cornerstone of market efficiency, capital formation, and economic growth. Fraudulent activities undermine public confidence and often lead to increased regulation. Fraudulent activities negatively impact organizations and their stockholders and diminish public confidence. This study adds to the literature on fraudulent activities by analyzing enforcement actions taken by the SEC in 2011. To that end, an analysis of 127 *Accounting and Auditing Enforcement Releases* (AAERs) issued by the U.S. Securities and Exchange Commission in 2011 is provided.

INTRODUCTION

Accurate and timely financial reporting and disclosure is the cornerstone of market efficiency, capital formation, and

economic growth. Fraudulent activities undermine public confidence and often lead to increased regulation. In fact, frauds like Enron (2001) and WorldCom (2002) resulted in the passage of the *Sarbanes-Oxley Act of 2002*, and the massive fraud perpetrated by Bernard Madoff in his multi-billion dollar Ponzi scheme¹ (USSEC 2008a), in part, may have led to the enactment of the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010*.

The term 'fraud' is defined as an intentional violation of trust for personal benefit. Fraud includes the misappropriation of assets, whereby individuals steal or misuse an organization's resources. It includes corruption from conflicts of interest, undisclosed related-party transactions, bribery or other illegal acts, and economic extortion. It also includes financial statement fraud schemes, where financial statements are misstated or the omission of material facts (recording fictitious revenues, overstating assets, understating expenses and liabilities, etc.) (ACFE 2012).

The U.S. Securities and Exchange Commission (hereafter SEC or Commission) is the federal agency charged with protecting investors and maintaining fair and efficient capital markets. This is an enormous charge and fraudulent activities undermine these important social goals (USSEC 2013f).

Fraudulent activities negatively impact organizations and their stockholders and diminish public confidence. The purpose of this study adds to the literature on fraudulent activities by analyzing enforcement actions taken by the SEC in 2011. To that end, the remainder of this paper is organized as follows: the next

¹ A Ponzi scheme is defined as an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. Organizers of such a scheme often solicit new investors by promising to invest funds in opportunities claimed to generate high returns. Ponzi schemes require constant cash flow from new investors, but inevitably collapse when it becomes difficult to recruit new investors. Since 2010, the SEC has brought more than 100 enforcement actions against nearly 200 individuals and 250 entities relating to Ponzi schemes (USSEC 2013d).

section provides a brief overview of the SEC, a summary of the laws that regulate financial reporting and disclosure, a discussion about the SEC's Office of the Chief Accountant and enforcement actions taken by the SEC in the form of its *Accounting and Auditing Enforcement Releases* (AAERs) (hereafter AAERs); the third section provides a brief summary of two studies commissioned by the *Committee of Sponsoring Organizations of the Treadway Commission* (hereafter COSO), which analyzed financial statement fraud in U.S. public companies; the fourth section provides two cases—to illustrate anti-bribery violations by Siemens and securities fraud and other violations at DHB Industries; the fifth section provides an analysis of 127 AAERs issued by the SEC in 2011; and the last section provides some concluding commentary about the 2011 findings.

U.S. SECURITIES AND EXCHANGE COMMISSION

The Commission was established in 1934 to enforce securities laws passed in response to the stock market crash of 1929. It regulates individuals and institutions who sell securities (including exchanges, brokers, dealers, investment advisors, and mutual funds), and requires publicly-traded companies to disclose relevant financial and business information to investors and potential investors (USSEC 2013f).

The Commission is a "law enforcement agency" (USSEC 2013f, 7). Two federal laws that the SEC is charged to regulate include the *Securities Act of 1933* and the *Securities Exchange Act of 1934*. These laws are based on the fundamental tenet that publicly-traded companies must provide accurate information about their businesses (USSEC 2013f). Two of the more recent federal laws that the SEC is charged to regulate include the provisions of the *Sarbanes-Oxley Act of 2002* and the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010*.

