

Black

The Magicians of the Finance World

Some Stories of Frauds from Indian Financial World

Dr. HIMANSHU JAIN, Professor
DMS, PIET

The Satyam Saga- A Big Lie

Story of one of the BIGGEST Corporate fraud of India

Dr. HIMANSHU JAIN, Professor
DMS, PIET



Ramalinga Raju



**Member of International Advisory Panel of
Malaysia's Multimedia Super Corridor**

**Member of Board of
Indian Institute of Foreign Trade (IIFT)**

Member of National Council of CII

Member of Executive Council of NASSCOM

Corporate Citizen of the year award in 2002

CNBC's Asian Business Leader

Dataquest IT Man of the Year in 2000

Ernst & Young Entrepreneur in 1999



Byrraju Ramalinga Raju
MBA from Ohio University, USA
Owner/President course at Harvard

THE RISE OF SATYAM



1987

Satyam Computers Pvt Ltd was started by two brothers:

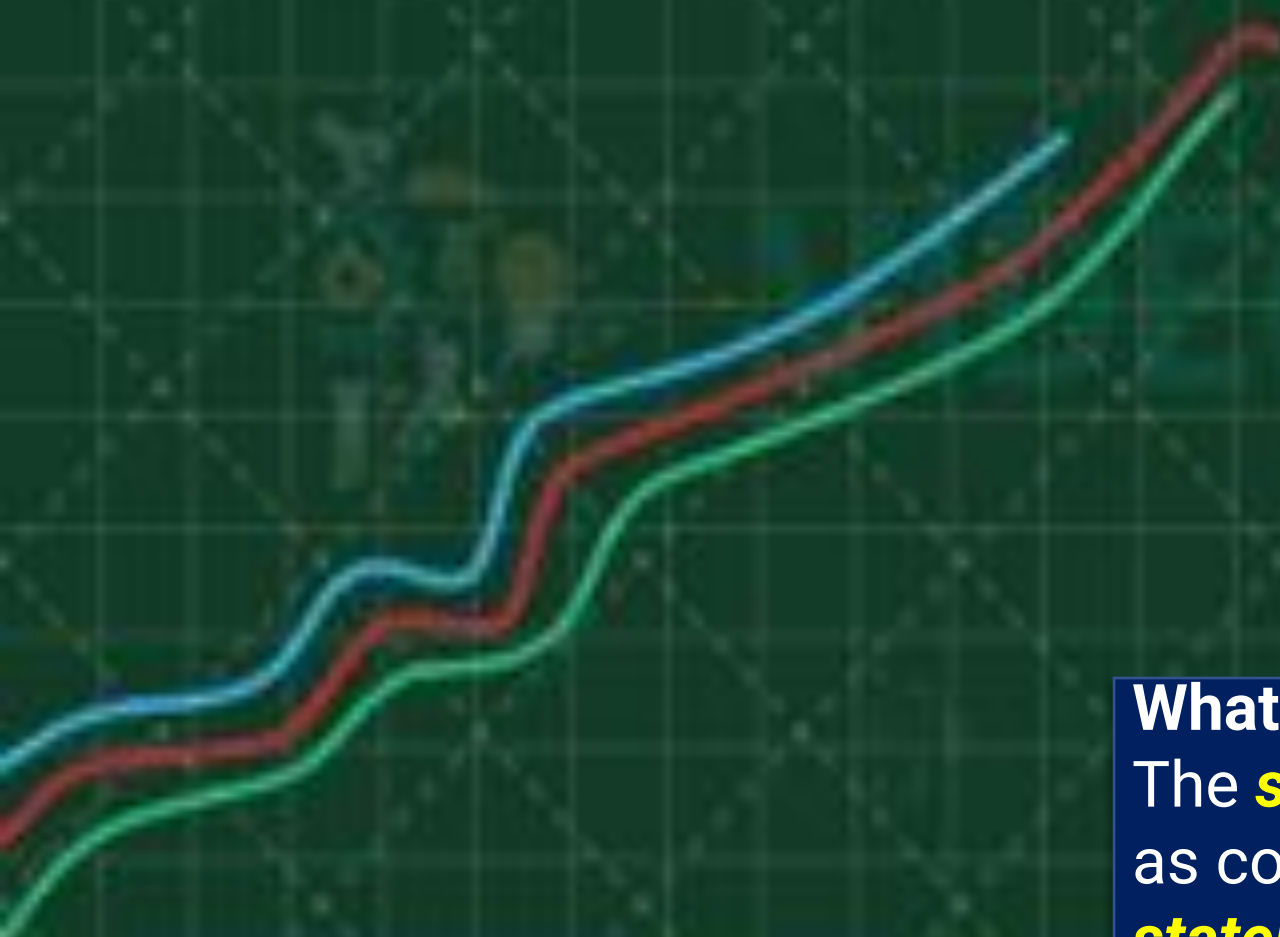
- B Ramaliga Raju
- B Suryanarayana Raju

First Fortune 500 clients in 1999
Converted into Public Ltd Co in 1999

THE BIG BREAK-Allies with Dun and Bradstreet Corp.
Ranked 3rd in Corporate Governance Survey by
Global Institutional Investors

- Declared one of the 100 most Pioneering
- As of 2009 4th fastest growing IT Company in India

- First company to be listed on 3 international exchanges: NYSE, DOW, EURONEXT



What Happened in that **SCAM**:
The **stock prices soared**
as company **forged** sales invoices and bank
statements

The Truth Came Out on 07th January, 2009

Confession Letter on January 7, 2009 by B Raju

Raju resigned from his post & wrote in the confession letter :

“Every attempt to fill the gap failed”.

“It was like riding a tiger, not knowing how to get off without being eaten”.



To the Board of Directors
Satyam Computer Services Ltd.

From B. Ramalinga Raju

Chairman, Satyam Computer Services Ltd.

January 7, 2009

Dear Board Members,

It is with deep regret, and tremendous burden that I am carrying on my conscience, that I would like to bring the following facts to your notice:

1. The Balance Sheet carries as of September 30, 2008
 - a. Inflated (non-existent) cash and bank balances of Rs.5,040 crore (as against Rs. 5361 crore reflected in the books)
 - b. An accrued interest of Rs. 376 crore which is non-existent
 - c. An understated liability of Rs. 1,230 crore on account of funds arranged by me
 - d. An over stated debtors position of Rs. 490 crore (as against Rs. 2651 reflected in the books)
2. For the September quarter (Q2) we reported a revenue of Rs.2,700 crore and an operating margin of Rs. 649 crore (24% of revenues) as against the actual revenues of Rs. 2,112 crore and an actual operating margin of Rs. 61 Crore (3% of revenues). This

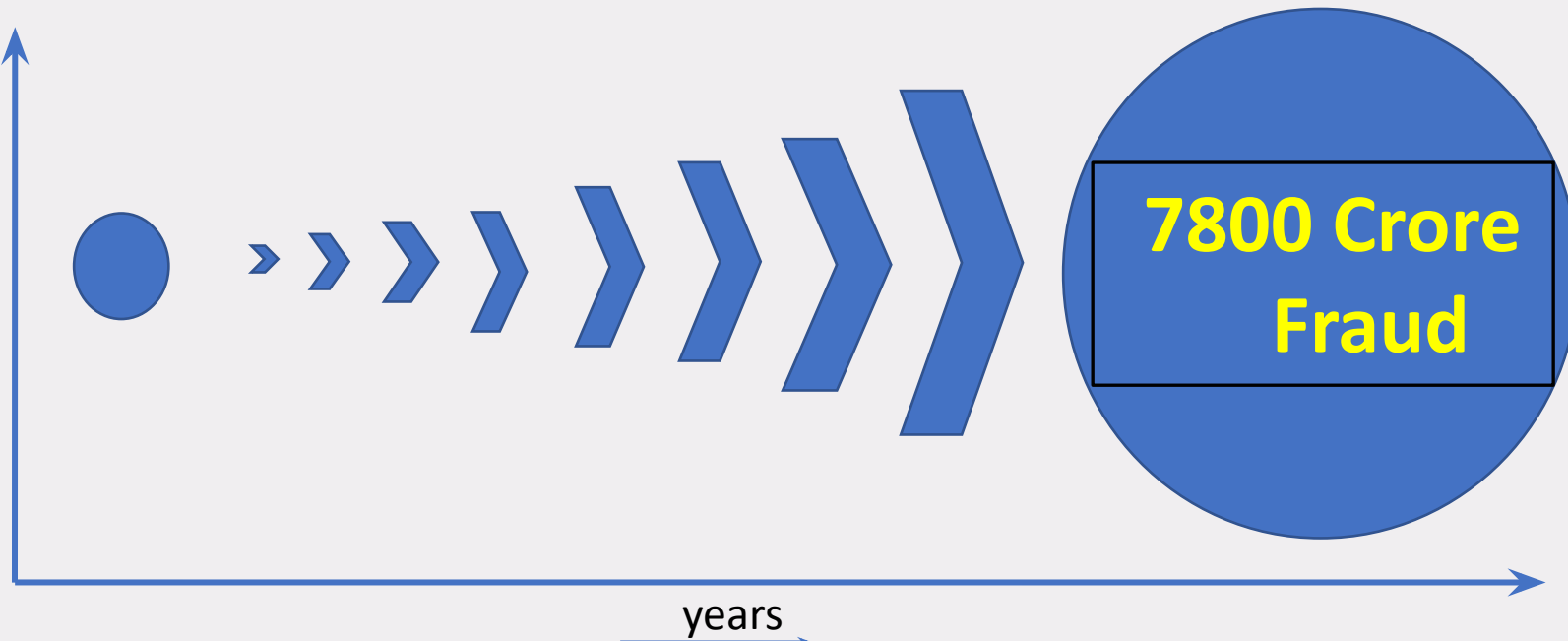




Srinivas Vadlamani (Ex-CFO)

revealed during investigation:

- “I was asked specifically to not look into bank statement”
- Started 6-7 years ago
- AUDITOR never pointed out any “deficiencies” during their discussions.
- BANK deposit were handled directly by Raju.
- This marginal gap went on expanding over years.



