

RENEWING THE PUBLIC TRUST

Story of the Trust Crisis

The Corporate Scandal Sheet: 2000 - 2008

June 2000

Xerox:
Boosted income by \$1.5 billion by falsely reported financial results

November 2001

Arthur Andersen:
Obstruction of justice for shredding Enron documents

October 2001

Enron: Falsely boosted profits & hid debts totaling over \$1 billion

January 2002

Homestore.com:
Inflated sales by booking barter transactions as revenue

March 2002

WorldCom:
Overstated cash flow by booking \$3.8 billion in operating expenses as capital expenses

April 2002

Adelphia Communications:
Founders fraudulently collected \$3.1 billion in off-balance sheet loans

May 2002

Halliburton:
Improperly booked \$100 million in annual construction costs

TYCO: CEO and CFO took out \$170 million in interest-free loans without informing the company's compensation committee

July 2002

AOL Time Warner:
Overstated revenue by \$49 million

Bristol-Myers Squibb:

Inflated 2001 revenue by \$1.5 billion

Duke Energy:

Engaged in 23 round-trip trades to boost trading volumes and revenue

Merck: Recorded \$12.4 billion in never-collected consumer-to-pharmacy co-pays

March 2003

HealthSouth:
Company earnings were falsely inflated by \$1.4 billion

December 2006

Fannie Mae:
Manipulated earnings by more than \$100 million to maximize CEO & CFO bonuses

September 2008

AIG: Inflated net worth by up to \$1.7 billion

The Good News

2002

The Sarbanes-Oxley Act was created as a reaction to a number of major corporate scandals and set new or enhanced standards for all U.S. public company boards, management and public accounting firms.

2004

The NASBA Center for the Public Trust was created to restore trust in the accounting profession and business world by focusing on the great majority of firms and individuals who were acting in an ethical manner.



In early 2002, major accounting scandals shook the U.S. economy. Since then, auditing failures and ethics scandals have dominated the headlines.

The negative and extensive media coverage, along with the economic crisis, has accelerated the widespread decline of the public's trust in corporate America. Accounting, once referred to as the trusted profession, has been left with a tarnished reputation.

Who is working to restore the public's trust in the accounting profession and U.S. business?


By addressing the issues of ethics, ethical behavior and leadership, the NASBA Center for the Public Trust (CPT) has been revitalizing the public's confidence in business and corporate America.

The CPT is renewing the focus on the positive and admirable aspects of accountancy and U.S. business to cultivate a refreshing change in news reporting.



Conferences and Programs

The CPT's corporate education programs are dedicated to enhancing ethical behavior and raising the awareness of contemporary ethical issues; while providing a platform for business and academia to explore, promote and advance best practices.

A young green plant with several leaves growing out of dark brown soil. The plant has a central stem with several pairs of leaves branching out. The leaves are bright green and have a smooth, slightly glossy texture. The soil is dark brown and appears to be rich and moist. The background is a blurred view of the soil, emphasizing the plant.

Awards

The *Being A Difference Award* distinguishes individuals, firms and organizations for unique contributions to ethical leadership in their profession, community or region. This program has grown to national prominence and has honored Fortune 500 executives, Olympic athletes, Big Four accounting firms, along with individuals who have worked courageously to promote ethics and support public trust.

Student Chapters of the CPT

A natural outgrowth of the CPT is a program focused on educating and engaging future business leaders on the issues of ethics, accountability and integrity. Based on college campuses, student chapters provide an interactive environment where ethical behaviors and ideas can flourish, while creating opportunities for students to network with the business community and develop leadership skills.

Communications

The CPT's newsletter, *Ethics Matters*, provides news and perspectives on ethical issues. A regular feature is the "Good News" column which highlights positive news stories. In addition, the Web site provides insightful information on upcoming activities, archives ethics articles and is a central location to view videos and photographs from past CPT events.





Membership

Trust Society and Annual Members are an elite class of corporate and individual donors that continue to support the CPT's advancement of ethics and ethical leadership. These members are recognized as part of a network that is committed to helping restore the hope, confidence and trust the public has in business today.



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