

Salem State University

Digital Commons at Salem State University

Honors Theses

Student Scholarship

2020-05-01

The Unprofessional Side of Accounting: Cooking the Books

Adam Schembri

Follow this and additional works at: https://digitalcommons.salemstate.edu/honors_theses



Part of the [Accounting Commons](#)

Recommended Citation

Schembri, Adam, "The Unprofessional Side of Accounting: Cooking the Books" (2020). *Honors Theses*. 264.

https://digitalcommons.salemstate.edu/honors_theses/264

This Thesis is brought to you for free and open access by the Student Scholarship at Digital Commons at Salem State University. It has been accepted for inclusion in Honors Theses by an authorized administrator of Digital Commons at Salem State University.

THE UNPROFESSIONAL SIDE OF BUSINESS: COOKING THE BOOKS

Honors Thesis

**Presented in Partial Fulfillment of the Requirements
For the Degree of Bachelor of Science in Accounting**

In the Bertolon School of Business
at Salem State University

By

Adam Schembri

Dr. Robert Daniell
Faculty Advisor
Department of Management

Commonwealth Honors Program
Salem State University
2020

Abstract: Cooking the Books – Limiting Companies’ Opportunities at Committing Fraud

Adam Schembri

Under the direction of Dr. Robert Daniell, Management

This research examines how companies misstate revenues, whether that can be ethical in certain situations, and which laws have been put in place to prevent or limit companies from committing fraud. The term “cooking books” in business refers to when companies make up or manipulate areas of their financial statements to make their numbers stand out more. This research shines light on how serious this issue really is, and what such actions does to not only the company, but those in and around it. How and why do companies commit fraud? How does government regulate and proactively stop fraud from occurring? What has happened to companies in the past that have cooked their books? To answer these research questions, information was collected pertaining to how companies cook their books and why they do it, as well as research different laws that have governed and improved fair and appropriate financial reporting. This list of laws will be at the federal level and consists of looking at the Sarbanes-Oxley Act and its impact on how fraud has been limited and disallowed. Additionally, this research analyzes Enron, Tesco, and Wells Fargo, and their run-ins with fraudulent behaviors. Through looking at their own respective situations, each company’s specific actions they took to make or consciously go about committing fraud will be examined, as well an examination of their financial statements to give indications on how their fraudulent behaviors subsequently impacted the company from an investor’s point of view. Fraud occurs every day in the business world, and it is something that should not be taken lightly. This has been an issue for decades, but is finally slowing thanks to a closer and more restrictive look what has been done in the past and what can be done in the future to make a level playing field.

Table of Contents

Introduction.....	1
Ways That Companies Cook Their Books.....	2
Analysis of Different Companies Cooking Their Books.....	4
Enron.....	4
Tesco.....	6
Wells Fargo.....	7
The Auditing Process.....	9
Ethics in Accounting.....	11
The Sarbanes-Oxley Act (2002).....	13
Main Points of SOX.....	14
Public Company Accounting Oversight Board (PCAOB).....	15
Internal Controls from SOX.....	15
Conclusion.....	16

Introduction

In the business world, the phrase cooking the books refers to when a company commits fraudulent activities to falsify their financial statements, mainly through the use of changing financial data to yield previously nonexistent earnings. There are many instances that show manipulating financial information is a wrong and unethical act companies use to deceive investors and make it seem as though they are more financially sound than they really are. This research will back up this claim by first further explaining how and why companies commit fraud, followed by analyzing two infamous fraud scheme cases, and finally presenting how the government has stepped in and implemented laws to further control, monitor, and prevent future fraud instances.