THE DISASTROUS REVELATION



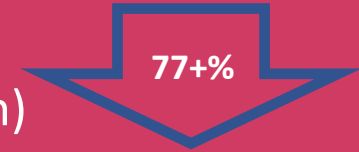
- The Black day: 7th January, 2009
- Accounting fraud of **₹7136 crores** (approximately US\$1.5 billion), including **₹5040 crores** (approximately US\$1 billion) of *non-existent cash* and *bank balances*.
- From past 7 years accounting books were cooked:
 - Profits were inflated
 - Understated liability and overstated debts
 - Accrued interests
 - The gaps in the balance sheets are due to the Inflated profits



MINUTES AFTER REVELATION

Satyam Shares

- Biggest single day fall for a stock
- Rs. 178.95/- (Jan 6th) to Rs. 40.25/- (Jan 8th)



Stock Market

- BSE sensex fell by 749.05 i.e. 7.25% .
- NSE fell by 192.40 points i.e. 6.18%.

Companies Worth

• 11464 Crore



1607 Crore

□ All time low of Rs 11.50 on 9th Jan and closed at 23.75 Rs/-.

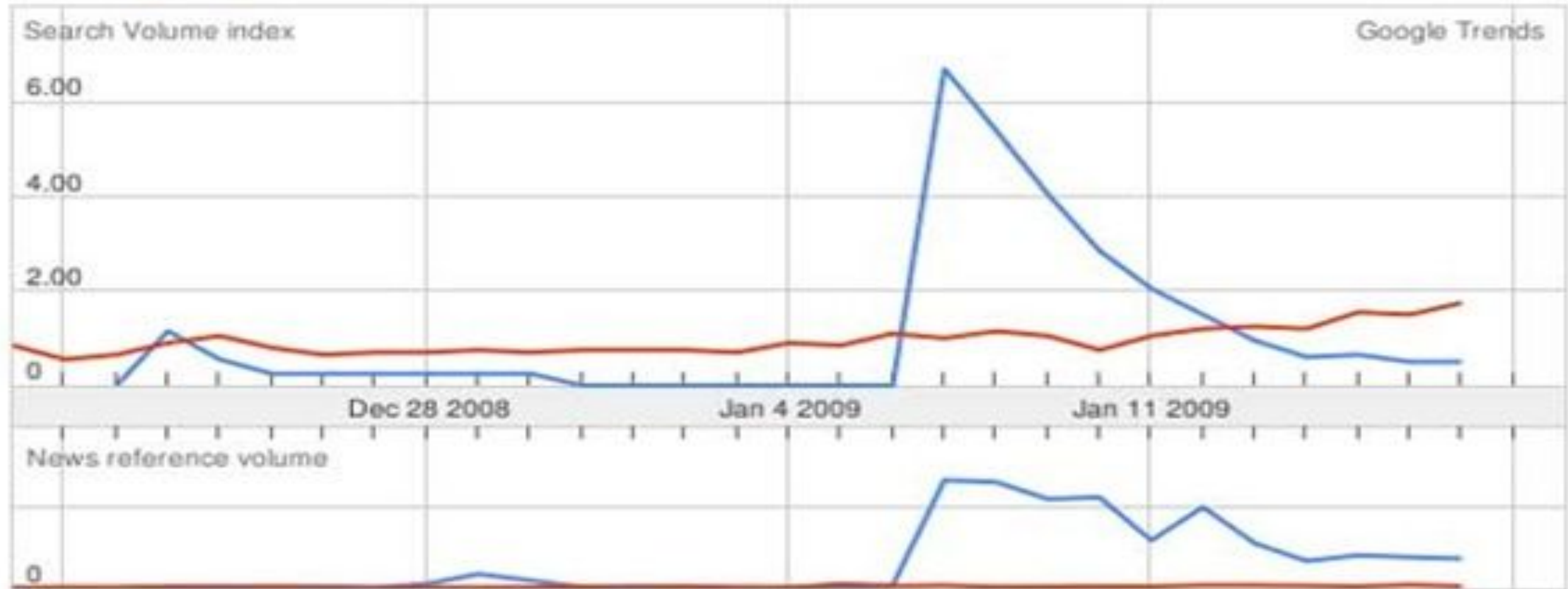
□ Compared to highest of 524.90 Rs/- on may 29,2008/-.

Search Volume Index



Scale is based on the average worldwide traffic of [ramalinga raju](#) in the last 30 days. [Learn more](#)

ramalinga raju 1.00 **barrack obama** 0.95



WHY DID RAJU CONFESS?



Circumstance of to lead Confession



Required US\$300 million + US\$ 1.2 billion

The deal required borrowing of US\$300 million in addition to US\$ 1.2 billion of cash that Satyam claimed to possess.

Satyam called of this deal, but it raised questions about corporate governance

26th December 2008
Mangalam Srinivasan, an independent director resigned

1

16th December 2008

The board approved a 51% stake acquisition of MAYTAS INFRA and 100% stake in MAYTAS PROPERTITES.

2

3

Stiff resistance from the investors

4

23rd December 2008

World Bank suspended Satyam for 8 years from doing any business with itself

5

6

Circumstance of to lead Confession



DSP Merrill Lynch

DSP Merrill Lynch, terminated its contract with Satyam, which was appointed by Satyam to look for a partner or buyer for the company found serious accounting irregularities

07th January 2009

B. Ramalinga Raju Confessed

7

9

8

Whistleblower

A former senior executive wrote an anonymous email about the finance irregularities to board members

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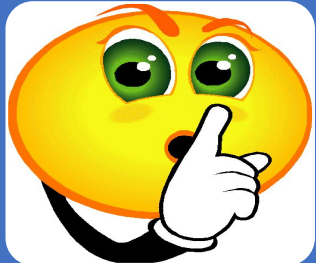


Confession Letter



Acquisition of Maytas Infra and Maytas Properties

Last attempt to fill the gap.



Top officials were unaware

Only MD & CFO were others.



No personal profits.

Did not sell any shares from 8 years.

HOW DID IT START???





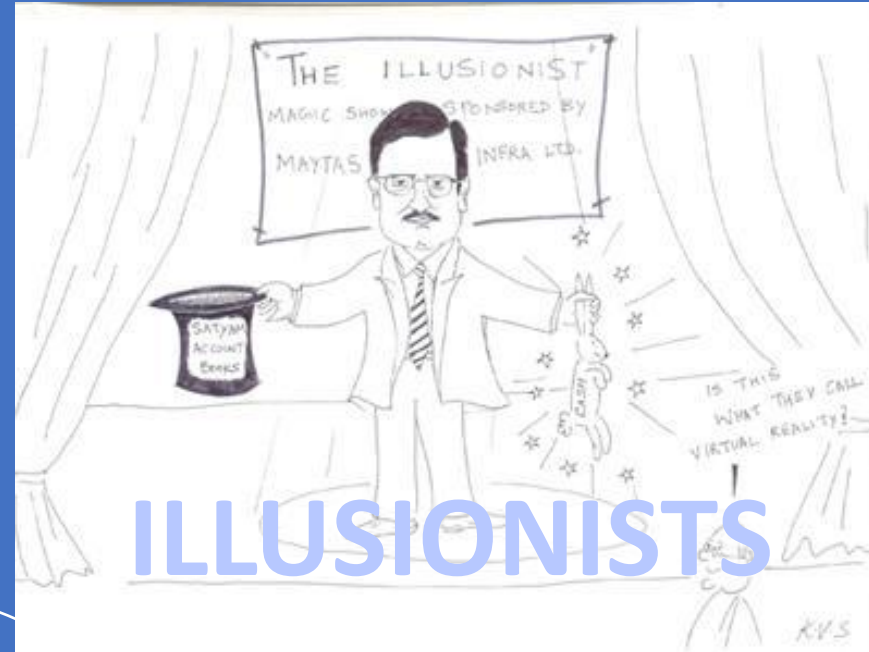
"Numbers tell the story, folks: Once you reward your accounting firm for lying, wonderful things happen!"

Ramalinga Raju

Satyam Former
Chairman

B. RamaRaju

Brother of R. Raju
Former Managing
director



V. Srinivas

Ex-chief financial
officer

S. Gopalkrishnan

PriceWaterhouse
Auditor

T Srinivas

PriceWaterhouse
Auditor

Audited Satyam's financial statements from 2000 through 2008.

PWC partners S. Gopakakrishnan & Srinivas Talluri charges with "underlying conspiracy" to misstate Satyam's financial position



Among the "BIG 4". Other 3 are:

- Deloitte
- KPMG
- Ernst & Young

Performs non-core functions of organizations like: Accounting, Audit, Consulting, Tax Compliance etc.

PROBABLE REASONS



PRESSURE TO MEET EXPECTATION

- Growing competition
- Threat of being overtaken

OVERCONFIDENCE

- On his ability

PERSONAL BENEFITS

- Siphoning off funds
- Salary of non-existent 13000 employees

"Since about seven years we wanted to show more income in the accounts to avoid others from involving in the company affairs and any possible hostile acquisition".

THE GAME PLAN





Management

Audit Team

The software firm's unreal and fictitious fixed deposits were managed with an understanding between the management and audit section.

- Bank deposits were directly handled by the chairman and Managing director.

- Control over CFO.
- Offered to resign twice.

- Ignorance of Firm's Auditors.

Methodology of the S C A M



**Super
Log-in
Created**

**Fake
Invoices**

**Boost
Revenue &
Profits**

**Falsified
Bank
Statements
/ FDRs**

THE SIZE OF INFLATED FIGURES



The Balance Sheet and Profit and Loss Account as of September 30, 2008 showed:

- Inflated (**non-existent**) **bank** and **cash balance** of Rs. 5040 crore (as against Rs. 5312 crore as shown in the books).
- A **non-existent accrued interest** of Rs. 376 crore.
- An **understated liability** of Rs. 1230 crore on account of funds arranged by BR Raju.
- **Debtors position** of Rs. 490 is **overstated** (as against Rs. 2,651 reflected in the books).
- **Revenue** of Rs. 2,7000 crore and an **operating margin** of Rs. 649 crore (24% of revenues) as against the actual revenues of Rs. 2,112 crore and an actual operating margin of Rs. 61 crore (3% of revenues).
- **Staff overstated** by 13,000.

