

Financial Shenanigans Fourth Edition How To Detect Accounting Gimmicks Fraud In Financial Reports

In 2009, high-profile fraud cases like the Ponzi schemes of Bernard Madoff and Arthur Nadel vividly illustrated the harm done to investors who placed their trust in these apparently successful money managers and then discovered their money had never been invested at all. News stories featured 90-year-olds forced by necessity to work in supermarkets, elderly people losing their homes because their life savings were gone, and wealthy retirees suddenly unable to pay their electricity bills. Charities were forced to curtail their services, lay off staff, and even close their doors forever as their funds evaporated. Almost every day, there are stories in the media about dishonest employees who have robbed their organisations of hundreds of thousands of dollars. Not so well-publicised are the countless smaller thefts occurring every day from cash registers, warehouses, and business bank accounts. Sadly, the organisations that have the most to lose small businesses, family-run companies, churches, and charities are often the most vulnerable because of their size and inexperience. According to the Association of Certified Fraud Examiners, accounting fraud cost over \$994 billion in 2008, and the average organisation lost 7 percent of its total revenue to fraud. How can you prevent this from happening to you as an investor, business owner, or a person attempting to acquire or merge with another firm? Read this book and you will be able to understand, detect, and avoid accounting fraud. You will learn how to identify fraud, how to spot minor abnormalities that may hide fraud, how to spot forgeries, and how to prove your case, as well as what to immediately suspect and methods for uncovering scams. You will know what signs to look for, including excessive turnover of lawyers and auditors, changing professionals in the middle of a transaction, inconsistent information, and significant declines in stock prices. In addition, you will know how to recognise the common manoeuvres, earnings manipulation, premature and fictitious revenue, overvalued assets, undervalued liabilities, bogus revenue, expenses that have been shifted to another period, overstating revenues, understating expenses, and the misuse and misdirecting of funds. This new book is filled with studies and discussions of fraud cases and how they could have been avoided, checklists for detecting accounts misdeeds, and advice from analysts, CFOs, and CPAs. This manual will be an indispensable aid for serious investors, industry pros, acquisition and merger managers, and small business owners alike. After reading this book you will no longer have to worry about accounting fraud and you can increase your company's profits.

FINANCIAL STATEMENT FRAUD Strategies for Detection and Investigation Although financial statement fraud is the least frequently encountered fraud, it is by far the most costly, at a median loss of \$1 million per case. Yet, the indirect losses from financial statement fraud—jobs, support, morale, and loyalty—are also significant and almost impossible to measure. Learn how to spot the warning signs before the damage is done. *Financial Statement Fraud* explores the many different methods of perpetrating financial statement fraud, the accounting principles that are exploited, and the methods to detect and prevent fraud in any organization. Assuming an understanding of basic financial statements and the purpose each serves, as well as basic accounting concepts, author Gerard Zack highlights the many different types of fraud schemes. *Financial Statement Fraud* provides auditors, fraud investigators, government agencies, and investment analysts with detailed descriptions of the most common or emerging schemes involving the preparation and issuance of fraudulent financial statements. Filling the need for practical guidance on financial statement fraud and the roles and responsibilities within companies, *Financial Statement Fraud* features: References to pertinent U.S. and international accounting standards violated in the preparation of fraudulent financial statements A wide range of detection tools, from the simplest of ratios to complex analyses and tests, as well as fraud indicators A comprehensive, global approach that includes U.S. GAAP and IFRS Red flags and ratios to help you detect financial statement fraud schemes Coverage of auditor liability: when is an auditor liable for failing to detect fraud? Real-world cases that illustrate many of the fraud schemes featured throughout the book A companion website includes copies of SEC Accounting and Auditing Enforcement Releases (AAERs), complaints that were filed, and various other documents associated with most of the cases cited in the book. These documents provide all of the details associated with each case, enabling researchers to perform their own analysis to more fully understand the schemes and relate them to the detection tips provided in the book. Financial statement fraud can cost an organization more than just revenue. Arm yourself with the knowledge to identify where it happens, when to expect it, and how to detect it with the expert guidance found in *Financial Statement Fraud*.