Committing fraud is a way companies can make their financial statements look better by exaggerating or falsifying numbers. The ultimate goal is to make the company look more attractive or stable to investors. Investors have multiple options when investing. Their primary goal is to make money, and as much of it as they can with each investment. So, naturally, investors are going to put their money into companies they feel will give them the largest return on their stake in the company, while also keeping in mind the risk involved in investing in a company. Therefore, when companies cook their books, they are trying to get the attention of potential investors. Companies are making it seem like they are in such good financial state that an investor would be crazy not to invest in their company. However, this often hides potential issues with the company. This thesis will educate readers on the different techniques that companies use when executing fraud, and the magnitude of these actions with the help of three case studies of companies that have previously been caught committing fraud. Additionally, this thesis

outlines the audit process, identifies proper ethics in accounting, and analyzes the major components of the Sarbanes-Oxley Act, highlighting its importance in the fight against fraud.

Ways That Companies Cook Their Books

Most of the time, companies who cook their books do so because they are not in good financial shape, and need investments to try and turn their company around. In their current state, the only way to get substantial and valuable investments is to misrepresent the company in some way. In essence, the company is at stake here, and the only way companies feel they can be saved is in this way. There are many different techniques companies can cook the books. Some common methods include accelerating revenues (recognizing revenues that have not yet been paid to them), delaying expenses (not recognizing expenses that have already been incurred), manipulating pension plans, and implementing synthetic leases (a special type of financing structure with tax benefits to the lessee). All of these are crimes punishable as a felony (Kenton, 2019).

Specifically, there are some common methods multi-national companies use to manipulate their financial statements:

Companies using sales on credit to increase their revenues. This is when companies sell a good or service to a customer on credit (which means the customer will pay for it on a later date) and include it in their revenues even though it should not be recognized yet. Companies should wait to recognize revenue after they have been paid. This technique gives the false impression that a

company has already received cash from a buyer and the sales numbers go up (Kenton, 2019).

Companies showing major increases in sales with the help of financing programs. With the use of financial software, companies can edit or add to their sales numbers, making it seem like they have had more sales than in reality, and making it look like they have more cash on hand as well. This, too, makes it seem like companies have had more sales than in actuality (Kenton, 2019).

A tactic called channel stuffing. Channel stuffing is when unordered parts are shipped to distributors and then sent back, but are still recorded as sales. Channel stuffing results in companies recording sales for goods that are shipped, but when these goods are sent back, the sales recording is not reversed. So, companies not only report false sales, but also do not lose inventory and do not incur common expenses such as cost of goods sold (Kenton, 2019).

The absence of nonrecurring expenses in financial records. Nonrecurring expenses are costs to a company that are just one-time costs, and are extremely unlikely to occur again. After paying for a nonrecurring expense, a company will almost never have that expense again. Unlike recurring expenses, which occur every month and are extremely difficult to not include, nonrecurring expenses are very easy to hide because if they are not included in a company's financial statements, nobody would know just from looking at them, simply because they are not expected and are just a one-time thing. Not including nonrecurring expenses in a company's financial statements eliminates one or more expenses, causing the net income to not decrease (Kenton, 2019).

Through the process of stock buy backs, companies decrease the amount of available shares in the market. The idea behind this is to have the issuing company pay shareholders the market value per share, and then re-absorb the part of ownership that was held by those shareholders. Not only is it a flexible way to return money to shareholders, but it also hides a decline in earnings per share (Kenton, 2019).

Companies hiding debt in subsidiaries. With this technique, a larger parent company either buys or creates a subsidiary, and hides their debt in these subsidiaries. This gives the appearance that the parent company has less debt, essentially masking and stashing the debt. Most parent companies do this with the logic of getting the debt off of their books and onto the subsidiary's books (Kenton, 2019).

