Floyd Advisory

BUSINESS ADVISORY | FORENSIC ACCOUNTING

Summary of Accounting and Auditing Enforcement Releases for the Three Months Ended March 31, 2012

Q1 REPORT 2012

CONTENTS

Introduction and Our Objective

We are pleased to present you with our summary of the U.S. Securities and Exchange Commission, Division of Enforcement's Accounting and Auditing Enforcement Releases ("AAERs") for the quarter ended March 31, 2012.

As an independent business advisory and forensic accounting firm, we are committed to contributing thought leadership and relevant research regarding financial reporting matters that will assist our clients in today's fast paced and demanding market. This report is just one example of how we intend to fulfill this commitment.

The Division of Enforcement at the U.S. Securities and Exchange Commission ("SEC") is a law enforcement agency established to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. As such, the actions they take and releases they issue provide very useful interpretations and applications of the securities laws.

For those involved in financial reporting, SEC releases concerning civil litigation and administrative actions that are identified as "accounting and auditing" related are of particular importance. Our objective is to summarize and report on the major items disclosed in the AAERs, while also providing useful insights that the readers of our report will find valuable.

We welcome your comments and feedback, especially any additional analysis you would find helpful.

Floyd Advisory LLC
APRIL 2012

Our Process and Methodology

The SEC identifies and discloses accounting and auditing related enforcement actions from within its population of civil lawsuits brought in federal court, and its notices and orders concerning the institution and/or settlement of administrative proceedings as Accounting and Auditing Enforcement Releases ("AAERs"). Importantly, the disclosed AAERs are intended to highlight certain actions and are not meant to be a complete and exhaustive compilation of all of the actions that may fit into the definition above.

To meet our objective of summarizing the major items reported in the AAERs, we reviewed those releases identified and disclosed by the SEC on its website, www.sec.gov.

As part of our review, we gathered information and key facts, identified common attributes, noted trends, and observed material events. Applying our professional judgment, which is based solely on publicly disclosed information, we sorted the releases into major categories (notably: Rule 102(e) Actions, Financial Reporting Frauds, Foreign Corrupt Practices Act violations ("FCPA"), Reinstatements to Appear and Practice before the SEC and Other) and classifications of the financial reporting issues involved (notably: Improper Revenue Recognition, Manipulation of Reserves, Intentional Misstatement of Expenses, Balance Sheet Manipulation, Options Backdating and Defalcations). Do note, when a release included more than one allegation, admission or violation, we placed the release into the category which represented the most significant issue. For our summary of financial reporting issues, we recorded each accounting problem identified as a separate item. Based on this process and methodology, we prepared a database of the key facts in each release.

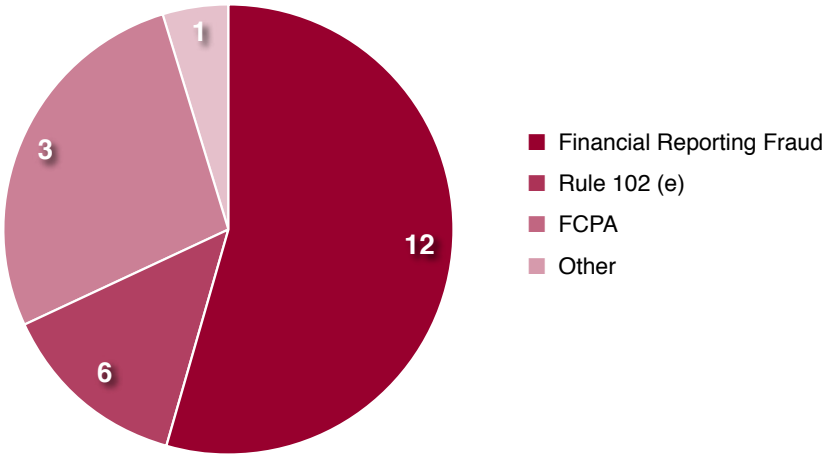
REVIEW PROCESS

- Gathered information and key facts
- Identified common attributes
- Noted trends
- Observed material events
- Sorted the releases into major categories
- Prepared a database of the key facts

The Q1 2012 AAERs: Summary by Category and Insights from the Releases

The SEC disclosed twenty-two AAERs during Q1 2012 which we have sorted into the following categories as shown in the pie chart.