THE SIZE OF INFLATED FIGURES



Items Rs. in Crore	Actual	Reported	Difference
Cash & Bank Balances	321	5361	5040
Accrued Interest on Bank	Nil	376.5	376
Fixed Deposits			
Understated Liability	1230	None	1230
Overstated Debtors	2161	2651	490
Overstated Debtors	2161	2651	490
Total	--	--	7136
Revenues (Q2 FY 2009)	2112	2700	588
Operating Profits	61	649	588

THE LAST ATTEMPT





What Business Demands.

The MAYTAS Acquisition



- *51% of Maytas infra and 100% Maytas properties* : firms owned by the *sons* of Raju.
- *Planned to buy the Maytas to fill the gap* in the balance sheet. 
- *Last attempt* Raju made to fill the gap in the balance sheet.
- Major shareholder *rebellion*
- Acquisition was termed *“Poor corporate governance”*.

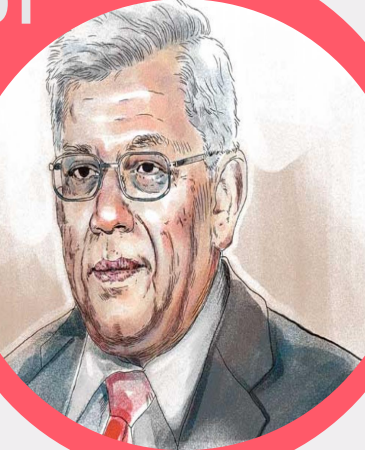


Le mur américain

the rescue teams

The board appointed by the Govt.

01



Deepak Parikh

Chairman HDFC

02



Kiran Karnik

Former Nasscom Chief

03



C. Achuthan

Former SEBI member

the rescue teams

CEO



A S Murthy

New CEO

Satyam shares gained over 44% day after appointment of the new board.

Aftermath of satyam scandal

Anand Mahindra of *Mahindra* took over the company for *Rs. 2890 crore* through a government *mediated auction* and acquired a *51% stake* in the company.

The Tech Mahindra *merger* was successfully completed on *June 25, 2013*.



Companies Act, 2013 incorporated new provisions:

- Disclosure of Promoter's Holding
- Rotation Of Auditors

RAJU & OTHERS UNDER PROBE



CBI filed a charge sheet against **nine** on April 7, 2009.

Apart from **5 illusionists**, **4** others are:

- Raju's second brother S. Raju
- 2 employees from finance wing
- vice president(Finance)

CBI investigating further...

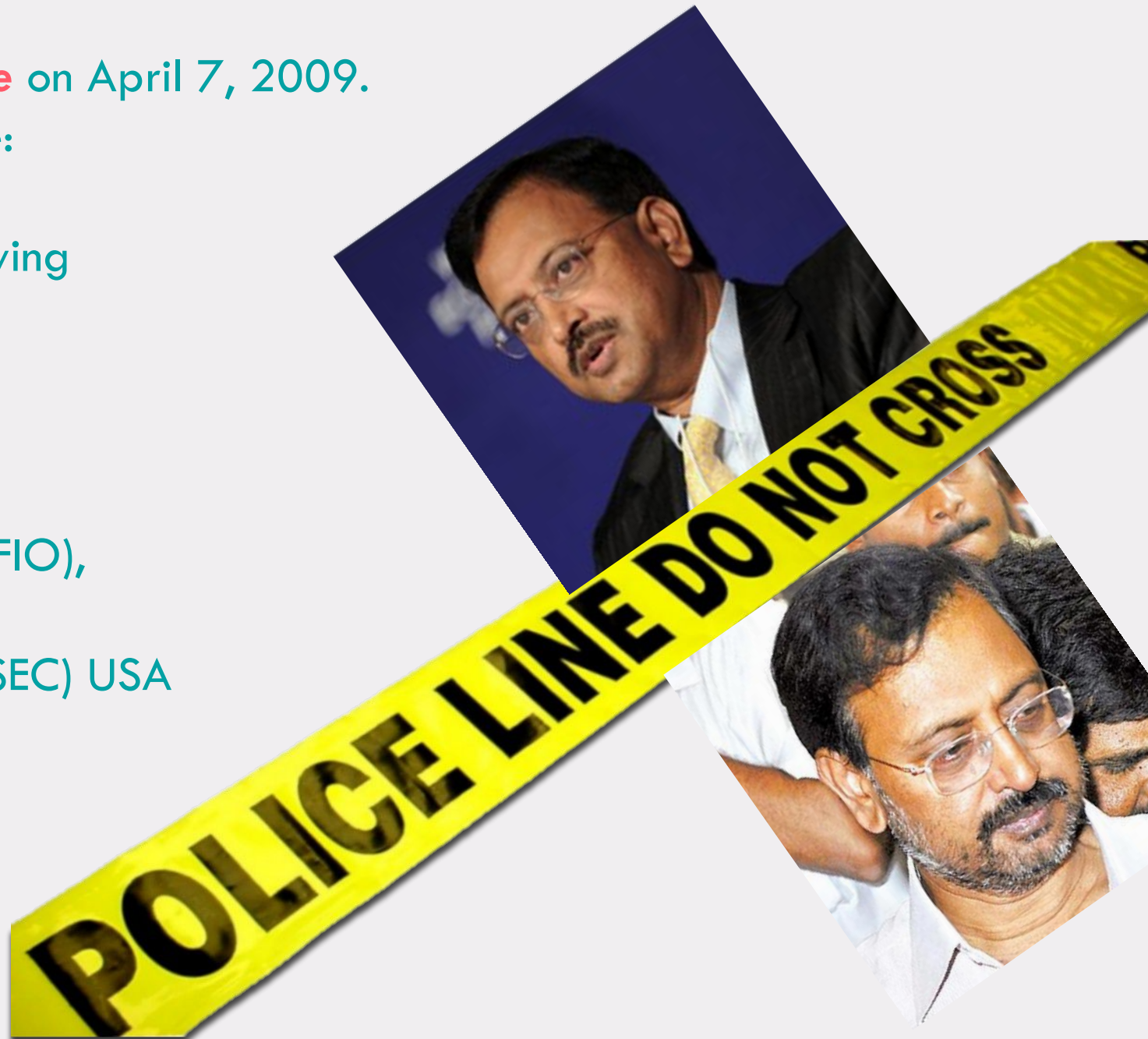
Other agencies like:


Serious Fraud Investigation Office(SFIO),

Enforce Directorate (ED),

Securities & Exchange Commission (SEC) USA

also investigated the case.





Ironically, **Satyam** means “**truth**” in Sanskrit, but Raju’s admission-accompanied by his resignation-shows the company had been feeding investors, shareholders, clients and employees a steady diet of **asatyam** (or **untruth**), at least regarding its financial performance

- *Wharton School of the University of Pennsylvania*



PricewaterhouseCoopers (PwC) in 2020

Type	Members have different legal structures; both UK and US firms are actually limited liability partnerships
Industry	Professional services
Founded	1998 (PricewaterhouseCoopers), 1849 (Price Waterhouse), 1854 (Coopers & Lybrand)
Headquarters	London, England, UK
Services	Assurance, Advisory, Tax Advisory, Tax Controversy, Strategy Consulting Data & Analytics, Management Consulting, Financial Advisory, Actuarial, Legal
Revenue	US\$43.0 billion (2020)
Employees	2,76,000 (2019)

Lessons Learnt



Better to exit at the first signs of trouble

If things seem too good to be true, it's time to turn suspicious

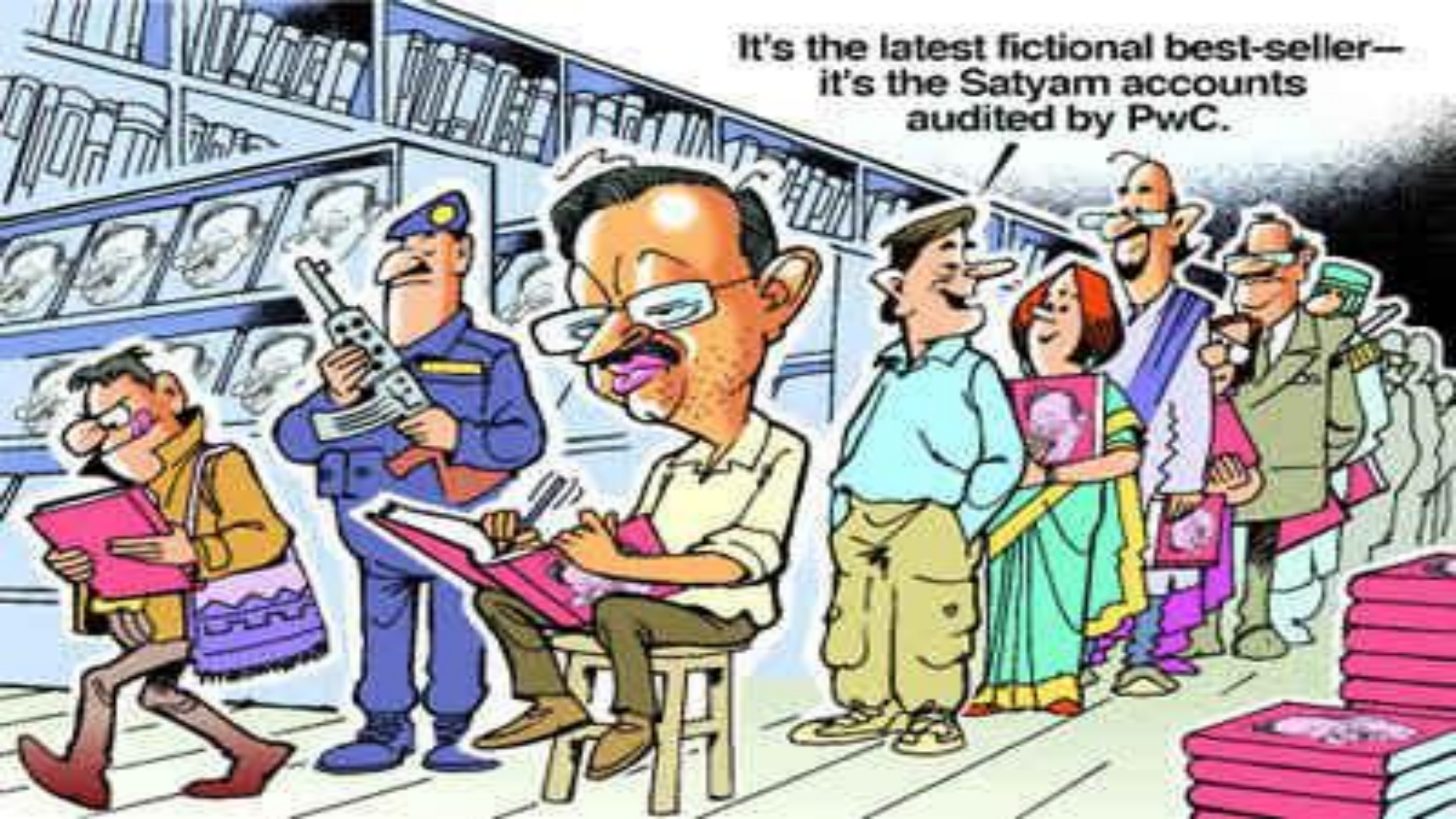
Be alerted when institutional investors reduce their holding