The SEC and the U.S. Department of Justice are jointly responsible for enforcing the *Foreign Corrupt Practices Act*

(FCPA) enacted in 1977. In 2010, the SEC created a specialized unit "to further enhance its enforcement of the FCPA" (USSEC 2013e, 1). The FCPA prohibits the payment of bribes to foreign officials to assist in obtaining or retaining business. The Act can apply to prohibited conduct anywhere in the world and extends to publicly-traded companies and their officers, directors, employees, stockholders, and agents, including third-party agents, consultants, distributors, joint-venture partners, and others. The Act "requires issuers to maintain accurate books and records and have a system of internal controls sufficient to, among other things, provide reasonable assurances that transactions are executed and assets are accessed and accounted for in accordance with management's authorization" (USSEC 2013e, 1). Sanctions for violations can be significant. "The SEC may bring civil enforcement actions against issuers and their officers, directors, employees, stockholders, and agents for violations of the anti-bribery or accounting provisions of the FCPA. Companies and individuals that have committed violations of the FCPA may have to disgorge their ill-gotten gains plus pay prejudgment interest and substantial civil penalties. Companies may also be subject to oversight by an independent consultant" (USSEC 2013e, 1).

The SEC has authority to regulate the rules of practice of individuals practicing before the Commission and suspension and disbarment. One such regulation is Section 102(e) [SEC Rules Practice (17 CFR 201.100, *et seq.*)]. It provides that (USSEC 2006b, 5):

The Commission may censure or deny, temporarily or permanently, the privilege of appearing or practicing before it in any way to any person who is found by the Commission after notice and opportunity for hearing in the matter:

(i) not to possess the requisite qualification to represent others; or

(ii) to be lacking in character or integrity or to have engaged in unethical or improper professional conduct; or

(iii) to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules and regulations thereunder;

(iv) with respect to persons licensed to practice as accountants, "improper professional conduct" under Rule 102(e)(1)(ii) means:

(A) intentional or knowing conduct, including reckless conduct, that results in a violation of applicable professional standards; or

(B) either of the following two types of negligent conduct:

(1) a single instance of highly unreasonable conduct that results in a violation of applicable professional standards in circumstances in which an accountant knows, or should know, that heightened scrutiny is warranted.

(2) repeated instances of unreasonable conduct, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission.

On July 2, 2013, the SEC announced that its Division of Enforcement had formed a task force to concentrate resources on high-risk areas related to fraudulent financial reporting. The primary goal of the *Financial Reporting and Audit Task Force* "will be fraud detection and increased prosecution of violations involving false or misleading financial statements and disclosures. The Task Force will focus on identifying and exploring areas susceptible to fraudulent financial reporting, including on-going

review of financial statement restatements and revisions, analysis of performance trends by industry, and use of technology-based tools such as the Accounting Quality Model" (USSEC 2013b, 2).

The SEC's Office of the Chief Accountant (OCA) "is responsible for establishing and enforcing accounting and auditing policy to enhance transparency and relevancy of financial reporting, and for improving the professional performance of public company auditors in order to promote the fair presentation and credibility of financial statements used for investment decisions" (USSEC 2013c, 1). The Division of Enforcement, Chief Accountant's Office (ENF-OCA) "investigates possible violations of securities laws with respect to accounting, auditing, and financial issues" (USSEC 2013c, 1).

For the past three decades, the SEC has communicated financial reporting related enforcement actions, including civil actions brought by the SEC in federal court and administrative proceedings in the form of its AAERs (Previts, Roybark, and Coffman 2003). From April 15, 1982 through July 9, 2013, the Commission has issued 3,472 such enforcement releases. **Exhibit 1** depicts the number of AAERs issued for the years 1982-2013. As shown, the number of AAERs issued in any calendar year peaked in 2003 with 240 enforcement releases. This most likely is due to massive frauds such as Enron and WorldCom.

COMMITTEE OF SPONSORING ORGANIZATIONS OF THE TREADWAY COMMISSION (COSO)

The COSO commissioned two studies to analyze fraudulent financial reporting by U.S. public companies. The first study commissioned by the COSO was conducted by Beasley, Carcello, and Hermanson (COSO 1999). The researchers analyzed 880 AAERs issued by the SEC during 1987-1997 and identified 294 companies involved alleged instances of fraudulent financial reporting. In 72 percent of the cases, the chief executive officer (CEO) was alleged to be associated with the financial statement

fraud. In 43 percent of the cases, the chief financial officer (CFO) was alleged to be associated with the financial statement fraud. The CEO and/or the CFO were associated with 83 percent of the 294 cases reported. When taken together, the SEC named the CEO and/or the CFO for some level of involvement in 83 percent of the cases (COSO 1999).