AAERs by Category



AAERs reported for Quarter Ended March 31, 2012:

22

New financial reporting problems reported for Quarter Ended March 31, 2012:

10

Among the twenty-two AAERs reported during Q1 2012, there were actually only ten new financial reporting problems reported. The other AAERs related to previously reported problems and multiple AAERs for the same event.

Notably, five of the releases related to one financial reporting fraud, and seven AAERs related to frauds that had previously been reported in prior periods. In fact, two of the AAERs in Q1 2012 related to sanctions against individuals for their involvement in financial reporting frauds that were initially reported as AAERs in 2006.

While seeing the categorical breakdown is analytically useful, a closer look into each category provides a clearer understanding of the SEC's actions.

Financial Reporting Frauds

As reflected in the chart, financial reporting frauds dominated the releases issued in Q1 2012. Examples of actions related to financial reporting frauds described in the releases include:

- The SEC charged Florida-based Imperiali, Inc. ("Imperali"), its founder, a former officer, and its former auditor for their involvement in a fraudulent disclosure and accounting scheme. The SEC's complaint alleges that between 2005 and 2008, the company founder orchestrated a scheme to use Imperiali, a business development company that he owned and controlled, to defraud investors by making it appear that Imperiali was a successful global corporation with several wholly-owned businesses when in fact it was nothing more than a shell corporation. The complaint alleges that he raised approximately $2.5 million using offering materials that included numerous material misrepresentations and omissions, along with fabricated periodic reports filed with the SEC. Among other things, the complaint alleges that those filings overvalued Imperiali's virtually worthless assets at amounts ranging from $3.5 million to $269 million, and failed to disclose the issuance of millions of shares of restricted stock. The complaint also alleges that the company auditor failed to audit Imperiali's financial statements in accordance with Public Company Accounting Oversight Board (PCAOB) Standards, and issued audit reports on Imperiali's financial statements that he knew, or was reckless in not knowing, contained materially false and misleading information.

  Without admitting or denying the SEC's allegations, and subject to court approval, the former officer has consented to the entry of a final judgment that permanently enjoins him from future violations of the securities laws, and bars him from acting as an officer or director of a public company.

- The U.S. District Judge for the Eastern District of Wisconsin approved the settlement of the SEC's complaint against Koss Corporation ("Koss"), its CEO and former CFO. The case is based on Koss's preparation of materially inaccurate financial statements, books and records, and the lack of adequate internal controls from fiscal years 2005 through 2009. As reported on a prior AAER in 2011, the Koss controller embezzled over $30 million during this period of time, largely due to the lack of adequate segregation of duties between the recording of accounting transactions and the cash accounts of the company.

  The settlement was primarily targeted at the senior officers who did not properly execute their fiduciary duties for oversight of the company's books and records and the establishment of properly functioning internal controls. Importantly, even though the CEO and former CFO were not alleged to have knowledge of or involvement in the fraud, the CEO was ordered to return the entire amount of each bonus payment for the fiscal years 2008, 2009 and 2010.

The SEC charged Florida-based Imperiali, Inc. ("Imperali"), its founder, a former officer, and its former auditor for their involvement in a fraudulent disclosure and accounting scheme.

The U.S. District Judge for the Eastern District of Wisconsin approved the settlement of the SEC's complaint against Koss Corporation ("Koss"), its CEO and former CFO.

Rule 102 (e) Actions

Rule 102 (e) actions involve the censure and denial, temporarily or permanently, of the privilege of appearing or practicing before the SEC. For accountants, the standards under which one may be penalized with a Rule 102 (e) action include reckless as well as negligent conduct, defined as a single instance of highly unreasonable conduct that violates professional standards or repeated instances of unreasonable conduct resulting in a violation of professional standards and indicating a lack of competence.

Four of the six Rule 102 (e) releases in Q1 2012 arose out of the problems at Symmetry Medical, Inc ("Symmetry") and its affiliates, and in total affected five people. As more fully discussed below in the "Recommended Reading" section, the Symmetry fraud involved bogus journal entries and manipulations of inventory and went undetected for over three years. The people receiving Rule 102 (e) punishments included three finance and accounting individuals from Symmetry as well as the audit partner and senior manager from the accounting firm responsible for the audit of the Symmetry subsidiary where the fraud occurred.