Legendary investment gurus Warren Buffett and Ed Thorp represent different ends of the investing spectrum: one a value investor, the other a quant. While Buffett and Thorp have conflicting philosophical approaches, they agree that the market is beatable. In *Quantitative Value*, Wesley Gray and Tobias Carlisle take the best aspects from the disciplines of value investing and quantitative investing and apply them to a completely unique and winning approach to stock selection. As the authors explain, the quantitative value strategy offers a superior way to invest: capturing the benefits of a value investing philosophy without the behavioral errors associated with "stock picking." To demystify their innovative approach, Gray and Carlisle outline the framework for quantitative value investing, including the four key elements of the investment process: How to avoid stocks that can cause a permanent loss of capital: Learn how to uncover financial statement manipulation, fraud, and financial distress How to find stocks with the highest quality: Discover how to find strong economic franchises and robust financial strength. Gray and Carlisle look at long-term returns on capital and assets, free cash flow, and a variety of metrics related to margins and general financial strength The secret to finding deeply undervalued stocks: Does the price-to-earnings ratio find undervalued stocks better than free cash flow? Gray and Carlisle examine the historical data on over 50 valuation ratios, including some unusual metrics, rare multi-year averages, and uncommon combinations The five signals sent by smart money: The book uncovers the signals sent by insiders, short sellers, shareholder activists, and institutional investment managers After detailing the quantitative value investment process, Gray and Carlisle conduct a historical test of the resulting quantitative value model. Their conclusions are surprising and counterintuitive. This reliable resource includes a companion website that offers a monthly-updated screening tool to find stocks using the model outlined in the book, an updated back-testing tool, and a blog about recent developments in quantitative value investing. For any investor who wants to make the most of their time in today's complex marketplace, they should look no further than *Quantitative Value*.

Praise for Financial Statement Analysis FOURTH EDITION "I love this book. It helps to develop the questioning mind—the mind of a financial detective. It teaches the art of skepticism and critical thinking. Readers go beyond definition and calculation and learn interpretation." —Philip L. Cooley, PhD, Prassel Distinguished Professor of Business, Trinity University "Over my decades of involvement with high-yield bonds, Marty Fridson has been the leading speaker of truth. As he so accurately states in *Financial Statement Analysis*, the credit investor is required to engage in a game of cat-and-mouse with company management's intent on minimizing their cost of capital by putting a positive gloss on their financial statements. The Fourth Edition of Marty's terrific book is the bible on how to detect and deal with these efforts." —Howard Marks, Chairman, Oaktree Capital Management "Financial Statement Analysis is a unique text; it combines great academic work with numerous real-life examples to form a highly useful reference for equity investors, debt holders, and investors who straddle both asset classes. Whether you are an investor, an investment advisor, or a teacher, *Financial Statement Analysis* will prove very valuable." —Margaret M. Cannella, former head of Global Credit Research, J.P. Morgan and Adjunct Professor, Columbia Business School "Marty has seen it all! He has had a front-row seat to see the birth, death, and rebirth of the high-yield bond market . . . several times over! In the Fourth Edition of *Financial Statement Analysis*, Marty clearly demonstrates that despite the enactment of Sarbanes-Oxley in 2002, and other attempts to curtail abuse of the system, one needs a critical analytical eye to be certain that management is not trying to obfuscate the truth. The case studies provide excellent and timely examples of some of the techniques that companies have used to mislead investors." —Edward Z. Emmer,

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former global head of Corporate and Government Ratings and Equity Research, Standard & Poor's "Those who read financial statements without understanding the strategic context in which they are written will land on the losing end of the gripping episodes with which bond-market legend Marty Fridson illustrates in the Fourth Edition of his classic reference, *Financial Statement Analysis*. And all of us who depend on the markets sending capital to its best use should hope that investors read this book first." —David Musto, Professor of Finance, the Wharton School of the University of Pennsylvania "This book rightly urges resolute skepticism when inspecting financial statements. Its great value, though, is in the plain-spoken stripping down of real-world and illustrative examples that show how to see past the numbers to the practicalities and incentives behind them—and so help analysts and journalists alike ask the right questions." —Richard Beales, Assistant Editor, Reuters Breakingviews

Shining a light on the most shocking frauds and financial reporting offenders, this unparalleled guide gives investors the tools they need to spot deceptive financial reporting in the global markets. --

A one-of-a-kind resource walking you through one complete fraud investigation, from the original tip to conviction in court *Anatomy of a Fraud Investigation* is an engrossing read and a valuable resource for fraud investigators, auditors, or anyone who suspects fraud may be occurring in their organizations and is unsure as to how to act. It details all phases of a fraud investigation from the first suspicion of fraud to the final judgment in court, through the eyes of a forensic accountant. In each phase, the author provides insights based on his twenty-two years as a forensic accountant from where to sit at the table when you bring the suspected fraudster in for questioning, to how you protect the key sources of information that the suspect will try to destroy once he or she realizes they are under investigation. In-depth analysis of a fraud investigation Based on an actual investigation conducted by the author Each chapter contains valuable tips and key considerations, providing subtext for why decisions were made and bringing to light potential risks A fascinating, insider look at a fraud investigation, *Anatomy of a Fraud Investigation* helps you better understand fraud detection, investigation, and prevention—from the inside out.