The most recent study commissioned by the COSO was conducted by Beasley, Carcello, Hermanson, and Neal (COSO 2010). The researchers analyzed 1,759 AAERs issued by the SEC during 1998-2007 and identified 347 companies (1,335 of the 1,759 AAERs) involved in alleged instances of fraudulent financial reporting. In 72 percent of the cases, the CEO was alleged to be associated with the financial statement fraud. In 65 percent of the cases, the CFO was alleged to be associated with the financial statement fraud. When taken together, the SEC named the CEO and/or the CFO for some level of involvement in 89 percent of the 347 cases. Only a small number of the frauds examined in the 1998-2007 study involved time periods subsequent to the issuance of the Sarbanes-Oxley Act of 2002. Sixty-one (17.6 percent) of the 347 companies analyzed related to periods subsequent to 2002 and the passage of the Sarbanes-Oxley Act and only a small number of the companies were subject to the provisions of Section 404 of Sarbanes-Oxley (COSO 2010). The researchers noted that (COSO 2010, 3):

Because there is a significant time lag between the occurrence of fraudulent financial reporting and the issuance of an AAER related to that fraud instance, most of the underlying instances of fraudulent financial reporting described in the AAERs examined in this study occurred before the passage of the Sarbanes-Oxley Act of 2002.

**ILLUSTRATION OF FRAUDULENT ACTIVITIES—
SIEMENS AND DHB INDUSTRIES**

There often is a time lag between the occurrence and discovery of a fraudulent activity or event and when the SEC investigates the allegations of the fraud and any subsequent issuance of an AAER related to the fraud case. Given that multiple parties may be involved in the fraud, more than one enforcement action may be appropriate or a subsequent issue or issues may surface after the initial investigation and enforcement action has been taken; so multiple AAERs may be issued related to a fraudulent event at one single company. For example, Siemens, a German corporation is presented to illustrate the pre- and post-Sarbanes-Oxley periods, where multiple AAERs were issued relating to a single company.

In a civil case filed in the U.S. District Court for the District of Columbia (*U.S. Securities and Exchange Commission v. Siemens*), the SEC alleged that between March 12, 2001 and September 30, 2007 Siemens violated the FCPA by engaging in a widespread and systematic practice of paying bribes to foreign government officials to obtain business. The complaint alleged that Siemens created elaborate payment schemes to conceal the nature of its corrupt payments and the Company's inadequate internal controls allowed the illicit conduct to flourish. The misconduct involved employees at all levels of the organization, including former senior management. The complaint further alleged that the SEC's investigation had revealed a corporate culture at Siemens that had long been at odds with the FCPA. On December 15, 2008, the SEC filed a settled enforcement action for the charges alleged in the civil case against Siemens [USSEC 2008b (AAER No. 2911)]. Based on the settlement, Siemens agreed to pay \$350 million in disgorgement to the SEC. In related actions, Siemens paid a \$450 million criminal fine to the U.S. Department of Justice and approximately fines of \$854 million to the Office of the Prosecutor General in Munich, Germany [\$285 million in October 2007 and \$569 million December 2008] (USSEC 2008b).

On December 13, 2011, the SEC subsequently charged seven former Siemens executives with violations of the FCPA specifically related to bribing senior government officials in Argentina to retain a \$1 billion government contract to produce national identity cards for Argentine citizens. The executives charged included the former managing board member, a board member and business consultant, the commercial head of major projects, the head of business operations and finance, Uriel Sharef, the CEO of Siemens Argentina, and Andres Truppel, the CFO of Siemens Argentina [USSEC 2011c (AAER No. 3342)]. On April 16, 2013, Sharef settled the SEC charges without either admitting or denying the allegations in the SEC's complaint [USSEC 2013a (Litigation Release No. 22676)]. The settlement resolves the SEC's civil action against Sharef for his role in Siemens bribery scheme in Argentina (AAER No. 3342). As of July 2013, no other resolution has occurred regarding the other six executives charged in the 2011 civil complaint. In short, the alleged violations related to Siemens and its executives occurred pre- and post-Sarbanes Oxley, with formal SEC legal actions thus far spanning a six-year period (2008-2013).