Pay attention to the actions of the founders and directors of the company

Don't concentrate on any company stock especially if you are an employee

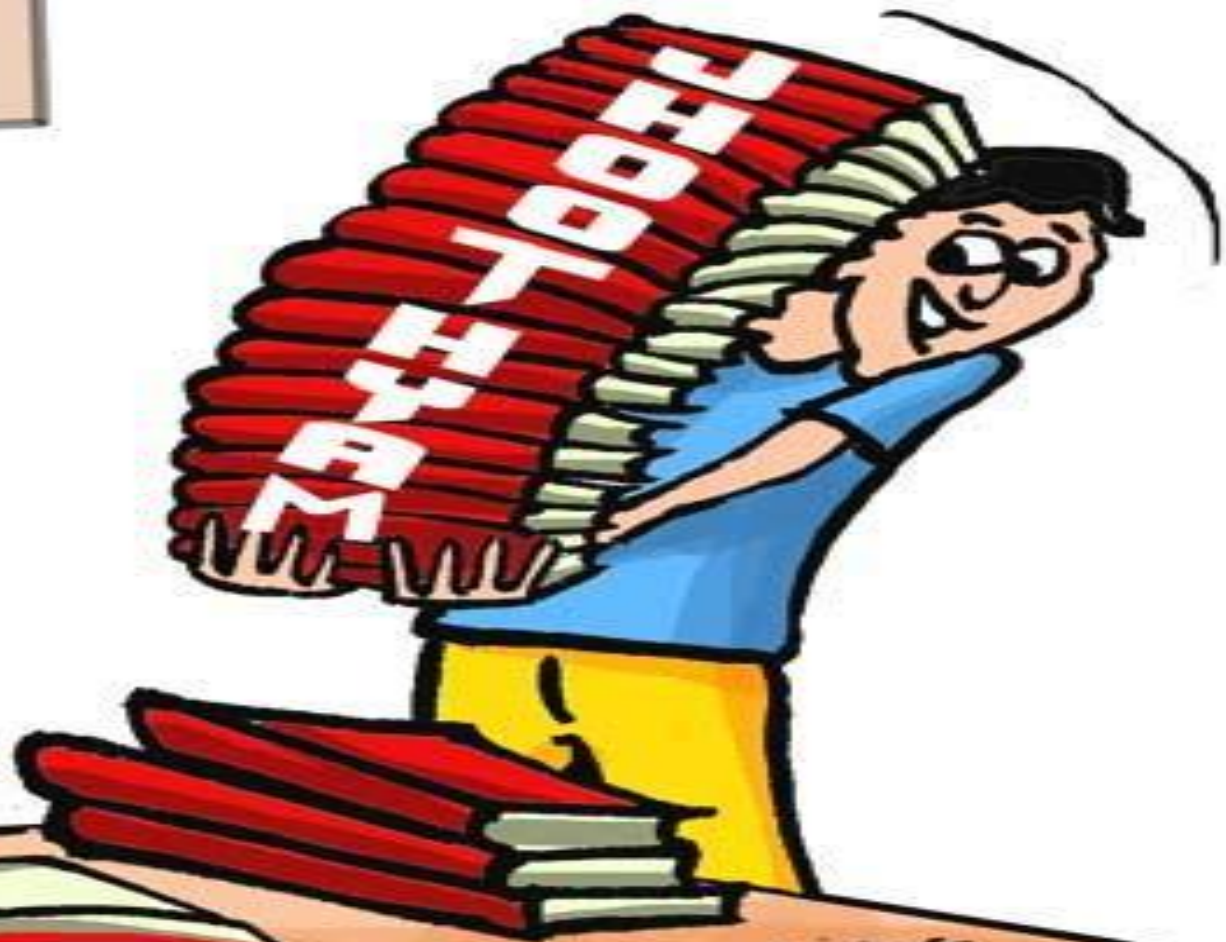
& of course, learn to say "NO" when you should

**It's the latest fictional best-seller—
it's the Satyam accounts
audited by PwC.**



SATYAM COMPUTER SERVICES

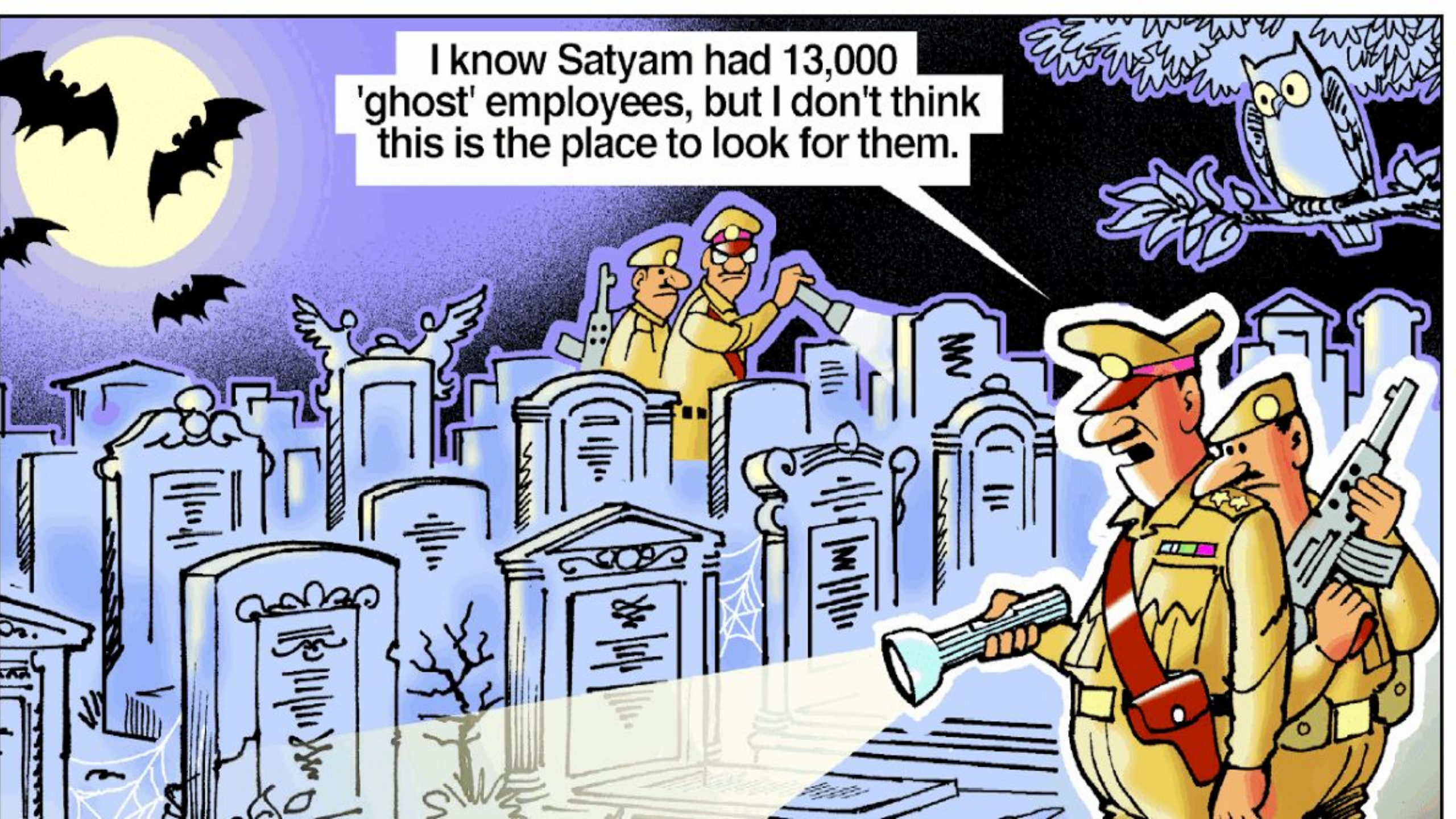
THESE ARE ALL
OUR BOGUS
ACCOUNT BOOKS



HIS 20 YEARS' EXPERIENCE AS A COOK
WILL SURELY HELP US MAKE HUGE PROFITS!



I know Satyam had 13,000 'ghost' employees, but I don't think this is the place to look for them.



Other famous accounting scandal...

