



Empowering Women in the Accounting and  
Financial Industries Since 1938.

# American Society of Women Accountants

## Los Angeles Chapter

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November – December 2011

### ASWA Los Angeles Chapter is 70 !!!!

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#### **Ethics & Fraudulent Financial Reporting, September 2011** *by Rochelle Caballero*

Cecil Jackson, a Professor of Clinical Accounting in the Leventhal School of Accounting at USC, spoke to a joint meeting of accountants at the Sportsmen’s Lodge Hotel in September. His topic focused on Ethics & Fraudulent Financial Reporting. Dr. Jackson, the author of *Business Fairy Tales*, earned his Doctor of Commerce degree from the University of South Africa. He regaled us with real-life accounting scandals to illustrate the top methods used by companies. Generally, overstating revenues or the value of assets or understating expenses and debt are used by executives to overstate profits and, thereby, inflating stock prices. This type of “creative accounting” can amount to fraud and result in investigations by the Securities and Exchange Commission, if the company is publically-held. However, much of the abuse can be completely legal or quasi legal.

Avoiding reduced share prices to protect the company from being taken over becomes the executives’ goal. Additionally, senior management officers are able to gain from sales of stock options at the higher pricing. A list of notable accounting scandals is featured with links to write-ups about the companies at [http://en.wikipedia.org/wiki/Accounting\\_scandals](http://en.wikipedia.org/wiki/Accounting_scandals).

Overstating revenue examples included 1) Bill & Hold Consignment and/or Contingency Sales, 2) Timing, 3) Multiple Element Contracts, 4) Fictitious revenue, and 5) Improper Valuation of Revenue. Different companies were used for the examples, such as Sunbeam, Sensormatic, Xerox, CUC/Cendant, along with World Com and Enron. In some instances, companies paid penalties but admitted to no wrong doing.

Dr. Jackson then reviewed with us three major ethical frameworks of moral decision making: 1) Consequentialism, 2) Utilitarian, 3) Existentialism. Consequentialism values results or outcomes rather than the intrinsic nature of the act or anything that happens before the act. Utilitarian approach encompasses the ethical actions that provide the greatest balance of good over evil or net happiness. *(continued page 2)*

### Calendar of Events

#### **Events Planning** **November 30<sup>th</sup>**

Jennifer Hamed’s Office  
[jennifer.hamed@finadd.com](mailto:jennifer.hamed@finadd.com)

#### **Annual Tax Update** **January 19, 2012 (tent.)**

Joint meeting with Other  
L.A. Accounting  
Organizations  
Speaker: tbd

#### **Managing a Multi-Generational Workforce** **February 21, 2012**

Speaker: Giselle Alonso,  
Staffing Mgr, Accountemps

For details on other  
Regional Conferences go to  
[www.aswa.org](http://www.aswa.org), News &  
Events, Regional  
Conferences

***Please visit our website at***  
***<http://www.aswa-la.org> for***  
***information about our***  
***chapter and upcoming***  
***events between newsletters.***

(con't from page 1) Existentialism is the movement based on the doctrine that existence takes precedence over essence and holds that the individual is totally free and responsible for her/his acts, and that this responsibility is the source of the dread and anguish that can encompass him/her.

How do human beings decide what is right and what is wrong? What is our moral sense in making judgments and decisions? Dr. Jackson highlighted some experiments that have been conducted on motivation and behavior. A Harvard University experiment included three groups taking a multiple choice test with higher scores being rewarded. The first group had the test and a blank bubble sheet to fill in. The second group had the same test and worksheet but had a bubble sheet with answers. They had to turn in an audit trail. The third group had the same test and worksheet for answers and bubble sheet with the answers but did not have to turn in the audit trail. Also the rewards given out for high scoring between the last two groups differed in that the third group went to a different room to get the reward where they couldn't be seen by others. The first two groups had no statistically significant differences. On the other hand, the third group had dramatic differences. Rationalizing one's behavior was stronger and more significant the further removed they were.

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### ***A Message from our ASWA Educational Fund of Los Angeles Trustees***

The American Society of Women Accountants Educational Fund of Los Angeles is a non-profit, charitable fund, established to provide financial assistance to women entering the accounting and finance profession.

There are many benefits to donating to charity. The feeling of giving to the less fortunate or underprivileged is one of joy and happiness. The effort of making a charitable donation is well worth the feeling you get when you help others.

Charitable donations can be the support a student needs to make their education dreams come true. If you donate to our educational fund you can feel good about helping a student get an education and the chance to give back to the community with their skills. Even a small donation can greatly help, and no amount is too small.

Also, as part of your year-end tax planning, the donation you make will qualify as a charitable tax deduction on your income tax return. We will provide you an acknowledgment letter as the receipt once we have received your donation.

Please send your check made payable to the American Society of Women Accountants Educational Fund of Los Angeles to:

ASWA Educational Fund of Los Angeles  
c/o Maria Wong  
327 South Chandler Ave. Unit B  
Monterey Park, CA 91754

The scholarship committee appreciates your generosity.

***Sincerely,***  
***Annette Christensen***  
***Educational Fund Chairperson***  
***ASWA, Los Angeles Chapter***

### ***The L.A. Chapter Newsletter***

is published 4 times a year by the LA Chapter of the American Society of Women Accountants. You can reach our chapter by e-mailing [ASWA\\_LA@yahoo.com](mailto:ASWA_LA@yahoo.com).

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***(To Be Continued on Page 3)***



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**2011 Annual Conference for Women in Accounting**

ASWA Silent Auction National Foundation Fund-raiser donated by Orange County and Los Angeles chapter members: California Dreamin’ Basket valued at \$230



*Congratulations to WINNER: Melody Stone (left), CPA, MBA from Richmond, VA*

*Millie Culpepper (right in photo), ASWA Regional Director and President-Elect Orange Co. Chapter*

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**DO WE KNOW WHERE YOU ARE???**

- E-mail your information to Kelley Harris, Vice President – Membership at [KHarris@LFP.com](mailto:KHarris@LFP.com) so our Chapter’s mailing Directory may be updated.
- Use the National website for other member information: go online to [www.aswa.org](http://www.aswa.org)
  - Click on Members link at the top of the page. Log on with your primary e-mail address and password at the “members log in here” box.
  - Enter your last name and member number.
  - Click on Member Directory to search by name, chapter, or state, and so forth.
- To update the National database: go online to [www.aswa.org](http://www.aswa.org)
  - Click on the “Members Only” link at the top of the page, then click on the “Update your Profile” to make your updates.

**Employment Opportunity Posting**

We post current employment listings on our website at <http://www.aswa-la.org/Employment.htm>.  
All job-opening information can be sent to Wendy Voong at [wendy.voong@ey.com](mailto:wendy.voong@ey.com).