While the Siemens example illustrated pre- and post-Sarbanes-Oxley periods, the second case, DHB Industries, Inc. (n/k/a/ Point Blank Solutions, Inc.) occurred after Sarbanes-Oxley was enacted. On August 17, 2006, the SEC filed charged Dawn Schlegel, CPA and Sandra Hatfield, with alleged securities fraud. Schlegel was the former CFO at DHB, while Hatfield was its former chief operating officer [USSEC 2006a (AAER No. 2475)]. DHB was a major supplier of body armor to the U.S. military and law enforcement agencies. The officers were alleged to routinely overstate inventory and understate the cost of goods sold and transferred millions of dollars from cost of goods sold to research and development cost, all to materially increase the company's gross profit. Accordingly to the complaint, Schlegel and Hatfield collectively profited by over \$8.2 million from the cashless exercise of warrants and subsequent sale of over 400,000 shares of

DHB shares at the height of DHB's stock price and before the public knew about the misrepresentations in DHB's public financial statements (USSEC 2006a).

On October 25, 2007, the SEC charged David Brooks, former CEO and Chairman of DHB's Board with securities fraud related to the same allegations as made against the CFO and COO. The complaint alleged that Brooks sold his personal DHB stock for proceeds of about \$186 million at the end of 2004 [USSEC 2007 (AAER No. 2746)]. On February 28, 2011, the SEC charged DHB Industries with securities fraud related to the massive accounting fraud that occurred at the company between 2003 and 2005 [USSEC 2011a (AAER No. 3247)]. At that same time, separate charges were filed against three former members of DHB's directors and audit committee members with facilitating the company's fraud [USSEC 2011a (AAER No. 3247)]. On November 10, 2011, the U.S. District Court for the Southern District of Florida final judgments against the three former directors and ordered them to pay more than \$1.6 million (Chasin \$205,723, Krantz \$496,464, and Nadelman \$966,935) in monetary sanctions to settle the charges that they were involved in the accounting fraud [USSEC 2011b (Litigation Release No. 22154 in settlement of AAER No. 3247)]. The SEC's civil litigation against Brooks and the other two former DHB officers was stayed pending the resolution of criminal actions filed against them by the U.S. Attorney's Office for the Eastern District of New York (USSEC 2011b).

ACCOUNTING AND AUDITING ENFORCEMENT RELEASES ISSUED IN 2011 (N = 127)

The statistics relating to the AAERs issued by the SEC in 2011 are presented in **Exhibit 2**. The SEC issued 127 AAERs in

2011² (USSEC 2011d). As previously noted, multiple AAERs can be issued related to a single company. Seventy-two public companies and 18 audit firms or auditors were identified in the 127 AAERs issued in 2011 (USSEC 2011d).

Thirteen (10 percent) of the AAERs identified companies only, while another 10 (8 percent) of the AAERs identified companies and one or more individuals associated with a given company (executives, officers, managers, etc.). Seventy-nine (62 percent) of the AAERs identified one or more individuals associated with a given company (executives, other personnel, etc.). Four (3 percent) of the AAERs identified audit firms only, while another 4 (3 percent) AAERs identified audit firms and one or more CPAs associated with the audit firm. Thirteen (10 percent) of the AAERs identified one or more CPAs associated with the audit firm. Three (2 percent) of the AAERs identified esquires, while one (1 percent) of the AAERs identified an esquire that was also a CPA.

Public Companies and Associated Individuals (n = 102 AAERs)

Of the 13 AAERs where a public company was identified, 8 of the enforcement releases related to alleged FCPA violations, 1 related to alleged illegal acts regarding tax liabilities, and 4 related to alleged fraudulent financial statements. Of the 10 AAERs where both a public company and one or more individuals associated with a public company were identified, 1 related to alleged FCPA violations, 2 related to alleged securities fraud, and 7 related to alleged fraudulent financial statements.