N



BAD BOY
BILLIONAIRES

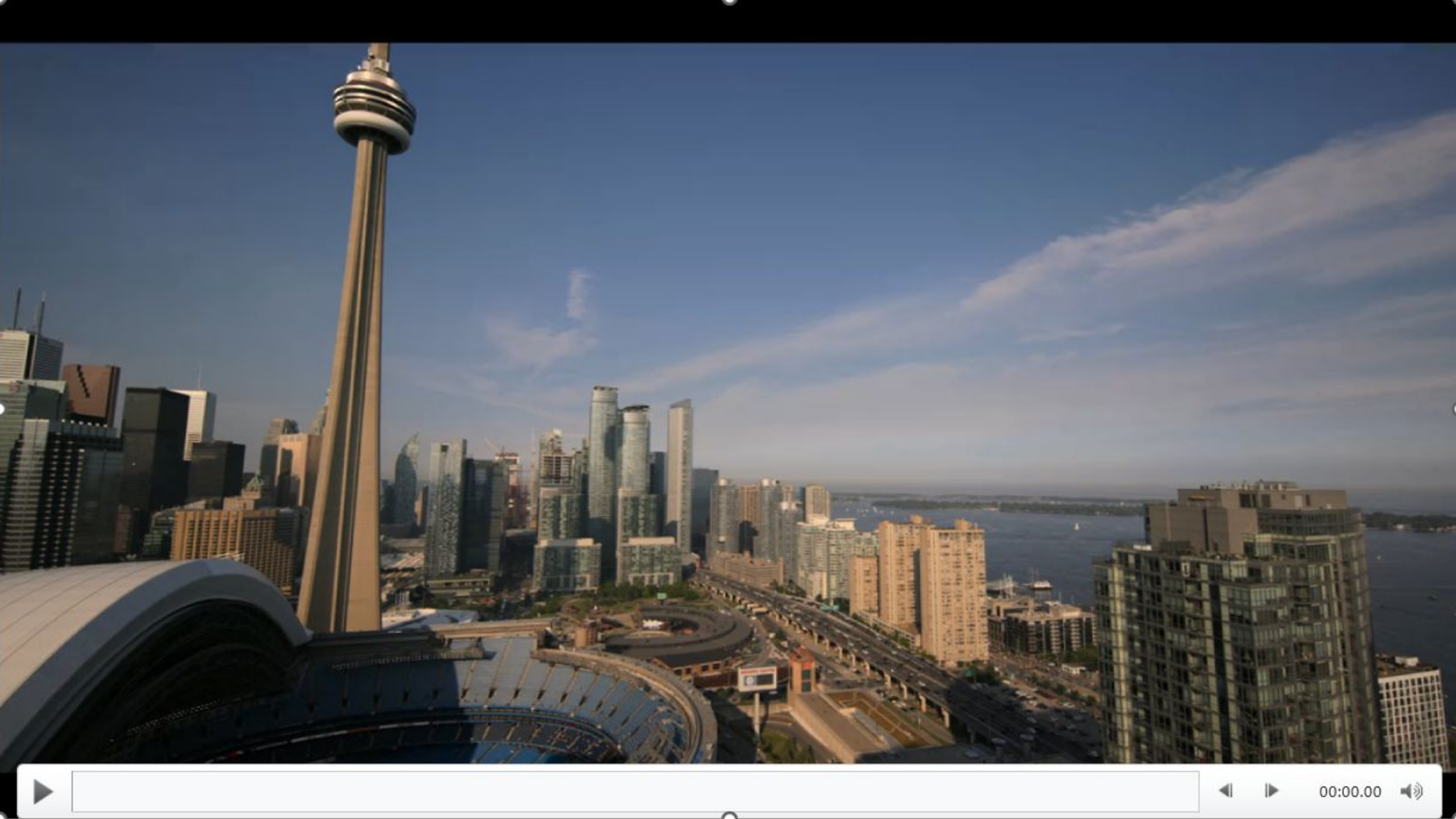
INDIA





The Kingfisher Airlines

The Smell of Abnormality



Video player controls including a play button, a progress bar, and a volume icon. The time displayed is 00:00.00.



सहारा
इंडिया परिवार

The Sahara Scam





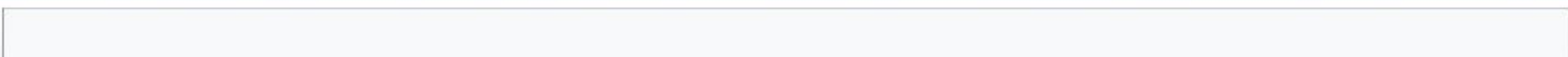
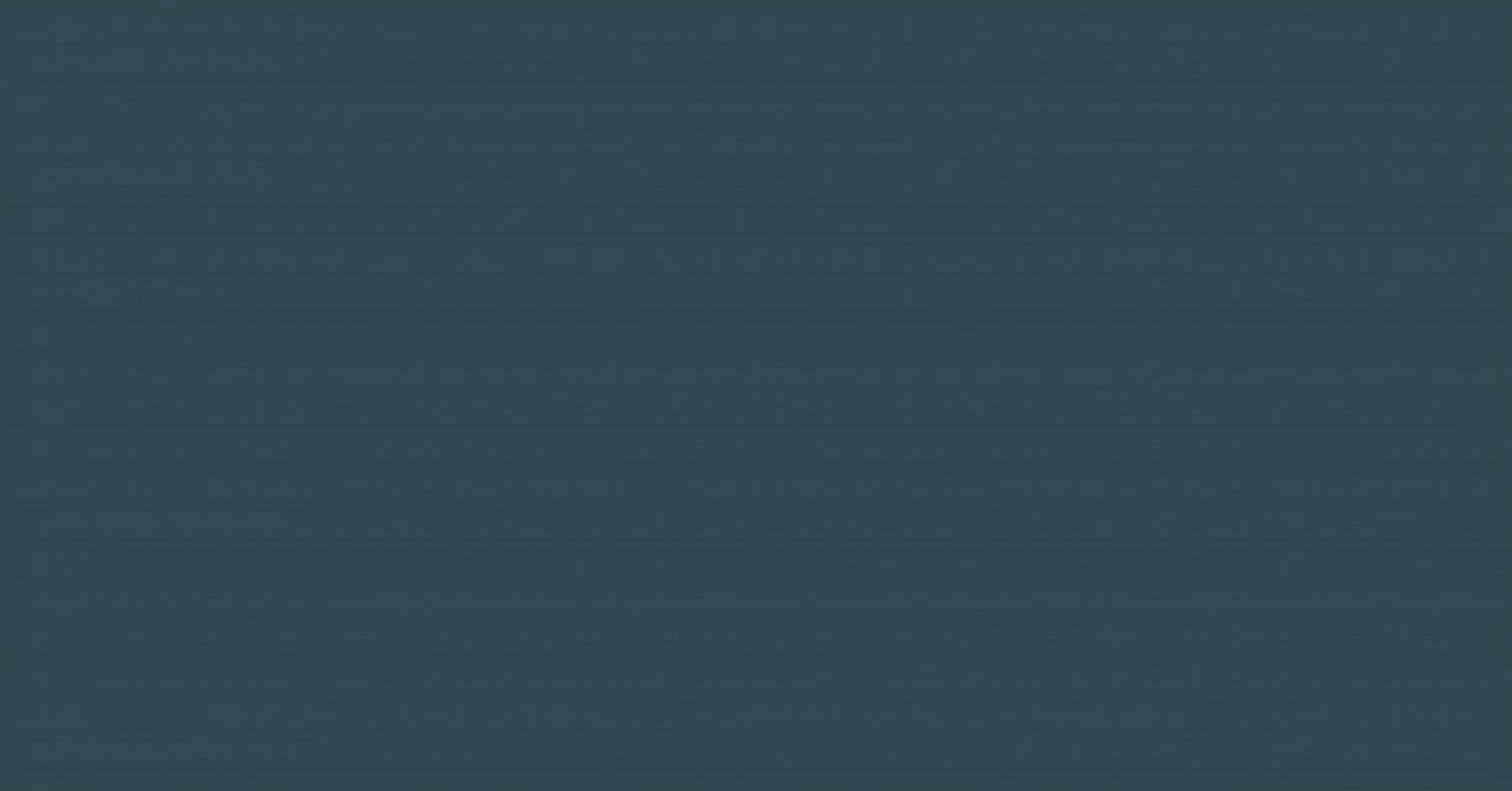
NIRAV MODI

The Nirav Modi Scam





The Enron Bankruptcy in 2001



00:00.00





The Enron



1400 Smith Street (formerly Enron Complex)
Houston, Texas, United States
(now occupied by Chevron Corporation)

- Used to be 7th largest Corporation in USA.
- Energy giant Enron with revenues of nearly \$101 billion in the year 2000.
- Employed approximately 22,000 people.
- "America's Most Innovative Company" for six consecutive years, thereby proving that Fortune magazine.



The Enron Bankruptcy in 2001

- shareholders lost \$74 billion in the four years leading up to its bankruptcy, and its employees lost billions in pension benefits.
- The collapse of Enron, which held more than \$60 billion in assets, involved one of the biggest bankruptcy filings in the history of the United States
- **Arthur Andersen accounting firm,**
- resulted in the Sarbanes-Oxley act- "Public Company Accounting Reform and Investor Protection Act"/ "Corporate and Auditing Accountability, Responsibility, and Transparency Act".
- **Mark to Market Accounting Methods**



Former Enron employees sitting with their belongings after layoffs by the bankrupt energy-trading company

Arthur Andersen today



Discussed earlier



LEHMAN BROTHERS

The Collapse of Lehman Brothers 2008



00:00.00



Lehman Brothers Scandal (2008)

LEHMAN BROTHERS

Lehman Brothers was a global financial services firm based out of New York City, New York. It was one of the largest *investment banks* in the *United States*. During the *2008 financial crisis*, it was discovered that the company had *hidden over \$50 billion in loans*. These loans had been *disguised as sales using accounting loopholes*.

According to an *SEC investigation*, the company had *sold toxic assets to banks* in the *Cayman Islands* on a short-term basis. It was understood that Lehman Brothers would *buy back these assets*. This gave the impression that the company had *\$50 billion more in cash and \$50 billion less in toxic assets*. In the aftermath of the scandal, Lehman Brothers went *bankrupt*.

Auditing Firm: *Ernst & Young*

Ernst & Young in 2020

Industry	Professional services	
Founded	1989; 32 years ago (through merger of Ernst & Whinney and Arthur Young & Co.; oldest component	from 1849)
Headquarters	London, England, UK	
Services	Assurance Tax Advisory Digital Strategy Consulting Financial Advisory Legal	
Revenue	US\$37.2 billion (2020)	
Number of employees	298,965 (2020)	



What is the Company

Waste Management, Inc. is an *American waste management, comprehensive waste, and environmental services company* in *North America*. Founded in 1968, the company is headquartered in the First City Tower in Houston, Texas.

How Scam was done:

1. Depreciation expenses on garbage trucks were avoided by
 - inflated salvage values – extended useful lives
2. Expenses were not recorded for
 - Decreases in the value of landfills – cost of unsuccessful landfill development projects
3. Reserves were manipulated so that excess reserves could be used to avoid recording unrelated operating expenses
4. Variety of expenses were improperly capitalized

Ind AS 1: Presentation of Financial Statements (AS 1: Disclosure of Accounting Policies)

Standard Practice : Financial statements should disclose all “material” items, i.e. items the knowledge of which might influence the decisions of the user of the financial statements

Company Practice : The netting tactic allowed them to eliminate almost \$500 million in operating expenses from the financial statements, by “offsetting them against unrelated one-time gains on the sale or exchange of assets.”