Analysis of Different Companies Cooking Their Books

Enron

The most infamous example of a company cooking their books is Enron. Once a multi-million-dollar energy company, Enron self-destructed due to their executives' decisions to act against the advice of their auditors. Now, to be clear, even though Enron operated in fraudulent grounds, and some of the activities they were engaged in were technically legal at the time, it still resulted in the same consequences as illegally doing so. Enron used a federally regulated accounting method called market to market. This method uses the value of a security to predict profits and losses. By using this method, Enron was able to include projected earnings from long-term energy contracts as current

income. This money would not even be collected for years, but was recorded as sales for the current period (CNN, 2002). This made it difficult to see how Enron was making money, because their stock prices were high due to their revenue numbers, but they were still in a lower tax bracket than what their revenues said they should be in. Eventually, these high sales numbers with not a lot of taxable cash caught up with them. Their stock inevitably started to fall and the end was in sight.

Not only did Enron fail due to this action, but, naturally, it took its stockholders down with it, hard. Enron lost its stockholders \$25 billion because of its selfish decisions. Its employees also greatly suffered. In addition to finding themselves unemployed, the majority of employees also lost all of their retirement plans and life savings (CNN, 2002). Although their retirement plans were based on company stocks, and the executives knew that, it is still immoral that Enron did this. Enron knew that if their stock plummeted and they went under, their employees' retirement funds would vanish. Their intent was not to save these funds, but to save themselves instead. The concept of intent plays an important role here, because proper caution was not utilized in this case, which ended up ruining their employees' lives.

Ultimately, the stockholders of Enron sued the company. When interviewed, the attorney representing the investors was asked about what Enron did. His response was, "Now who do you think cooked these books? Some janitor or low-level employees? Let us be direct here. These books were cooked by (Enron Chairman Kenneth) Lay and the other top executives who put hundreds of millions of dollars in their pockets, while the employees of Enron were victimized and hundreds of thousands of other investors lost billions of dollars." (CNN, 2002).

The ironic part about the Enron incident is that an employee noticed these unusual transactions, and wrote to Chairman Lay “raising several areas of concern, including ownership interests in certain partnerships, how accountant Andersen treated partnerships on Enron's books, and the potential impact on Enron's financial statements” (CNN, 2002). Obviously, Enron executives did not take these concerns lightly, as they got caught and the company ended up filing for bankruptcy. At the end of it all, Enron sold \$1.1 billion worth of stocks to investors, overstated their stockholder’s equity by that same amount, overstated their profit by \$600 million, and as stated before, lost its stockholders \$25 billion (CNN, 2002).

It is common knowledge that not every investment will result in a positive return; investments can garner losses as well. But, in this case with Enron, intent once again plays an important role. Had Enron operated “above board” and the stockholders lost what they did, there would be no backlash because were aware of the inherent risks. Investors would never have invested in the company with the knowledge or prediction that this would occur. These were unexpected circumstances that should not have happened, and Enron knew the risks associated with cooking their books, but they did it anyways. The stockholders trust and respect were violated.

Tesco

Not surprisingly, Enron was not the only well-known company to fall victim to the ways of fraud. One of the most renown international cases is Tesco. Tesco is a British grocery and general merchandise store who tried to emulate its success in Europe to the United States. When this did not work, multi-billionaire business tycoon Warren Buffet invested in Tesco to help them out. In an effort to dig themselves out of the ditch created

after failing their migration to the United States, Tesco did the worst possible thing they could have done - cooked their books. Tesco was expecting to receive some rebate income at the end of the year. Instead of waiting until they received these rebates to report them, or reporting what they actually anticipated on getting early, they overstated their expected rebate income by \$400 million. This overstatement inflated their first-half profit number, resulting in falsification of information. When news of this broke, its stock began to fall, and soon enough they had allegations of fraud to contend with. Because of this costly intentional “error”, Warren Buffet and his firm lost approximately \$750 million. Perhaps as equally unethical as the decision of Tesco to cook their books was their auditing firm’s decision to sign off on their financial statements, although the \$16 million they were paid by Tesco to do so probably made that decision a whole lot easier to make (The Economist, 2014).