Of the 79 AAERs where one or more individuals associated with a public company were identified, 2 related to alleged FCPA violations, 4 related to alleged securities fraud, 31 related to

² Enforcement releases issued during 2011 include AAER No. 3223 – AAER 3350. Note that AAER Release No. 3333 was not issued (USSEC 2011d).

alleged fraudulent financial statements, 2 related to fraudulent financial statements and insider trading, 1 related to alleged embezzlement, 36 (34 CPAs + 2 non-CPAs) related to alleged Rule 102(e) violations, and 3 related to reinstatement of CPAs to practice before the SEC.

Associated Individuals Serving as CEOs and CFOs (n = 64). Of the 127 AAERs issued in 2011, CEOs were alleged to be associated with some type of violation in 23 (18 percent) of the AAERs, while CFOs were alleged to be associated with some type of violation in 41 (32 percent) of the AAERs.

A total of 102 AAERs issued related to public companies and associated individuals. Based on 92 AAERs (102 public company cases – 3 reinstatement cases – 1 embezzlement case – 6 securities fraud cases), CEOs were alleged to be associated with violations in 21 percent (19/92) of the cases, while CFOs were alleged to be associated with violations in 43 percent (40/92) of the cases. In 12 percent (11/92) of the cases, both CEOs and CFOs were alleged to be associated with violations. When taken together, the SEC named either the CEO and/or the CFO for some level of involvement in 64 percent (59/92) of the 92 cases.

Audit Firms and Associated CPAs (n = 21 AAERs)

Of the 4 AAERs where an audit firm was identified, 4 of the enforcement releases related to alleged Rule 102(e) violations. Of the 4 AAERS where both an audit firm and one or more CPAs associated with an audit firm were identified, 4 of the enforcement releases also related to alleged Rule 102(e) violations.

Of the 13 AAERs where one or more CPAs associated with an audit firm were identified, 9 related to alleged Rule 102(e) violations, 1 related to alleged failure to exercise due care, and 3 related to reinstatements of CPAs to practice before the SEC.

Esquires and Associated Individuals (n = 4 AAERs)

Of the 4 AAERs where esquires were identified, 2 related to alleged Rule 102(e) violations by attorneys, 1 related to alleged Rule 102(e) violations by an attorney-CPA, and 1 related to reinstatement of an attorney to practice before the SEC.

Certified Public Accountants (n = 57)

One or more Certified Public Accountants (CPAs) were identified in 57 (45 percent) of the 127 AAERs issued in 2011. Of those, six of the AAERs related to the reinstatement of CPAs to practice before the SEC. The remaining 51 CPAs identified related to alleged Section 102(e) violations and other professional violations or misconduct, such as failure to exercise due care.

Note that of the 51 CPAs charged with Section 102(e) violations, 17 CPAs were associated with an audit firm, while 34 CPAs were associated with a public company. It is worth noting that 20 (59 percent) of the 34 CPAs were identified as the CFO of a public company. In short, 59 percent of those CPAs charged by the SEC with Section 102(e) violations served as a chief financial officer of a public company. This is a serious indictment of those CPAs regarding their professional responsibility and duty to protect the public.

CONCLUSIONS

There can be little or no debate that fraudulent activities negatively impact organizations and their stockholders and diminish public confidence. Accurate and timely financial reporting/disclosure is the cornerstone of market efficiency, capital formation, and economic growth. In short, fraudulent activities undermine public confidence and can lead to increased regulation.

The purpose of this study was to analyze enforcement actions taken by the SEC in 2011. The 2011 data as presented

provide mixed results about financial reporting and other fraudulent activities.

In the 2010 COSO study, 347 cases of fraudulent financial statements were reported over the 10-year period (1998-2007), while 42 cases of fraudulent financial statements were reported in 2011. In addition, 67 percent (34/51) of the 51 alleged Rule 102(e) violations related to public companies and associated individuals (executives, officers, managers, etc). Furthermore, 59 percent (20/34) of the CPAs identified by the SEC served as the chief financial officer of a public company. Based on the 2011 enforcement releases, it does not appear that fraudulent financial reporting has decreased in the post-Sarbanes-Oxley period.