Financial Statement Analysis, 9e, emphasizes effective business analysis and decision making by analysts, investors, managers, and other stakeholders of the company. It continues to set the standard (over 8 prior editions and hundreds of thousands in unit book sales) in showing students the keys to effective financial statement analysis. It begins with an overview (chapters 1-2), followed by accounting analysis (chapters 3-6) and then financial analysis (chapters 7-11). The book presents a balanced view of analysis, including both equity and credit analysis, and both cash-based and earnings-based valuation models. The book is aimed at accounting and finance classes, and the professional audience as it shows the relevance of financial statement analysis to all business decision makers. The authors: 1. Use numerous and timely "real world" examples and cases 2. Draw heavily on actual excerpts from financial reports and footnotes 3. Focus on analysis and interpretation of financial reports and their footnotes 4. Illustrate debt and equity valuation that uses results of financial statement analysis 5. Have a concise writing style to make the material accessible

The 1980s witnessed a lemming-like rush into the sea of debt on the part of the American industrial and financial communities, with consequences we are only beginning to appreciate. But the speculative frenzy of the eighties didn't just happen. It was the culmination of a long cycle of slow relaxation of credit practices--the subject of James Grant's brilliant, clear-eyed history of American finance. Two long-running trends converged in the 1980s to create one of our greatest speculative booms: the democratization of credit and the socialization of risk. At the turn of the century, it was almost impossible for the average working person to get a loan. In the 1980s, it was almost impossible to refuse one. As the pace of lending grew, the government undertook to bear more and more of the creditors' risk--a pattern, begun in the Progressive era, which reached full flower in the "conservative" administration of Ronald Reagan. Based on original scholarship as well as firsthand observation, Grant's book puts our recent love affair with debt in an entirely fresh, often chilling, perspective. The result is required--and wickedly entertaining--reading for everyone who wants or needs to understand how the world really works. "A brilliantly eccentric, kaleidoscopic tour of our credit lunacy. . . . A splendid, tooth-gnashing saga that should be savored for its ghoulish humor and passionately debated for its iconoclastic analysis. It is a fitting epitaph to the credit binge of the '80s." --Ron Chernow, *The Wall Street Journal*. Recent catastrophic business failures have caused some to rethink the value of the audit, with many demanding that auditors take more responsibility for fraud detection. This book provides forensic accounting specialists?experts in uncovering fraud?with new coverage on the latest PCAOB Auditing Standards, the Foreign Corrupt Practices Act, options fraud, as well as fraud in China and its implications. Auditors are equipped with the necessary practical aids, case examples, and skills for identifying situations that call for extended fraud detection procedures.

Learn how to detect any corporate sleight of hand—and gain the upper hand with smart investing Investing expert John Del Vecchio and “Motley Fool” Tom Jacobs offer a compelling argument that the secret to stock-market success today isn't finding the next Google or eBay, but avoiding the next AIG or Enron. To that end, they offer simple, clear techniques for detecting when and how legitimate companies make their numbers look better than they are. *What's Behind the Numbers?* offers seven rules for finding companies playing with—rather than by—the numbers and explains how to avoid losing money by determining exactly when a stock is about to head south. John Del Vecchio, CFA, serves as a Principal of Ranger Alternative Management and principal of Parabolix Research, Inc. Tom Jacobs is lead advisor for the Motley Fool Special Ops, a stock service where he manages a special situations and opportunistic portfolio. He is cofounder of Complete Growth Investor LLC.

A practical guide to making more informed investment decisions Investors often buy or sell stocks too quickly. When you base your purchase decisions on isolated facts and don't take the time to thoroughly understand the businesses you are buying, stock prices swing and third-party opinion can lead to costly investment mistakes. Your decision making at this point becomes dangerous because it is dominated by emotions. The *Investment Checklist* has been designed to help you develop an in-depth research process, from generating and researching investment ideas to assessing the quality of a business and its management team. The purpose of *The Investment Checklist* is to help you implement a principled investing strategy through a series of checklists. In it, a thorough and comprehensive research process is made simpler through the use of straightforward checklists that will allow you to identify quality investment opportunities. Each chapter contains detailed demonstrations of how and where to find the information necessary to answer fundamental questions about investment opportunities. Real-world examples of how investment managers and CEOs apply these universal principles are also included and help bring the concepts to life. These checklists will help you consider a fuller range of possibilities in your investment strategy, enhance your ability to value your investments by giving you a holistic view of the business and each of its moving parts, identify the risks you are taking, and much more. Offers valuable insights into one of the most important aspects of successful investing, in-depth research Written in an accessible style that allows aspiring investors to easily understand and apply the concepts covered Discusses how to think through your investment decisions more carefully With *The Investment Checklist*, you'll quickly be able to ascertain how well you understand your investments by the questions you are able to answer, or not answer, without making the costly mistakes that usually hinder other investors.