When Tesco decided to overstate their profit, they did so with a goal in mind: to make it seem like they were making more money than they actually were. Unlike Enron, they did so in an illegal way. They wanted to stand out more, but ended up wronging every investor who came in contact with them. Tesco intentionally lied to investors by not accurately representing their profit and revenue numbers. There was a complete lack of respect given to their investors. Tesco had no regard or consideration of what would happen to their investors’ money when they chose to cook their books, but they took their money anyways knowing they were investing in something untruthfully represented.

Wells Fargo

One of the more recent fraud schemes involves Wells Fargo. Wells Fargo always had a reputation of having sound management. At one point, *Fortune* magazine praised

them for “a history of avoiding the rest of the industry’s dumbest mistakes” (Tayan, 2019). In 2013, Chairman and CEO John Stumpf was even named “Banker of the Year” by *American Banker*. Wells Fargo seemed to be at the top of the banking industry, having an unblemished standing paired with an envied company culture.

Wells Fargo had long used cross-fitting as a way to better service their customers. The more products a customer has with Wells Fargo, the more information the bank has on that customer. This, in theory, allows for better decisions about credit, products, and pricing. Customers with multiple products are also generally more profitable. In 2013, rumors started circulating that Wells Fargo employees in California were engaging in aggressive tactics to meet their daily cross-selling quotas. About 30 employees were fired for opening new accounts and issuing debit or credit cards without customer knowledge. Some employees even forged customer signatures. Unfortunately, even though the employees were fired, this was a seemingly common practice for Wells Fargo. In September, 2016, Wells Fargo announced it agreed to pay a \$185 million settlement to regulators and the city of Los Angeles. They further admitted that they had opened as many as 2 million accounts without customer authorization over a five-year period. Upon this news, Wells Fargo stock price fell 2 percent (Tayan, 2019).

Shortly after this, CEO John Stumpf stepped down, while Wells Fargo was also punished by federal regulators for actions unrelated to the fake accounts, as they violated Dodd-Frank – a law meant to better regulate big banks and protect consumers. In April 2017, the board of directors completed an independent investigation of Wells Fargo. Their results pointed to the bank’s leadership, sales culture, performance systems, and organizational structure as the causes of the cross-selling scheme. After reevaluating their

estimated number of unauthorized customer accounts set up, it was determined that now 3.5 million fake accounts were set up. In total, Wells Fargo paid out \$4.8 million in refunds to customers (Rodriguez, 2018).

Amazingly, it did not stop there. Wells Fargo had additionally referred customers for enrollment in third-party renters and life insurance policies, charged auto loan customers for force-placed and unnecessary collateral protection insurance, failed to ensure that customers received refunds of unearned premiums on some optional auto finance products, and incorrectly charged customers for mortgage rate lock extension fees (Rodriguez, 2018). This was all done just to meet sales goals set by executives.

Miraculously, Wells Fargo did not go bankrupt and still continues to operate today. This is a very rare occurrence given the magnitude of their cross-selling scandal. That's not to say Wells Fargo did not suffer dire consequences for their unethical actions. For everything they did, the Consumer Financial Protection Bureau and the Office of the Comptroller of the Currency fined Wells Fargo \$1 billion. They also agreed to pay \$480 million to settle a securities class action lawsuit over the cross-selling, as well as settling with 50 state attorneys to resolve civil claims for all of their violations to consumers, amassing to \$575 million. That is not all they suffered. Furthermore, Wells Fargo plans to shut down 800 of its branches by the end of 2020, and the company is still attempting to regain the trust of its customers, the general public, the Federal Reserve Board, and many other federal and state regulators (Tayan, 2019).

The Auditing Process

The one lingering question that was still unanswered upon learning about so many of these incidences is why the auditing firms have not been held more accountable for the actions of these companies. They should be held fifty percent at fault for the actions and consequences of companies cooking their books. After all, the auditing firms hired by these companies have to sign off on the accuracy and legitimacy of their financial statements, confirming that the information presented on these statements is undeniably true. Even though the auditing companies did not cook the books, they did not do anything to stop them either. In regards to negative responsibility, these auditing firms are guilty of being immoral because they failed to act knowing the information they knew. If auditing firms had stepped in and stopped this, there would not have been nearly as much lost.