Ind AS 16 :Property, Plant and Equipment (AS 6 : Depreciation Accounting)

Standard Practice : The method of depreciation is applied consistently to provide comparability of the results of the operations of the enterprise from period to period

Company Practice : The company significantly decreased the depreciation expenses on their garbage trucks, by extending useful lives and changing salvage values

Ind AS 16 :Property, Plant and Equipment (AS 10: Accounting for Fixed Assets)

Standard Practice : Due to the nature of landfills, GAAP also requires that a company compare a landfill’s cost to its anticipated salvage value, with the difference depreciated over the estimated useful life of the landfill

Company Practice : The Company did not account for the decrease in value of their landfills, even though these landfills were constantly being filled with waste.

Ind AS 16 :Property, Plant and Equipment (AS 10: Accounting for Fixed Assets)

Standard Practice : Only expenditure that increases the future benefits from the existing asset beyond its previously assessed standard of performance is included in the gross book value

Company Practice : The Company also improperly capitalized certain expenses that should not have been capitalized. For eg, they did not expense the costs of abandoned landfill development projects, that were unsuccessful.

Accounting Standards Violation

Role of Auditors

Auditors- Arthur Anderson LLP

Aware of the improper practices

Issued unqualified audit reports

Prepared proposed adjusting journal entries (PAJEs) for misstatements to correct the improper accounting practices

The Auditors earned additional fees through “special work” which were shown in the financial statements of the company under the following heads:

Accounting work -- \$7.5 million

Non-Audit consulting fees -- \$17.8 million



How Did The Scandal Become Public?

A new CEO hired in 1997 ordered a review of the company's accounting practices, which led to the discovery in 1998 of an overstatement of \$1.7 billion in earnings between the years 1992 to 1997. It was the largest restatement known at that point in history.

Year Ending	Originally Reported (In Thousands)	As Restated (In Thousands)	% Overstated
31-Dec-92	\$850,306	\$739,686	14.90%
31-Dec-93	\$452,776	\$288,707	56.80%
31-Dec-94	\$784,381	\$627,508	25.00%
31-Dec-95	\$603,899	\$340,097	77.60%
31-Dec-96	\$192,085	\$(39,307)	100+%

Effects of Fraud

Shareholders lost more than \$6 billion when stock prices dropped by more than 33%

Waste Management was bought and merged with a smaller company, USA Waste Services Inc. in 1998

Waste Management had to pay \$457 million in a class action suit to shareholders

Arthur Anderson was fined \$7 million

In 2005, the fraud accounting lawsuit against the former executives was settled for \$31 million

The men were banned from serving as officers and directors of a public company

Waste Management Inc – At Present..

Although, Waste Management, Inc., with the help of auditor, Arthur Andersen, was investigated, charged with a suit, and required to restate their financial statements, the company was able to continue operations. Today, the company is still serving their clients and the public with waste services such as recycling and disposals. Although they suffered consequences due to their five-year period of fraudulent reporting, the company was lucky enough to recover from their losses and charges filed against them.

The Company is currently operating in North America

- The Largest Solid Waste Provider in North America.
- The leading Provider of Integrated Environmental Solutions in the country.
- The Largest Recycler of the state.
- Owns Largest Truck Fleet in the North American Industry.
- Provide employment to more than 50000 people.
- Has a customer base of more than 20 million people.





ALWAYS WORKING FOR A SUSTAINABLE TOMORROW

See Solutions:

For Home **For Business**



Residential Waste & Recycling Pickup



Business Waste & Recycling Pickup



Temporary Roll-Off

Hi, I'm the new WM Virtual Assistant chatbot. If you need assistance with anything, I'm here to help!



Feedback

Arthur Andersen today

- **Nancy Temple** (in the firm's legal department) & **David Duncan** (lead partner for the Enron account)
- Because the U.S. **Securities and Exchange Commission (SEC)** will not accept audits from convicted felons, the firm agreed to **surrender its CPA licenses** and its right to practice before the SEC on **August 31, 2002**—effectively putting the firm out of business.
- It had already started **winding down its American operations** after the indictment, and many of **its accountants joined other firms**. The firm **sold most of its American operations to KPMG, Deloitte & Touche, Ernst & Young and Grant Thornton LLP**. The damage to Andersen's reputation also destroyed the firm's international practices. **Most of its international business** were taken over by **the local firms** of the other major international accounting firms.
- On **May 31, 2005**, in Arthur Andersen LLP v. United States, the **Supreme Court** of the United States unanimously **reversed Andersen's** conviction because of **serious errors** in the **trial** judge's jury instructions.
- **theoretically** left Andersen **free to resume operations**. However, CNN reported that by then, Andersen was **"nearly defunct,"** with about **200 employees** remaining from a **high of 28,000 in 2002**.
- if Andersen had **escaped the Enron scandal unscathed**, it would have **likely been brought down by the massive accounting fraud at WorldCom**. The WorldCom fraud came to light just days after Andersen was convicted of wrongdoing at Enron.

Arthur Andersen today



Many partners formed new companies or were acquired by other consulting firms. Examples include:

- **60%** of the total Andersen practices globally **merged into Ernst & Young**, with some going to **Deloitte** (notably UK, Spain and Portugal).
- **Accuracy** which was founded in 2004 by a team of seven former partners and is headquartered in Paris.
- **Andersen Tax LLC** which acquired the rights and changed their name from WTAS in 2014.
- **BearingPoint**, formerly the US consulting unit spun off by KPMG, which purchased Andersen business consulting practices in France and Spain
- **Huron Consulting Group**
- **West Monroe Partners** which was founded in 2002 by four former consultants, and is based in Chicago.
- **KPMG** which absorbed the Computer Forensics division based in Cypress, CA and the Boise, Kansas City, Philadelphia, Portland, Salt Lake City and Seattle offices, among others
- **Navigant Consulting** which absorbed eleven partners in Chicago and Washington D.C.
- **Perot Systems** which absorbed six partners
- **Protiviti** hired approximately 800 former workers
- **SMART Business Advisory and Consulting** which absorbed some of the Philadelphia office
- **jcba Limited** which was founded by a partner from the aviation practice^{[21][22]}
- **Grant Thornton International** which absorbed the North Carolina, South Carolina, Albuquerque, and Tulsa offices.
- **True Partners Consulting**



NSEL Scam- 2013

A case of bad book-keeping

What Happened:

In NSEL, the contracts were made on paper but the underlying commodities did not exist.

Size of the Scam: Rs. 5500-5600 Crore

Auditors:

Mr. Jalan and Mr. Kabra of SV Ghatalia & Associates (SVGA), a firm affiliated to ***Ernst & Young***



Infrastructure Leasing & Financial Services (IL&FS)

IL&FS, India's leading infrastructure finance company, defaulted on payment to lenders, triggering panic in the market. The dues stand at more than Rs. 91,000 crore.

Deloitte Haskins & Sells was statutory auditor of IL&FS till FY2017, of IFIN from FY2016 to 2018. **EY** affiliate SRBC & Co was statutory auditor of IL&FS for FY17-18 and for ITNL from FY2016-2018. **KPMG** affiliates BSR & Associates was statutory auditor for IFIN from FY2016-2018. BSR also audited accounts of ITNL from FY2016-2018.

the auditors **understated bad loans** and did not point out the **inadequate provisioning** made against such loans, **violating norms** set by Reserve Bank of India (**RBI**).



toshiba accounting scandal

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About 7,16,000 results (0.41 seconds)

Toshiba accounting scandal

On July 21, 2015, **Toshiba** (OTCBB:TOSBF) CEO Hisao Tanaka announced his resignation in the face of an **accounting scandal** tied to about \$1.2 billion in overstated operating profits. Aug 13, 2015

www.investopedia.com > ... > Accounting

[Toshiba's Accounting Scandal: How It Happened \(OTCBB ...](#)

Feedback

People also ask

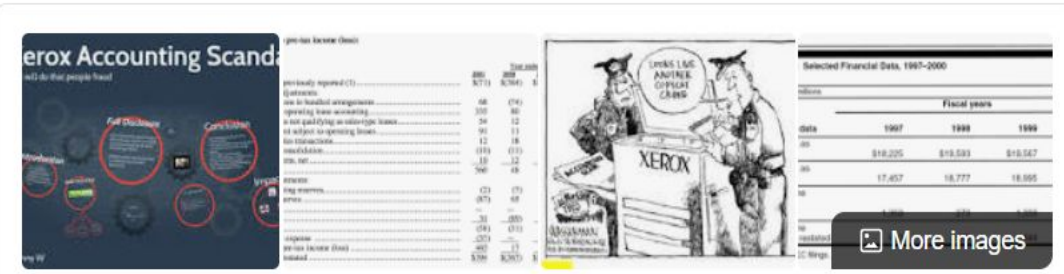
- What happened to Toshiba scandal? ▾
- How did Toshiba manipulate the accounting? ▾
- How did Toshiba get caught? ▾



xerox accounting scandal

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About 8,47,000 results (0.41 seconds)



Xerox accounting scandal

Corporate America suffered a fresh **accounting scandal** yesterday as **Xerox**, the photocopying and printing giant, admitted it had overstated its revenues during the past five years by almost \$2bn (£1.3bn). ... "It's corporate governance failures. It could happen to us, too." Jun 28, 2002

www.theguardian.com > business > jun > [Xerox in \\$2bn scandal | Business | The Guardian](#)

Feedback

sites.google.com > site > group15xerox > website-builder
[Case Summary - Xerox Accounting Scandal - Google Sites](#)

Xerox's accounting department manipulated their financial statements by accounting for revenue in periods before the revenue occurred. By doing this, Xerox ...