Successful methodology for identifying earnings-related reporting indiscretions *Creative Cash Flow Reporting and Analysis* capitalizes on current concerns with misleading financial reporting on misleading financial reporting. It identifies the common steps

used to yield misleading cash flow amounts, demonstrates how to adjust the cash flow statement for more effective analysis, and how to use adjusted operating cash flow to uncover earnings that have been misreported using aggressive or fraudulent accounting practices. Charles W. Mulford, PhD, CPA (Atlanta, GA), is the coauthor of three books, including the bestselling *The Financial Numbers Game: Identifying Creative Accounting Practices*. Eugene E. Comiskey, PhD, CPA, CMA (Atlanta, GA), is the coauthor of the bestselling *The Financial Numbers Game: Identifying Creative Accounting Practices*.

A one-of-a-kind book that shows you how to cash in on the latest investing trend--short selling "The Art of Short Selling is the best description of this difficult technique."--John Train, Train, Thomas, Smith Investment Counsel, and author of *The New Money Masters* "Kathryn Staley has done a masterful job explaining the highly specialized art of short selling. Her approach to telling the true stories of famous investment 'scams' will keep the readers spellbound, while teaching the investor many crucial lessons."--David W. Tice, Portfolio Manager, Prudent Bear Fund "Selling short is still a misunderstood discipline, but even the most raging bull needs to know this valuable technique to master the ever-changing markets."--Jim Rogers, author, *Investment Biker* On the investment playing field, there is perhaps no game more exciting than short selling. With the right moves, it can yield high returns; one misstep, however, can have disastrous consequences. Despite the risk, a growing number of players are entering up, sparked in part by success stories such as that of George Soros and the billions he netted by short selling the British pound. In *The Art of Short Selling*, Kathryn Staley, an expert in the field, examines the essentials of this important investment vehicle, providing a comprehensive game plan with which you can effectively play--and win--the short selling game. Whether used as a means of hedging bets, decreasing the volatility of total returns, or improving returns, short selling must be handled with care--and with the right know-how. As Staley points out, "Short selling is not for the faint of heart. If a stock moves against the position holder, the effect on a portfolio and net worth can be devastating. Investors need to understand the impact on their accounts as well as the consequences of getting bought in before they indulge in short selling." *The Art of Short Selling* guides you--clearly and concisely--through the ins and outs of this high-risk, high-stakes game. The first--and most important--move in selling short is to identify flaws in a business before its share prices drop. To help you tackle this key step, Staley shows you how to evaluate company financial statements and balance sheets, make sense of return ratios, detect inconsistencies in inventory, and analyze the statement of cash flows. Through real-world examples that illustrate the shorting of bubble, high multiple growth, and the most stocks, you'll proceed step by step through the complete process and learn to carry out all the essentials for a successful short sell, including quantifying the risk factor and orchestrating correct timing, as well as implementing advanced valuation techniques to execute the sell/buy. Packed with landmark, cutting-edge examples, up-to-the-minute guidelines, and pertinent regulations, *The Art of Short Selling* is a timely and comprehensive reference that arms you with the necessary tools to make a prepared and confident entrance onto the short selling playing field.

The bestselling classic from the "Sherlock Holmes of Accounting"—updated to reflect key case studies from the past quarter century and the dishonest tactics used to mislead investors. This fourth edition of the bestselling guide shines a light on the most shocking frauds and financial reporting offenders, and gives investors the tools they need to spot deceptive financial reporting in the global markets. This unparalleled guide provides the investigative tools you need to detect:

- * Corporate cultures that incentivize dishonest practices
- * The latest tricks companies use to exaggerate revenue and earnings
- * Techniques devised by management to manipulate cash flow as easily as earnings
- * Companies that use misleading metrics to fool investors about their financial performance
- * How companies use acquisitions to hide deterioration in their underlying business

You'll learn everything you need to know to unearth deceptive reporting and avoid costly mistakes. This new edition focuses on the key case studies from the past quarter century and brings you up to date on accounting chicanery in the global markets. Howard Schilit and his team of renowned forensic accounting experts reveal the most shocking frauds, expose financial reporting miscreants, and unveil the latest methods companies use to mislead investors.