In order to assure that audit companies successfully and efficiently produce an audit, they use something called the audit process. The first step in the audit process is pre-planning. This provides an initial understanding of the risks, responsibilities, and key processes of the operation being audited. The auditor can also request a site tour and meet key staff during this first step. The second step is planning, which simply is a detailed understanding of the operation's processes. Planning usually involves face-to-face interviews with employees, sample data extraction, and development of a testing plan. Next is fieldwork. Fieldwork involves transactional or analytical analyses to determine the adequacy of controls and how effective these controls are. After fieldwork comes reporting. In this step, any identified findings and concerns will be documented and summarized in a report to management. The final step in the audit process is the

corrective action. This is used to ensure that all identified issues outlined in the reporting step get resolved in a timely manner. This may include changing internal controls, instituting segregation of duties, or even a change in management (Bowler Green State University).

As of early this decade, auditing firms are at least starting to take some of the brunt, and are slowly being realized as secondary culprits of this unethical deed. One of the world's leading auditing firms, PricewaterhouseCoopers (PWC), has been sued for signing off on financial statements that were proven to have been and contain fraudulent and false information. Three weeks into their trial, PWC ended up agreeing to settle, admitting that they were guilty legally.

Ethics in Accounting

Another issue still present was the ethics portion. It is clearly unethical of companies and executives to act in such a way. Identifying why it is wrong for companies to do this, and how companies should operate ethically are important to mention. Companies cooking their books causes people to lose money, knowingly and intentionally. It is no secret that many companies get caught committing fraud sooner or later, and companies know that. Yet, many of them still do it. Not only does it cause the company to lose most or all of its money, but it also causes the stockholders, and thus creates a domino effect, hurting suppliers and distributors, customers, and even the economy. Companies know that when they fabricate these financial figures, there is no real value behind the numbers. When companies lie about their values in certain accounts, there is nothing to back up these false values, resulting in a major loss of real value, not to mention the permanent scarring their reputation wears from that point on.

When companies choose to cook their books, whether it be in any way for any reason, it is a choice to actively deceive those who have made that company what it is. Deceiving and disrespecting the people who build your brand and support what you stand for is completely immoral. Committing fraud in such a way results in severe damage to a company's reputation and most companies end up going bankrupt or losing most or all of their value. It also results in its investors losing money, as well as its employees losing their money and jobs. We should all strive to be good people, and make the right choices when presented with problem. Although it is hard not to be selfish, we have to think who else we are affecting when we make those choices, and do the ethical thing.

In accounting, there is a certain "code of ethics" that should be followed as guidelines for professionalism. Accountants and other financial reporters deal with intimate financial details of not only corporations, but individuals as well. Ethical codes are the fundamental principles that accounting professionals choose to abide by to enhance their profession, maintain public trust, and demonstrate honesty and fairness. Sadly, however, not every worker in the accounting industry is trustworthy.

There are five areas of ethical responsibility that accountants and similar positions should adhere to. Anyone in the accounting realm should first maintain independence and be objective. This is especially for making unbiased decisions and recommendations that benefit the client, and that these recommendations are not subject to outside influence. Having conflicts of interest or other types of personal relations with clients can be a recipe for disaster. Integrity is also key in ethics. Having integrity means being straightforward and honest in all business and professional relationships. This includes not associating themselves with information that they suspect is materially false or

misleading, or that misleads by omission. Confidentiality is something all businesses and people should act with, regardless of the industry. Confidentiality has to do with not disclosing or revealing any sort of financial or sensitive data without the expressed permission of the client, unless there is a legal reason to do so. The next ethical area is professional competence. To exercise the best judgement, accountants should stay up to date on the latest developments, rules, and regulations. Under this umbrella of professional care is also practicing due care, which means recognizing your skill level and not making suggestions or decisions that you have no knowledge on. Finally, accountants must practice professional behavior. This is merely accounting professionals complying with laws and regulations, as well as avoiding actions that could have a negative effect on the reputation of the profession (University of West Florida, 2017).