As identified by the SEC, involvement by CEOs and CFOs in alleged instances of fraudulent financial reporting is lower in 2011 than detailed in the 2010 COSO study. Of the 92 AAERs relating to public companies and associated individuals, CEOs and CFOs were alleged to be involved in fraudulent reporting in 21 percent (19/92) and 43 percent (40/91) of the enforcement actions, respectively. When taken together, the SEC named either the CEO and/or the CFO with some level of involvement in 64 percent (59/92) of the 92 cases. While these statistics are considerably lower than the same statistics reported in the 2010 COSO (72 percent, 65 percent, and 89 percent, respectively), it is still a strong indictment on the current state of fraudulent financial reporting.

As depicted in **Exhibit 1**, 84 AAERs were issued in 2012, the fewest number of enforcement releases issued by the SEC since 1993. The same trend can be seen in 2013, with 38 AAERs issued during the first half of 2013 (January 1 – July 9), so the decline in the number of enforcement releases appears to be holding. This offers at least some antidotal support that fraudulent activities have declined since the passage of the Sarbanes-Oxley Act of 2002.

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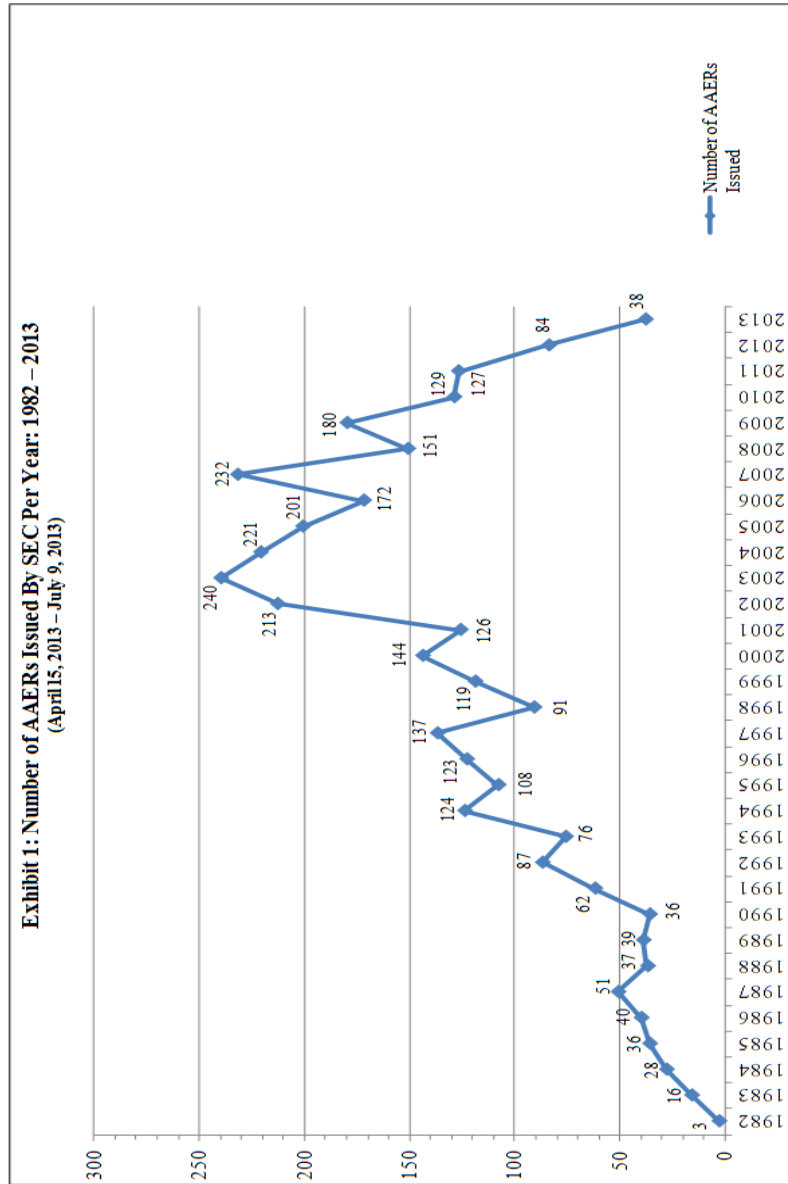