List of biggest accounting scandals [\[edit \]](#)

Company	Year	Audit Firm	Country	Notes
Fred Stern & Company	1925	Touche, Niven & Co.	United States	
Hatry Group	1929		United Kingdom	
Royal Mail Steam Packet Company	1931		United Kingdom	
Interstate Hosiery Mills	1937	Homes and Davis	United States	
McKesson & Robbins, Inc.	1938	Price, Waterhouse & Co.	United States	
Yale Express System	1965 ^[19]	Peat, Marwick, Mitchell & Co.	United States	Overstated net worth and failed to indicate net operating loss
Atlantic Acceptance Corporation	1965 ^[20]	Wagman, Fruitman & Lando	Canada	CPA conflicts of interest
Continental Vending Machine Corp.	1969 ^[21]	Lybrand, Ross Brothers, & Montgomery	United States	CPA partners convicted and fined
National Student Marketing Corporation	1970 ^[22]	Peat, Marwick, Mitchell & Co.	United States	Overstatement of earnings
Four Seasons Nursing Centers of America	1970 ^[23]	Arthur Andersen	United States	Overstatement of earnings; CPA partners indicted
Equity Funding	1973 ^[24]	Wolfson Weiner, Ratoff & Lapin	United States	Created fictitious insurance policies
Fund of Funds – Investors Overseas Services	1973 ^[25]	Arthur Andersen	Canada	Mutual fund that inflated value of assets
Lockheed Corporation	1976 ^[26]		United States	
Nugan Hand Bank	1980 ^[27]		Australia	
O.P.M. Leasing Services	1981 ^[28]	Fox & Company	United States	Created fictitious leases
ZZZZ Best	1986 ^[29]		United States	Ponzi scheme run by Barry Minkow
Northguard Acceptance Ltd.	1980 to 1982 ^[30]	Ernst & Young	Canada	
ESM Government Securities	1986 ^[31]	Alexander Grant & Company	United States	Bribery of CPA partner.
Bankers Trust	1988 ^[32]	Arthur Young & Co	United States	Had an \$80 million mis-pricing of derivatives contributing to profits by cutting bonuses.
Barlow Clowes	1988 ^[33]		United Kingdom	Gilts management service. £110 million missing
Crazy Eddie	1989 ^[34]		United States	
MiniScribe	1989 ^[35]		United States	

Livent	1989 to 1998	Deloitte & Touche ^{[36][37]}	Canada	Fraud and forgery
Polly Peck	1990 ^[38]		United Kingdom	
Bank of Credit and Commerce International	1991 ^[39]		United Kingdom	
Phar-Mor	1992 ^[40]	Coopers & Lybrand	United States	Mail fraud, wire fraud, bank fraud, and transportation of funds obtained by theft or fraud
Informix Corporation	1996 ^[41]	Ernst & Young ^[42]	United States	
Sybase	1997 ^{[43][44][45]}	Ernst & Young ^[46]	United States	
Cendant	1998 ^[47]	Ernst & Young	United States	
Cinar	1998 ^[48]	Ernst & Young	Canada	Misuse of corporate funds
Waste Management, Inc.	1999 ^[49]	Arthur Andersen	United States	Financial misstatements
MicroStrategy	2000 ^[50]	PWC	United States	Michael Saylor
Unify Corporation	2000 ^[51]	Deloitte & Touche	United States	
Computer Associates	2000 ^[52]	KPMG	United States	Sanjay Kumar , Stephen Richards
Lernout & Hauspie	2000 ^[citation needed]	KPMG	Belgium	Fictitious transactions in Korea and improper accounting methodologies elsewhere
Xerox	2000 ^[53]	KPMG	United States	Falsifying financial results
One.Tel	2001 ^[54]	Ernst & Young	Australia	
Enron	2001 ^[55]	Arthur Andersen	United States	Jeffrey Skilling , Kenneth Lay , Andrew Fastow
Swissair	2001	PricewaterhouseCoopers	Switzerland	
Adelphia	2002 ^[56]	Deloitte & Touche	United States	John Rigas
AOL	2002 ^[53]	Ernst & Young	United States	Inflated sales
Bristol-Myers Squibb	2002 ^{[53][57]}	PricewaterhouseCoopers	United States	Inflated revenues
CMS Energy	2002 ^{[53][58]}	Arthur Andersen	United States	Round trip trades
Duke Energy	2002 ^[53]	Deloitte & Touche	United States	Round trip trades
Vivendi Universal	2002 ^[53]	Arthur Andersen	France	Financial reshuffling
Dynegy	2002 ^[53]	Arthur Andersen	United States	Round trip trades
El Paso Corporation	2002 ^[53]	Deloitte & Touche	United States	Round trip trades
Freddie Mac	2002 ^[59]	PricewaterhouseCoopers	United States	Understated earnings
Global Crossing	2002 ^[53]	Arthur Andersen	Bermuda	Network capacity swaps to inflate revenues

Tyco International	2002 ^[53]	PricewaterhouseCoopers	Bermuda	Improper accounting, Dennis Kozlowski
WorldCom	2002 ^{[53][67]}	Arthur Andersen	United States	Fraudulent expense capitalization, Bernard Ebbers
Royal Ahold	2003 ^[68]	Deloitte & Touche	United States	Inflating promotional allowances
Parmalat	2003 ^{[69][70]}	Grant Thornton SpA	Italy	Falsified accounting documents, Calisto Tanzi
HealthSouth Corporation	2003 ^[71]	Ernst & Young	United States	Richard M. Scrushy
Nortel	2003 ^[72]	Deloitte & Touche	Canada	Distributed ill-advised corporate bonuses to top 43 managers
Chiquita Brands International	2004 ^[73]	Ernst & Young	United States	Illegal payments
AIG	2004 ^[74]	PricewaterhouseCoopers	United States	Accounting of structured financial deals
Bernard L. Madoff Investment Securities LLC	2008 ^[75]	Friehling & Horowitz	United States	Biggest Ponzi scheme in history ^[76]
Anglo Irish Bank	2008 ^[77]	Ernst & Young	Ireland	Anglo Irish Bank hidden loans controversy
Satyam Computer Services	2009 ^[78]	PricewaterhouseCoopers	India	Falsified accounts
Biovail	2009 ^[79]		Canada	False Statements
Taylor, Bean & Whitaker	2009 ^[80]	PricewaterhouseCoopers	United States	Fraudulent spending
Monsanto	2009 to 2011 ^[81]	Deloitte	United States	Improper accounting for incentive rebates
Kinross Gold	2010 ^[82]	KPMG	Canada	Overstated asset values
Lehman Brothers	2010 ^[83]	Ernst & Young	United States	Failure to disclose Repo 105 misclassified transactions to investors
Amir-Mansour Aria	2011	IAO (Audit organization) and other Audit firms	Iran	Business loans without putting any collateral and financial system
Bank Saderat Iran	2011	IAO (Audit organization) and other Audit firms	Iran	Financial transactions among banks and getting a lot of business loans without putting any collateral
Sino-Forest Corporation	2011 ^[84]	Ernst & Young	Canada-China	Ponzi scheme, falsifying assets
Olympus Corporation	2011 ^[85]	Ernst & Young	Japan	<i>Tobashi</i> using acquisitions
Autonomy Corporation	2012 ^[86]	Deloitte & Touche	United States	Subsidiary of HP.
Penn West Exploration	2012 to 2014 ^[87]	KPMG	Canada	Overstated profits
Pescanova	2013	BDO Spain	Spain	Understated debt, Fraudulent invoices, Falsified accounts
Petrobras	2014 ^[88]	PricewaterhouseCoopers	Brazil	Government bribes, Misappropriation, Money laundering
Tesco	2014 ^[89]	PricewaterhouseCoopers	UK	Revenue recognition
Toshiba	2015 ^[90]	Ernst & Young	Japan	Overstated profits
Valeant Pharmaceuticals	2015 ^[91]	PricewaterhouseCoopers	Canada	Overstated revenues
Alberta Motor Association	2016 ^{[92][93]}		Canada	Fraudulent invoices
Odebrecht	2016 ^[94]		Brazil	Government bribes
Wells Fargo	2017 ^[95]	KPMG	United States	False accounting
1Malaysia Development Berhad	2018	Ernst & Young, Deloitte, KPMG ^[96]	Malaysia	Fraud, money laundering, abuse of political power, government bribes
Wirecard AG	2020 ^[97]	Ernst & Young	Germany	Allegations of fraud
Luckin Coffee	2020	Ernst & Young	China	Inflated its 2019 sales revenue by up to US\$310 million

Role of ICAI

[Actions taken against the CAs by ICAI](#)