The Sarbanes-Oxley Act (2002)

With fraud becoming a more and more popular practice, and the economic, industrial, and personal voids partaking in it leaves, the government felt it was necessary to implement some sort of law to watch over corporations and how they operate financially. Because of such large scale and impactful fraud schemes at the beginning of the decade, investor confidence was dwindling. The government finally implemented their strategy in 2002, with the introduction of the Sarbanes-Oxley Act (SOX). This act not only helps the government control and limit how companies report, but it also aimed to protect investors from fraudulent financial reporting, saving them from unthinkable potential losses otherwise.

The Sarbanes-Oxley Act was passed as a response to the large financial scandals that occurred in the early 2002s, namely Enron, Tyco International pc, and WorldCom. SOX overhauled the regulations that were decades old, adapting to the modern way businesses conduct themselves. The act created strict new rules for accountants, auditors, and corporate officers and imposed more stringent recordkeeping requirements. New and harsher criminal penalties were also instituted. Before SOX was introduced, the rewards for committing fraud by far outweighed the risks for individuals. By implementing this new act, the hope was to scare individuals from even considering it as an option (Kenton, 2020).

Main Points of SOX

Under the Sarbanes-Oxley Act, four principle areas were targeted. Major reforms and additions were addressed in corporate responsibility, increased criminal punishment, accounting regulation, and new protections. SOX has three key provisions:

Section 302 – Section 302 mandates that senior corporate officers personally certify in writing that a company’s financial statements “comply with SEC disclosure requirements and fairly present in all material aspects the operations and financial condition of the issuer." Officers who sign off on financial statements that they know to be inaccurate are subject to criminal penalties, including prison terms (Kenton, 2020).

Section 404 – Section 404 requires that management and auditors establish internal controls and reporting methods to ensure the adequacy of those controls. It also requires corporate executives to certify the accuracy of financial statements personally. For violations of this, CEOs could face up to 20 years in jail. Some

critics of the law have complained that the requirements in Section 404 can have a negative impact on publicly traded companies. This drawback came about because it is often expensive to establish and maintain the necessary internal controls (Kenton, 2020).

Section 802 – In Section 802, three rules are presented that affect bookkeeping. The first deals with destruction and falsification of records. Anyone who knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or makes a false entry of any record or document could be fined and imprisoned for up to 20 years. The second rule defines the retention period for storing records. This strictly states that any accountant who conducts an audit of an issuer “...shall maintain all audit or review workpapers for a period of 5 years from the end of the fiscal period in which the audit or review was concluded.” The third rule outlines the specific business records that companies need to store, which includes electronic communications (Sarbanes-Oxley 101, 2020).

Public Company Accounting Oversight Board (PCAOB)

In addition to these four principles, SOX created the Public Company Accounting Oversight Board, or PCAOB. This board was designed to oversee the accounting industry. With the PCAOB in place, the independence and financial literacy of corporate boards was strengthened, company loans to executives were banned, and protection was given to whistleblowers. All auditors of public companies are now required to register with the PCAOB. It inspects, investigates, and enforces the compliance of these firms, while prohibiting accounting firms from doing business consulting with the companies

they are auditing. While these firms can still act as tax consultants, being business consultants as well is banned. On top of that, the lead audit partners must rotate off of the account every five years. While the Sarbanes-Oxley Act did increase its grip on the accounting and auditing industries, they are still dominated by the Big Four firms.