For the first time the complete financial history of Berkshire Hathaway is available under one cover in chronological format. Beginning at the origins of the predecessor companies in the textile industry, the reader can examine the development of the modern-day conglomerate year-by-year and decade-by-decade, watching as the struggling textile company morphs into what it has become today. This comprehensive analysis distills over 10,000 pages of research material, including Buffett's Chairman's letters, Berkshire Hathaway annual reports and SEC filings, annual meeting transcripts, subsidiary financials, and more. The analysis of each year is supplemented with Buffett's own commentary where relevant, and examines all important acquisitions, investments, and other capital allocation decisions. The appendices contain balance sheets, income statements, statements of cash flows, and key ratios dating back to the 1930s, materials brought together for the first time. The structure of the book allows the new student to follow the logic, reasoning, and capital allocation decisions made by Warren Buffett and Charlie Munger from the very beginning. Existing Berkshire shareholders and long-time observers will find new information and refreshing analysis, and a convenient reference guide to the decades of financial moves that built the modern-day respected enterprise that is Berkshire Hathaway.

Accounting Disrupted: How Digitalization is Changing Finance delivers a powerful analysis of the new technological forces buffeting the accounting profession and identifies key pathways to responding to the challenges. Al Bhimani, distinguished accountant, academic, and author, shows readers how established business fundamentals are being eclipsed and that accounting has not been spared. You'll learn: How the new realities of digitalization, including big data and AI, are affecting audit work and financial management practices How learning fast about and from more diverse data sources is essential to the new accounting environment Why accounting information must start to speak to what will take place rather than about financial activities that have occurred What finance must do in a world of changing risks, data growth, fast digitization, and increased regulation The author makes a compelling case that accounting now faces a crunch: it needs to reshape itself from the core because conventional financial analysis is proving too cumbersome and slow for executives in digitalized organizations. In a straightforward and illustrated style packed with case studies and practical examples, he shows readers how big data, blockchain, robotic process automation, and artificial intelligence, can help accountants adapt to new realities. Perfect for finance leaders in both the private and public sectors, *Accounting Disrupted* also belongs on the bookshelves of accounting students who wish to better prepare for the technological and professional environment in which they'll shortly find themselves.

Gain a deeper understanding of Asian financial reporting and how to detect irregularities The Asian region, and particularly China, is becoming a hotbed of investment activity. There have been quite a few accounting scandals in Asia in the recent years – now rivaling those we have seen in the Americas and Europe. Assessing potential or active overseas investments requires reliance on financial statements, the

full parameters of which may vary from region to region. To effectively analyze statements, it is necessary to first understand the framework underlying these financial statements and then lay out a protocol for detecting irregularities. It's impossible to create and implement a practical plan without a deeper knowledge of the various factors at play. *Asian Statement Analysis: Detecting Financial Irregularities* provides a framework for analysis that makes irregularities stand out. Authors Chin Hwee Tan and Thomas R. Robinson discuss international financial reporting standards, including characteristics particular to the Asian region. Tan and Robinson's combined background in academia and Asian finance give them a multi-modal perspective and position them as top authorities on the topic. In the book, they address issues such as: Detection of irregularities independent of particular accounting rules The most common irregularities in the Asian market Similarities and differences between U.S. and Asian accounting techniques An overarching framework for irregularity detection The book uses real-world examples to illustrate the concepts presented, with the focus on Asian companies. As the first ever in-depth study on manipulation and irregularities in the Asian market, *Asian Financial Statement Analysis: Detecting Financial Irregularities* is uniquely positioned to be a valuable resource in the move toward the next phase of global reporting standards.

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

What does it take to be a stock market guru? What are the traits needed to be a successful investor? Can one master the stock market or is it a gift one is born with? How does one build a portfolio and protect it? Learn from the masters. The Indian stock market is many things to many people. Some are drawn to its thrill and promise but, more often than not, they fail to recognize the risk that accompanies the reward of a great ride. For many, the market and its workings defy logic and mastery. However, within the universe of market watchers in India, there is a small group that has managed to build a fine set of navigation tools and develop a unique perspective and approach towards the market. They have created and institutionalized investment strategies based on their experiences and philosophies. Saurabh Mukherjea delves into the minds of seven such individuals asking them to elaborate on the tools they use and how these work. He traces their journey from being novices to successful long-term investors. Using their insights and his own experience of working in the market for nearly a decade, Mukherjea provides an essential and indispensable framework for operating in the Indian stock market. The interviews with prominent fund managers in the book are: · Sanjoy Bhattacharya · Alroy Lobo · Akash Prakash · Sankaran Naren · Sashi Reddy · BN Manjunath · One who prefers to remain anonymous