Exhibit 2: Accounting and Auditing Enforcement Releases (AAERs) Issued By the SEC In 2011												
Violation Reported by SEC	Region	Companies and Associated Individuals				Audit Firms and Associated CPAs				Esquires		Totals
		Companies Only (n = 13)	Both Companies and Individuals (n = 10)	Individuals Only (n = 79)	Total Company Individuals and Individuals (N ₁ = 102)	Audit Firms Only (n = 4)	Both Audit Firms and CPAs (n = 4)	CPAs Only (N ₂ = 21)	Total Firm and CPAs (N ₃ = 4)	Total Esquire (N ₃ = 4)		
Fraudulent Financial Statements	n	4	7	31	42	0	0	0	0	0	42	
Fraudulent Financial Statements	nN	10%	17%	74%	100%	0%	0%	0%	0%	0%	100%	
Fraudulent Financial Statements and Insider Trading	n	0	0	2	2	0	0	0	0	0	2	
Fraudulent Financial Statements and Insider Trading	nN	0%	0%	100%	100%	0%	0%	0%	0%	0%	100%	
Rule 102(e) Violation-CPA Conduct Issues—CPAs	n	0	0	34	34	4	4	9	17	0	51	
Rule 102(e) Violation-CPA Conduct Issues—CPAs	nN	0%	0%	67%	67%	8%	8%	18%	33%	0%	100%	
Rule 102(e) Violation-CPA Conduct Issues—Other Non-CPAs	n	0	0	2	2	0	0	0	0	0	2	
Rule 102(e) Violation-CPA Conduct Issues—Other Non-CPAs	nN	0%	0%	100%	100%	0%	0%	0%	0%	0%	100%	
Other CPA Violations—Failure to Exercise Due Care	n	0	0	0	0	0	0	1	1	0	1	
Other CPA Violations—Failure to Exercise Due Care	nN	0%	0%	0%	0%	0%	0%	100%	100%	0%	100%	
Reinstatement to practice before SEC—CPAs	n	0	0	3	3	0	0	3	3	0	6	
Reinstatement to practice before SEC—CPAs	nN	0%	0%	50%	50%	0%	0%	50%	50%	0%	100%	
Reinstatement to practice before SEC—Attorney	n	0	0	0	0	0	0	0	0	1	1	
Reinstatement to practice before SEC—Attorney	nN	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	
Illegal Acts—Foreign Corrupt Practices Act (FCPA)	n	8	1	2	11	0	0	0	0	0	11	
Illegal Acts—Foreign Corrupt Practices Act (FCPA)	nN	73%	9%	18%	100%	0%	0%	0%	0%	0%	100%	
Other Illegal Acts—Related to Sales Tax Liabilities	n	1	0	0	1	0	0	0	0	0	1	
Other Illegal Acts—Related to Sales Tax Liabilities	nN	100%	0%	0%	100%	0%	0%	0%	0%	0%	100%	
Embezzlement	n	0	0	1	1	0	0	0	0	0	1	
Embezzlement	nN	0%	0%	100%	100%	0%	0%	0%	0%	0%	100%	
Rule 102(e) Violations—Attorney-CPA	n	0	0	0	0	0	0	0	0	1	1	
Rule 102(e) Violations—Attorney-CPA	nN	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	
Esquire Conduct & Rule 102(e) Violations—Attorney	n	0	0	0	0	0	0	0	0	2	2	
Esquire Conduct & Rule 102(e) Violations—Attorney	nN	0%	0%	0%	0%	0%	0%	0%	0%	100%	100%	
Securities Fraud	n	0	2	4	6	0	0	0	0	0	6	
Securities Fraud	nN	0%	33%	67%	100%	0%	0%	0%	0%	0%	100%	
Total number of AAERs issued during 2011	N _T	13	10	79	102	4	4	13	21	4	127	
Total number of AAERs issued during 2011	N _T N	10%	8%	62%	80%	3%	3%	10%	17%	3%	100%	