Four of the six Rule 102 (e) releases in Q1 2012 arose out of the problems at Symmetry Medical, Inc ("Symmetry") and its affiliates, and in total affected five people.

Notable among the audit failures cited in the release adverse to the partner and senior manager were:

- *The auditors* ***failed to reconcile the subsidiary's accounts receivable general ledger account to a detailed accounts receivable subsidiary ledger.*** *The subsidiary's management told the auditors that the detailed ledger was unavailable, an assertion the auditors apparently did not challenge. Instead, the auditors reconciled the general ledger account to a summary listing of aged receivables by customer prepared by management. Per the release, had the auditors reconciled to the subsidiary's detailed ledger, they would have seen that the general ledger balance, inflated due to premature and fictitious revenue recognition, was far greater than the subsidiary ledger balance.*

- *The auditors* ***failed to properly confirm accounts receivable.*** *For fiscal year 2004, the auditor relied entirely on alternative procedures and was able to validate only 7% of its sample through that testing. The auditors supplemented this by tests of delivery records, but the work papers did not clearly document whether this covered the entire sample or only part thereof. For the fiscal year 2005 audit, 59% of the confirmation sample value was never validated through confirmations or alternative procedures. For the fiscal year 2006 audit, 26% of the sample was never validated.*

- *The auditors* ***failed to properly document in its work papers, and in its audit memos, the results of its AR testing.*** *With respect to the 2005 audit, the auditors' memo contains no discussion of its confirmation of receivables, notwithstanding the fact that the auditors had been unable to confirm roughly 60% of items tested. Little explanation is provided for how the auditors were able to conclude that the accounts receivable balances were fairly stated.*

- *The auditors* ***did not adequately review the subsidiary's closing journal entries.*** *During fiscal years 2004 through 2006, the subsidiary booked fictitious revenues via monthly top-side journal entries. Per the release, any top-side journal entry to sales should have been a red flag to the audit teams under the audit partner and senior manager's supervision requiring further investigation. Notwithstanding purported documentation in the auditor's work papers that stated that they had reviewed and agreed all non-standard or significant journal entries to supporting documentation, the auditor failed to detect and investigate the subsidiary's monthly top-side journal entries to revenue. Based on reading the release, one could surmise that regrettably the work paper step may have been "signed off" as done, when in reality the step was not performed or else the fraudulent journal entries would have been detected.*

- *The auditor* ***failed to properly audit the subsidiary's inventories.*** *To conceal the subsidiary's manipulation of costs of goods sold, the subsidiary added fictitious work-in-process ("WIP") inventory to its inventory ledger. The auditor failed to detect this manipulation in their audits of inventories. While audit staff did attend and observe the year-end physical inventory counts, they failed to perform the crucial audit procedure of ensuring control over inventory "tags". Inventory "tags" represent the documentation for inventory counts taken as part of the physical inventory inspection. Before leaving the count and inspection, the audit teams should have obtained a complete list of all inventory"tags" issued in the count, or, alternatively, copies of all of the tag books created as part of the physical inventories. In each of the audit years in question, the audit teams either failed to do this or failed to properly document that it was done. Therefore, when the audit partner and senior manager reviewed the final inventory listing during the year-end audit, they did not determine that fictitious items had been added.*

In addition to the Symmetry auditors receiving sanctions in Q1 2012, a partner in the accounting firm that audited Syntax-Brillian Corporation ("Syntax") also received a Rule 102 (e) penalty as a result of an audit failure related to a financial reporting fraud.

In the Syntax situation, however, the culpability level for the auditor appeared much higher than negligence, as the SEC alleged that related to a scheme to record revenue inappropriately, the auditor "knew" it was improper for the Company to recognize revenue on these sales and "knew" that the sales failed to meet requirements under GAAP. Interestingly, the audit partner served as the "relationship partner" on the account and was not and never had been a CPA. Regrettably, the partner appeared more interested in the client relationship than his relationship with his partners, or else he would not have allowed the situation to occur.

Finally, the last Rule 102 (e) release related to a CFO (who was also a CPA) that shared insider confidential information about the merger of his company and another company with a relative. Needless to say, confidential information about public registrants' activities or results can never be used for personal gain or the integrity and trust in the markets will be lost.