The bestselling classic from the "Sherlock Holmes of Accounting"—updated to reflect the key case studies and most important lessons from the past quarter century. This fourth edition of the classic guide shines a light on the most shocking frauds and financial reporting offenders of the last twenty-five years, and gives investors the tools they need to detect: •Corporate cultures that incentivize dishonest practices•The latest tricks companies use to exaggerate revenue and earnings•Techniques devised by management to manipulate cash flow as easily as earnings•Companies that use misleading metrics to fool investors about their financial performance•How companies use acquisitions to hide deterioration in their underlying business This new edition focuses on the key case studies and most important lessons from the past quarter century, and brings you up to date on accounting chicanery in the global markets. Howard Schilit and his team of renowned forensic accounting experts expose financial reporting miscreants and unveil the latest methods companies use to mislead investors. You'll learn everything you need to know to unearth deceptive reporting and avoid costly mistakes.

Detect accounting fraud before it's too late Accounting fraud is the deliberate manipulation of accounting records in order to make a company's financial performance seem better or worse than it actually is. Accounting scandals often have catastrophic consequences for shareholders and employees. Thus, analysts and auditors must be equipped to detect accounting fraud. This book is a comprehensive guide to detecting accounting fraud for auditors investigating accounting fraud and analysts/managers seeking to prevent it. A wide variety of warning signs are described, as are several techniques for detecting and addressing fraud. Understand the motivations and warning signs behind accounting fraud Get to know how accounting fraud is done and how to detect it Avoid the losses that often come from accounting fraud Benefit from case studies throughout to that help illustrate the author's points It's unfortunate that managers, auditors, and analysts must be wary of accounting fraud—but this book equips you with the know-how to detect it before it's too late.

When companies suffer a dramatic even catastrophic drop in their share price, it is the investors who lose their shirts and employees their jobs. But often, a company's published accounts offer clues to impending disaster, providing you know where to look. Through the forensic examination of more than 20 recent stock market disasters, Tim Steer reveals how companies hide or disguise worrying facts about the robustness of their business. In his lively style, he looks at the themes that underlie the ways companies hide the truth and he stresses that in an assessment of a company's accounts, investors should always bear in mind that the only fact is cash; everything else - profit, assets, etc - is a matter of opinion. Full of invaluable lessons for investors, the book concludes with some trenchant observations on what is wrong in the worlds of investment, audit and financial regulation, and what changes should be introduced.

Practical examples, sample reports, best practices and recommendations to help you deter, detect, and prevent financial statement fraud Financial statement fraud (FSF) continues to be a major challenge for organizations worldwide. *Financial Statement Fraud: Prevention and Detection, Second Edition* is a superior reference providing you with an up-to-date understanding of financial statement fraud, including its deterrence, prevention, and early detection. You will find A clear description of roles and responsibilities of all those involved in corporate governance and the financial reporting process to improve the quality, reliability and transparency of financial information. Sample reports, examples, and documents that promote a real-world understanding of incentives, opportunities, and rationalizations Emerging corporate governance reforms in the post-SOX era, including provisions of the SOX Act, global regulations and best practices, ethical considerations, and corporate governance principles Practical examples and real-world "how did this happen" discussions that provide valuable insight for corporate directors and executives, auditors, managers, supervisory personnel and other professionals saddled with anti-fraud responsibilities Expert advice from the author of *Corporate Governance and Ethics* and coauthor of the forthcoming Wiley textbook, *White Collar Crime, Fraud Examination and Financial Forensics* *Financial Statement Fraud, Second Edition* contains recommendations from the SEC Advisory Committee to reduce the complexity of the financial reporting process and improving the quality of financial reports.

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

A Must-Read for Any Investor Looking to Maximize Their Chances of Success *Big Mistakes: The Best Investors and Their Worst Investments* explores the ways in which the biggest names have failed, and reveals the lessons learned that shaped more successful strategies going forward. Investing can be a rollercoaster of highs and lows, and the investors detailed here show just how low it can go; stories from Warren