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

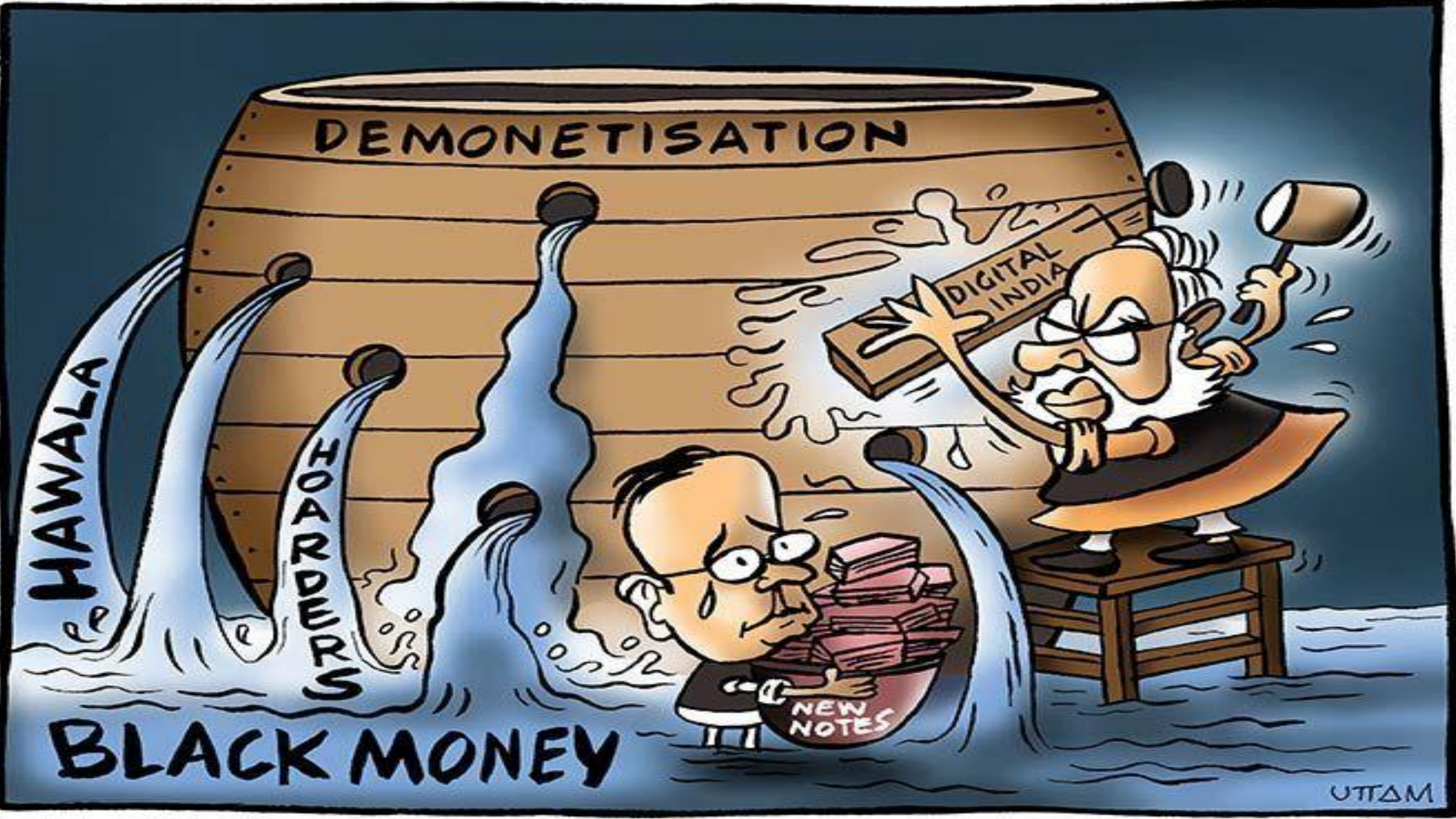


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THE BANK OF INDIA
8LF 421776

काला

भारतीय रिज़र्व बैंक
THE BANK OF INDIA
भारत सरकार द्वारा प्रत्याभूति
THE CENTRAL GOVERNMENT
एक हजार रुपये
ONE THOUSAND RUPEES
भारत
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DEMONETISATION

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BLACK MONEY

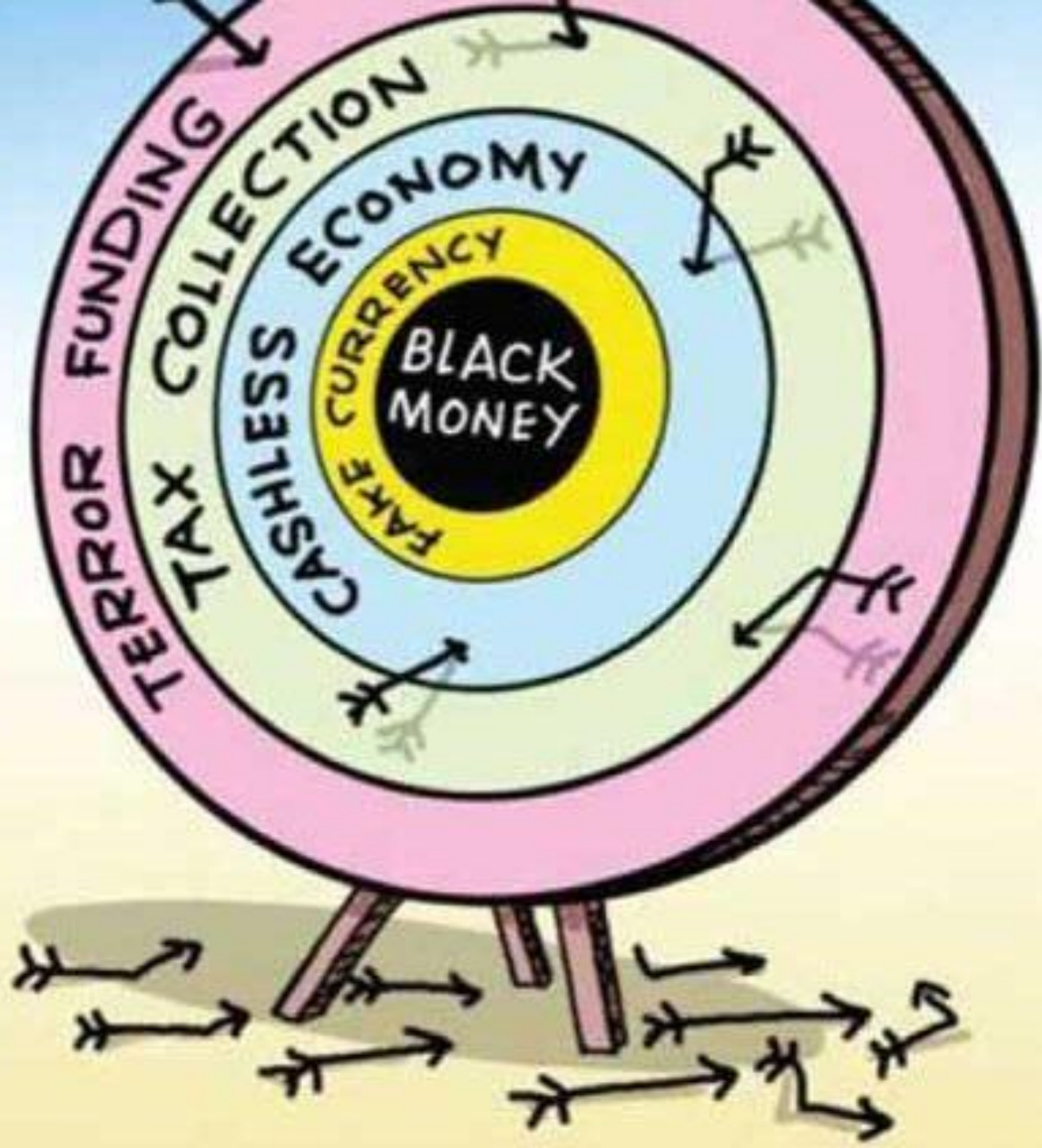
DIGITAL INDIA

NEW NOTES

BLACK MONEY

UTTAM

SUCCESS!



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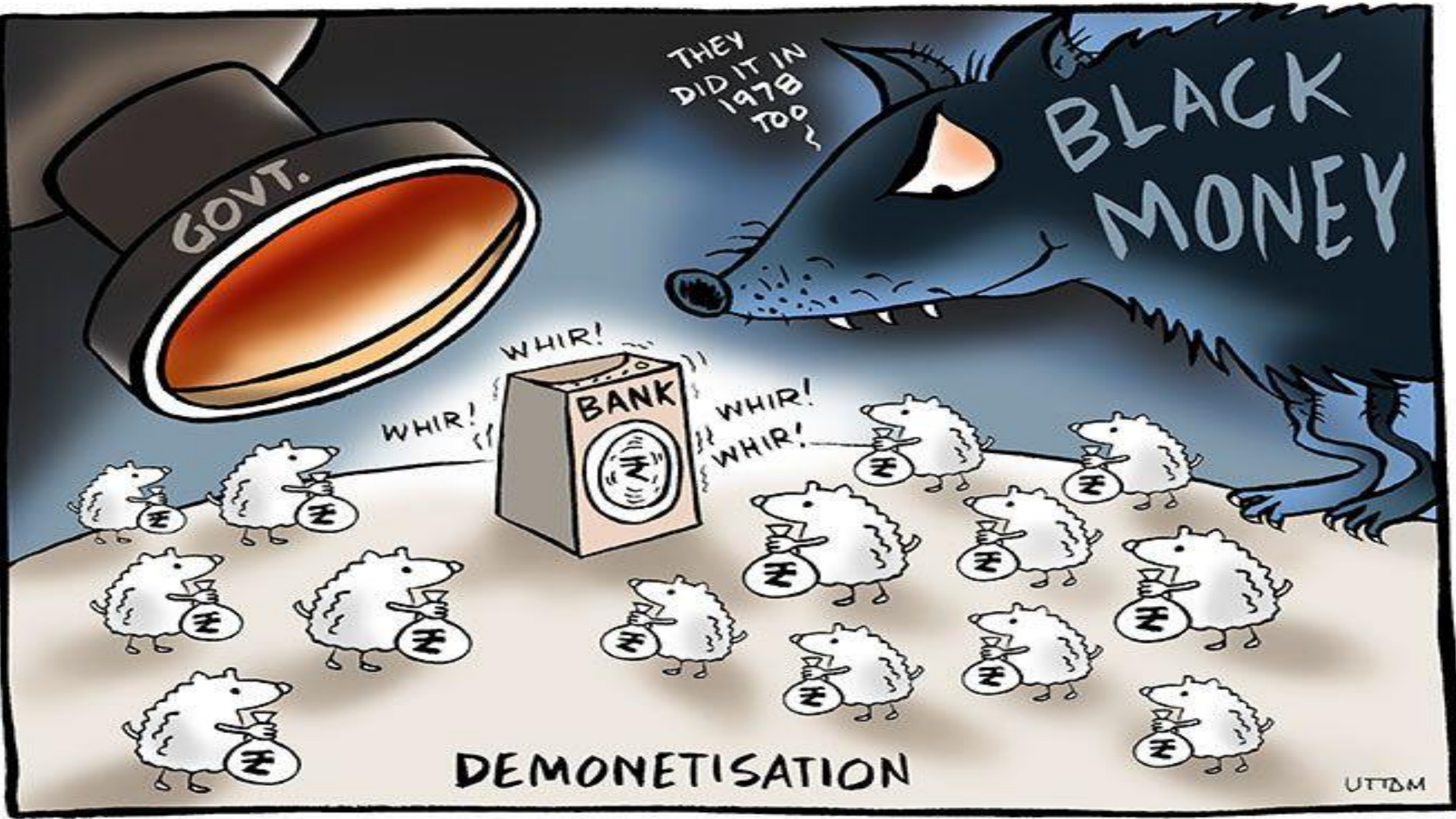
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DEMONETISATION

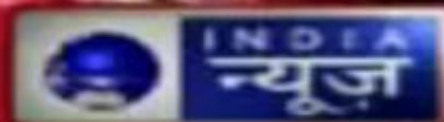
UTTAM



रूप मंत्रा

Face Cream

- सांवलापन
- छईयां
- झुर्रियां
- कील मुंहासे



10 बड़ी खबरें



भाचा अनिरुद्ध के साथ



सुबह 11:30 बजे

रात 8 बजे 10:06

सुंदर Skin का मंत्रा

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Let's Discuss