Internal Controls from SOX

As far as internal controls go, public corporations must hire an independent auditor to review their accounting practices and methods. This rule does not apply for small-cap companies, whose market capitalization of less than \$75 million. 83% of large corporations have agreed that SOX has increased investor confidence, and 33% said it has reduced fraud. Whistleblowers are also safeguarded under SOX. Employees that report fraud and testify in court against their employers are protected, and companies are not allowed to change the terms and conditions of their employment. Employees cannot be reprimanded in any way, fired, or blacklisted by their employer. If employers do discipline or violate this whistleblower protection in any way, employees can report this retaliation to the SEC (Amadeo, 2018).

With SOX reinventing the way they looked at audits, accounting firms and the responsibility of executives, the United States economy naturally changed to adapt to the ripples of this act. Private companies are required to adopt SOX-type governance and internal control structures as well. Not doing this will make it increasingly difficult for private companies. They may have trouble raising capital, face higher insurance premiums, and greater civil liability, which would, in turn, damage their status and reputation among potential customers, investors, and donors. Because of the restrictions and regulations implemented by SOX, audit costs increased. Although this may not be a

problem for large companies, small companies have been burdened by it (Amadeo, 2018).

Conclusion

Despite all that has been done to halt it, fraud continues to be an ongoing issue. Although so much has been done to limit such acts, it is impossible to monitor and control every company and the decisions they all make. But, with the help of the AICPA and other federal regulators, the accounting and auditing industries have become a lot more uniform and consistent in the way they operate. Hopefully, next time a company even considers cooking their books, they look back at a case like Enron and see how a seemingly untouchable company came toppling down. Operating the ethical way is the right way, even it means sacrificing a company so many worked so hard to build. As Sophocles once said, "I would rather fall with honor than succeed by fraud."

Bibliography

- Amadeo, K. 2018, August 15. *Sarbanes-Oxley Summary: Four Ways Sarbanes-Oxley Stops Corporate Fraud*. <https://www.thebalance.com/sarbanes-oxley-act-of-2002-3306254>
- Bowling Green State University. *The Audit Process*. <https://www.bgsu.edu/internal-auditing/the-audit-process.html>
- CNN. 2002, January 14. *Attorney: Enron Execs Cooked the Books*. <https://money.cnn.com/2002/01/14/companies/enron/index.htm>
- Coenen, T. 2016, July 6. *The Wide-Reaching Impact of Financial Statement Fraud*. <http://www.sequenceinc.com/fraudfiles/2016/07/the-wide-reaching-impact-of-financial-statement-fraud/>
- Kenton, W. 2019, April 11. *Cook the Books*. <https://www.investopedia.com/terms/c/cookthebooks.asp>
- Kenton, W. 2020, January 21. *Sarbanes-Oxley (SOX) Act of 2002*. <https://www.investopedia.com/terms/s/sarbanesoxleyact.asp>
- Ochotorena, F. 2018, April. *Creative Accounting: Ethical Challenges Confronting External Auditors Behind the Cooking of the Books*. https://www.researchgate.net/publication/328063877_Creative_Accounting_Ethical_Challenges_Confronting_External_Auditors_Behind_the_Cooking_of_the_Books
- Rodriguez, B. 2018, December 28. *Wells Fargo Fake Accounts Settlement*. <https://www.usatoday.com/story/money/business/2018/12/28/wells-fargo-fake-accounts-settlement/2432088002/>
- Tayan, B. 2019, February 6. *The Wells Fargo Cross-Selling Scandal*. <https://corpgov.law.harvard.edu/2019/02/06/the-wells-fargo-cross-selling-scandal-2/>
- The Economist. 2014, December 13. *Big Companies Can't Stop Cooking Their Books*. <https://www.businessinsider.com/why-big-companies-cant-stop-cooking-their-books-2014-12>
- Sarbanes-Oxley 101. 2020, January 28. *SOX Section 802: Criminal Penalties for Altering Documents*. <https://www.sarbanes-oxley-101.com/SOX-802.htm>
- University of West Florida. 2017, September 15. *The Importance of Ethics in Accounting*. <https://getonline.uwf.edu/articles/business/ethics-in-accounting.aspx>