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Buffet, Bill Ackman, Chris Sacca, Jack Bogle, Mark Twain, John Maynard Keynes, and many more illustrate the simple but overlooked concept that investing is really hard, whether you're managing a few thousand dollars or a few billion, failures and losses are part of the game. Much more than just anecdotal diversion, these stories set the basis for the book's critical focus: learning from mistakes. These investors all recovered from their missteps, and moved forward armed with a wealth of knowledge that can only come from experience. Lessons learned through failure carry a weight that no textbook can convey, and in the case of these legendary investors, informed a set of skills and strategy that propelled them to the top. Research-heavy and grounded in realism, this book is a must-read for any investor looking to maximize their chances of success. Learn the most common ways even successful investors fail Learn from the mistakes of the greats to avoid losing ground Anticipate challenges and obstacles, and develop an advance plan Exercise caution when warranted, and only take the smart risks While learning from your mistakes is always a valuable experience, learning from the mistakes of others gives you the benefit of wisdom without the consequences of experience. *Big Mistakes: The Best Investors and Their Worst Investments* provides an incomparable, invaluable resource for investors of all stripes.

Financial fraud, whether large or small is a persistent feature of the financial markets. If you scratch the surface of the investment world you'll find a continuous stream of major financial scandals which are almost unbelievable in the sheer scale of their subterfuge. *The Con Men* shines a spotlight on some of these gargantuan frauds from the last 25 years. It questions how these men did it, why they did it, how there were able to get away with it, proposes strategies and tactics so that the reader can avoid being swindled.

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

The purpose of this book is to explain Free Cash Flow and how to use it to increase investor return. The author explains the differences between Free Cash Flow and GAAP earnings and lays out the disadvantages of GAAP EPS as well as the advantages of Free Cash Flow. After taking the reader step-by-step through the author's Free Cash Flow statement, the book illustrates with formulas how each of the four deployments of Free Cash Flow can enhance or diminish shareholder return. The book applies the conceptual building blocks of Free Cash Flow and investor return to an actual company: McDonald's. The reader is taken line-by-line through the author's investor return spreadsheet model: (1) three years of McDonald's historical financial statements are modeled; (2) a one-year projection of McDonald's Free Cash Flow and investor return is modeled. Five other restaurant companies are compared to McDonald's and each other using both Free Cash Flow and GAAP metrics.

A hedge fund manager argues that failure is a necessary and potentially profitable part of running a business, and recalls his experience helping businesses on the verge of failure become successful through strategic redirection.

An insider's guide to understanding and eliminating accounting fraud How do these high-profile accounting scandals occur and what could have been done to prevent them. *Hidden Financial Risk* fills that void by examining methods for off balance sheet accounting, with a particular emphasis on special purpose entities (SPE), the accounting ruse of choice at Enron and other beleaguered companies. J. Edward Ketz identifies the incentives for managers to deceive investors and creditors about financial risk and also shows investors how to protect their investments in a world filled with accounting and auditing frauds. J. Edward Ketz, PhD (State College, PA) is MBA Faculty Director and Associate Professor of Accounting at Penn State's Smeal College of Business. He has been cited in the press nearly 300 times since Enron's bankruptcy, including *The New York Times*, *The Wall Street Journal*, and *The Washington Post*. He has a regular column in *Accounting Today*.

As economic crimes continue to increase, accountants and law enforcement personnel must be vigilant in expanding their knowledge of ways to detect these clandestine operations. Written by a retired IRS agent with more than twenty years of experience, *Financial Investigation and Forensic Accounting, Third Edition* offers a complete examination of the current methods and legal considerations involved in the detection and prosecution of economic crimes. Explores a range of crimes Following an overview of the economic cost of crime, the book examines different types of offenses with a financial element, ranging from arson to tax evasion. It explores offshore activities and the means criminals use to hide their ill-gotten gains. The author provides a thorough review of evidentiary rules as well as the protocol involved in search warrants. He examines the two modalities used to prove financial crime: the Net Worth Method and the Expenditure Theory, and presents an example scenario based on real-life incidents. Organized crime and consumer fraud Additional topics include organized crime and money laundering — with profiles of the most nefarious cartels — consumer and business fraud and the different schemes that befall the unwary, computer crimes, and issues surrounding banking and finance. The book also presents focused and concrete advice on trial preparation and specific accounting and audit techniques. New chapters in the third edition New material enhances this third edition, including new chapters on investigative interview analysis and document examination, as well as advice for fraud examiners working on private cases, including the preparation of an engagement letter. For a successful prosecution, it is essential to recognize financial crime at its early stages. This practical text presents the nuts and bolts of fraud examination and forensic accounting, enabling investigators to stay ahead of an area that is increasingly taking on global importance.

Praise for *Financial Statement Analysis A Practitioner's Guide Third Edition* "This is an illuminating and insightful tour of financial statements, how they can be used to inform, how they can be used to mislead, and how they can be used to analyze the financial health of a company."