For accountants, the standards under which one may be penalized with a Rule 102(e) action include:

- **Reckless as well as negligent conduct**
- **Repeated instances of unreasonable conduct resulting in a violation of professional standards and indicating a lack of competence**

FCPA Violations

There were three FCPA related releases in Q1 2012, including an action adverse to the officers of Noble Corporation ("Noble"), a matter involving Smith & Nephew PLC ("Smith and Nephew"), a global medical device company and an action against Biomet, Inc. ("Biomet") which is reported as a "Recommended Reading" AAER for this quarter.

Key facts in the Noble and Smith and Nephew releases are as follows:

- *The SEC charged three Noble executives, including a former CEO and the former controller and head of internal audit, with violating the Foreign Corrupt Practices Act by participating in a bribery scheme involving payments to retain business under lucrative drilling contracts for oil rigs in Nigeria. The allegations against the individuals included fabricating paperwork to show the export and re-import of oil rigs, when in fact the rigs never moved, as well as for approving bribes to a customs agent for Noble's Nigerian subsidiary. The FCPA case and settlement with Noble as a corporation was reported in Q4 2010.*

  Of significance, the involvement of the former head of internal audit in the scheme is something that should be alarming to audit committees when considering how heavily they rely on the integrity of internal auditors. Per the release, the SEC alleged that the former internal auditor helped approve the bribe payments and allowed the bribes to be booked improperly as legitimate operating expenses for the company. Needless to say, while all accounting and finance team members are expected to be people who can be trusted, certainly internal auditors must be held to the highest standards in order for corporate governance functions of oversight to work properly.

- *The SEC reached a settlement with Smith & Nephew related to FCPA charges that employees bribed public doctors in Greece for over a decade. Smith & Nephew is a global medical device company headquartered in London and with operations around the world. The SEC alleged that, from 1997 to June 2008, two of Smith & Nephew's subsidiaries, including its U.S. subsidiary, used a distributor to create a "slush" fund to make illegal payments to doctors employed by government hospitals or agencies in Greece. The complaint alleges that the entries in the books and records represented marketing services, but no services were actually performed and the funds were used for bribes. Smith & Nephew agreed to settle the SEC's charges by paying more than $5.4 million in disgorgement and prejudgment interest. Smith & Nephew's U.S. subsidiary, Smith & Nephew Inc., agreed to pay a $16.8 million fine to settle parallel criminal charges brought by the U.S. Department of Justice.*

Of significance, the involvement of the former head of internal audit in the scheme is something that should be alarming to audit committees when considering how heavily they rely on the integrity of internal auditors.

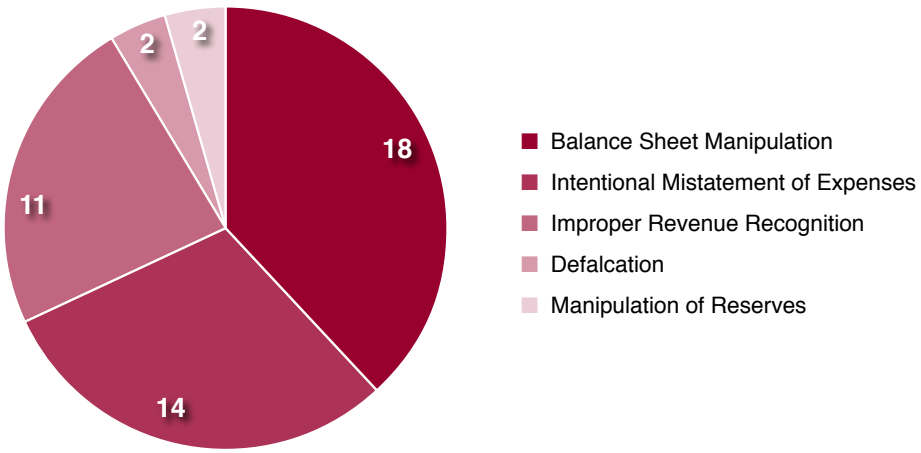
The Q1 2012 AAERs: Summary of Financial Reporting Issues

To report on the frequency of financial reporting issues involved in Q1 2012 AAERs, we identified the accounting problem(s) in each AAER based on the classification definitions below:

Classification	Definition
Improper Revenue Recognition	Overstated, premature and fabricated revenue transactions reported in public filings
Manipulation of Reserves	Improperly created, maintained and released restructuring reserves, general reserves and other falsified accruals
Intentional Misstatement of Expenses	Deceptive misclassifications and understatements of expenses
Balance Sheet Manipulation	Misstatement and misrepresentation of asset balances, and the recording of transactions inconsistent with their substance
Defalcation	Thefts of funds and assets

The following chart provides the results of our financial reporting issue analysis for the Q1 2012 AAERs. Balance Sheet Manipulation was the most prevalent problem in the quarter.

AAERs by Financial Reporting Issue



SPEECH BY SEC COMMISSIONER: SHINING A LIGHT ON EXPENDITURES OF SHAREHOLDER MONEY

"Arming investors with the information they need to facilitate informed decision-making is a core responsibility of the SEC. In fact, it is one of the factors that led to the creation of the SEC. It is one of the SEC's core functions to identify gaps in information that investors require, and then close that gap as quickly as possible."

Commissioner Luis A. Aguilar
U.S. Securities and Exchange Commission
Washington D.C.
February 24, 2012

Notable Q1 2012 AAERs for "Recommended Reading"

While reviewing all of the SEC's AAERs may prove insightful, certain releases present information that is worth further review and analysis by those involved with financial reporting matters. We deem these particular releases as earning the distinction of "recommended reading" for our clients.

Among the Q1 2012 AAERs, two releases warrant such special attention. First, the release describing the financial reporting problems and internal control breakdowns at Symmetry, and second, the FCPA action against Biomet, which illustrates the ability of people to subvert internal controls and mischaracterize the substance of disbursements in the book and records without timely detection. Both releases should be analyzed for the lessons that may be learned from what and how things went wrong and to increase awareness for possible problems to avoid.

But possibly the most significant lesson from the situation relates to the communications between the company's audit committee and its internal audit department.

Symmetry Medical, Inc. and Fred L. Hite, Respondents, Administrative Proceeding, File No. 3-14723 (Filed January 30, 2012)

In April 2008, Symmetry Medical, Inc. restated its financial statements for its 2005 and 2006 fiscal years and its first and second quarters of fiscal 2007, along with selected financial data for its 2003 through 2006 fiscal years. The restatement was required because of a financial reporting fraud at one of Symmetry's wholly owned subsidiaries, Symmetry Medical Sheffield LTD, f/k/a Thornton Precision Components, Ltd. ("TPC").

The fraud involved TPC's materially overstating revenues and assets and materially understating expenses. As with other schemes that go undetected for years, the ability to perform and conceal the fraud was the result of inadequate internal accounting controls, company personnel who could circumvent the controls that did exist and an apparent audit failure as evident from the discussion earlier regarding the Rule 102 (e) sanctions against two members of the company's external audit team.

Symmetry did not maintain an effective control environment at its TPC subsidiary. Examples of material weaknesses at TPC included unsupported journal entries, poor segregation of duties, lack of proper account reconciliations, poor inventory systems and reliance only on physical counts, poor sales cut off procedures and other problems. Add these issues to an environment with management collusion and inadequate oversight from corporate headquarters and it was only a matter of time that a material problem would arise.

But possibly the most significant lesson from the situation relates to the communications between the company's audit committee and its internal audit department.

On paper in 2005, Symmetry's internal auditor was to report to the Chairman of Symmetry's audit committee. However, in mid 2006 the internal auditor provided the CFO and the Symmetry's independent auditor with a report intended for the audit committee for review at its next meeting following Q2 2006. Notably at Symmetry, the CFO would assemble all materials to be included in the board packets provided to Symmetry's directors in connection with their board and committee meetings. For this reason the internal auditor provided the CFO with his report.

Interestingly, the internal auditor's report identified problematic bill-and-hold transactions and stated that TPC personnel had not provided requested documentation relating to the internal auditors tests of Q1 2006 sales cut-off, cash cut-off and monthly controls testing, a period of misstated results and fraudulent activities.