-Professor Jay O. Light Harvard Business School "Financial Statement Analysis should be required reading for anyone who puts a dime to work in the securities markets or recommends that others do the same." -Jack L. Rivkin Executive Vice President (retired) Citigroup Investments

"Fridson and Alvarez provide a valuable practical guide for understanding, interpreting, and critically assessing financial reports put out by firms. Their discussion of profits-'quality of earnings'-is particularly insightful given the recent spate of reporting problems encountered by firms. I highly recommend their book to anyone interested in getting behind the numbers as a means of predicting future profits and stock prices."

-Paul Brown Chair-Department of Accounting Leonard N. Stern School of Business, NYU "Let this book assist in financial awareness and transparency and higher standards of reporting, and accountability to all stakeholders." -Patricia A. Small Treasurer Emeritus, University of California Partner, KCM Investment Advisors

"This book is a polished gem covering the analysis of financial statements. It is thorough, skeptical and extremely practical in its review." -Daniel J. Fuss Vice Chairman Loomis, Sayles & Company, LP

Financial Shenanigans, Fourth Edition: How to Detect Accounting Gimmicks and Fraud in Financial Reports McGraw-Hill Education

Praise for *The Financial Numbers Game* "So much for the notion 'those who can, do-those who can't, teach.' Mulford and Comiskey function successfully both as college professors and real-world financial mercenaries. These guys know their balance sheets. The *Financial Numbers Game* should serve as a survival manual for both serious individual investors and industry pros who study and act upon the interpretation of financial statements. This unique blend of battle-earned scholarship and quality writing is a must-read/must-have reference for serious financial statement analysis."

--Bob Acker, Editor/Publisher, *The Acker Letter* "Wall Street's unforgiving attention to quarterly earnings presents ever increasing pressure on CFOs to manage earnings

and expectations. The Financial Numbers Game provides a clear explanation of the ways in which management can stretch, bend, and break accounting rules to reach the desired bottom line. This arms the serious investor or financial analyst with the healthy skepticism required to drive beyond reported results to a clear understanding of a firm's true performance." --Mark Hurley, Managing Director, Training and Development, Global Corporate and Investment Banking, Bank of America "After reading The Financial Numbers Game, I feel as though I've taken a master's level course in financial statement analysis. Mulford and Comiskey's latest book should be required reading for anyone who is serious about fundamentally analyzing stocks." --Harry Domash, San Francisco Chronicle investing columnist and investment newsletter publisher

Provides techniques to determine the potential of an emerging growth company for investment purposes, and examines the history of several companies to use as examples

Accounting for Value teaches investors and analysts how to handle accounting in evaluating equity investments. The book's novel approach shows that valuation and accounting are much the same: valuation is actually a matter of accounting for value. Laying aside many of the tools of modern finance the cost-of-capital, the CAPM, and discounted cash flow analysis Stephen Penman returns to the common-sense principles that have long guided fundamental investing: price is what you pay but value is what you get; the risk in investing is the risk of paying too much; anchor on what you know rather than speculation; and beware of paying too much for speculative growth. Penman puts these ideas in touch with the quantification supplied by accounting, producing practical tools for the intelligent investor. Accounting for value provides protection from paying too much for a stock and clues the investor in to the likely return from buying growth. Strikingly, the analysis finesses the need to calculate a "cost-of-capital," which often frustrates the application of modern valuation techniques. Accounting for value recasts "value" versus "growth" investing and explains such curiosities as why earnings-to-price and book-to-price ratios predict stock returns. By the end of the book, Penman has the intelligent investor thinking like an intelligent accountant, better equipped to handle the bubbles and crashes of our time. For accounting regulators, Penman also prescribes a formula for intelligent accounting reform, engaging with such controversial issues as fair value accounting.

Essentials of Forensic Accounting Essentials of Forensic Accounting is an authoritative resource covering a comprehensive range of forensic accounting topics. As a foundation review, a reference book, or as preparation for the Certification in Financial Forensics (CFF®) Exam, this publication will provide thoughtful and insightful examination of the key themes in this field, including: Professional responsibilities and practice management Fundamental forensic knowledge including laws, courts, and dispute resolution Specialized forensic knowledge such as bankruptcy, insolvency, reorganization, and valuation Through illustrative examples, cases, and explanations, this book makes abstract concepts come to life to help you understand and successfully navigate this complex area.

Indicts accounting and auditing firms and related organizations and institutions, including the prestigious American Institute of Public Accountants, for allying themselves with corporate management in the preparation of deceptive, inaccurate corporate financial statements. Describes accounting theory and the dubious practices that have emerged in recent years, urging reform to restore the integrity of the accounting profession

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