While the internal auditor's report did not identify the fraud, it certainly raised significant concerns that something was amiss. Also of significance, the internal auditor report recommended that the internal audit for TPC be outsourced to a "Big Four" firm because the issues already identified "exceed the size and ability" of the internal audit function's current resources.

Unfortunately, the internal auditor resigned not long after preparing the report and before the scheduled board meeting. While the CFO did share the report with the independent auditor and the Symmetry controller, the internal auditor's report was not included in the board package and was never shared with the audit committee. Remarkably, according to the minutes of the board meeting, the CFO told the audit committee that the internal auditor had "tested all facilities and all were acceptable with a few exceptions found at [TPC]."

The audit committee discussed the internal auditor's resignation and the chair of the audit committee conducted an exit interview with the internal auditor. However, for reasons not described in the release, the audit committee did not learn of the report until after the fraud at TPC was discovered.

There are several obvious problems with the communication trail between the audit committee and the internal auditor in this fact pattern described above, and improvements noted would include several items such as:

- *The internal auditor should be in direct communication with the audit committee without the filter of any member of management, especially the CFO,*

- *The audit committee should set the agenda and scope for the internal auditor and expect a thorough report on all procedures and observations, especially any lack of or even perceived lack of cooperation by management, and*

- *The audit committee needs to ask the right questions of internal audit; it's a two-way communication and surprisingly the audit committee was left uninformed regarding the knowledge of the internal auditor even after an exit interview following his resignation.*

Also of significance, the internal auditor report recommended that the internal audit for TPC be outsourced to a "Big Four" firm because the issues already identified "exceed the size and ability" of the internal audit function's current resources.

Securities and Exchange Commission v. Biomet, Inc., Civil Action No. 1: 12-CV-00454 (D.D.C.)(RMC) (Filed March 26, 2012)

Biomet, a global company that sells products used by orthopedic surgeons, agreed to pay more than $22 million to settle the SEC's charges as well as parallel criminal charges announced by the U.S. Department of Justice related to violations of the FCPA law.

The SEC alleged that Biomet paid bribes in the form of cash payments and trips to doctors from 2000 to August 2008 related to the purchase and use of its products.

Executives, distributors and even the internal auditors at Biomet's U.S. headquarters were aware of the payments as early as 2000, but failed to stop it. In fact, per the release, payments were openly discussed in communications between distributors, Biomet International employees, and Biomet's executives and internal auditors in the U.S.

For example, a February 2002 internal Biomet memorandum about a limited audit of the distributor's books stated:

> *"Brazilian Distributor makes payments to surgeons that may be considered as a kickback. These payments are made in cash that allows the surgeon to receive income tax free. …The accounting entry is to increase a prepaid expense account. In the consolidated financials sent to Biomet, these payments were reclassified to expense in the income statement."*

According to the SEC's complaint, two additional subsidiaries — Biomet China and Scandimed AB — sold medical devices through a distributor in China that provided publicly-employed doctors with money and travel in exchange for their purchases of Biomet products. Beginning as early as 2001, the distributor exchanged e-mails with Biomet employees that explicitly described the bribes he was arranging on the company's behalf. For example, one e-mail stated:

> *"[Doctor] is the department head of [public hospital]. [Doctor] uses about 10 hips and knees a month and it's on an uptrend, as he told us over dinner a week ago. …Many key surgeons in Shanghai are buddies of his. A kind word on Biomet from him goes a long way for us. Dinner has been set for the evening of the 24th. It will be nice. But dinner aside, I've got to send him to Switzerland to visit his daughter."*

Concerns and questions for the "consulting fees" include:

- **Why consulting fees would be made to doctors in what are relatively smaller amounts?**
- **Did any work product result from the consulting service?**
- **Did a contract exist to engage a consultant?**
- **Were tax considerations properly vetted?**

The SEC alleged that some e-mails described the way that cash would be paid to surgeons upon completion of surgery, and others discussed the amount of payments. Per the release, one distributor explained in an e-mail that 25 percent in cash would be delivered to a surgeon upon completion of surgery. As another example of inappropriate activity, Biomet sponsored travel for 20 Chinese surgeons in 2007 to Spain, where a substantial part of the trip was devoted to sightseeing and other entertainment. The emails presented and described in the release demonstrate the brazen attitude toward the illegal conduct that these individuals displayed.

To hide the bribe scheme, phony invoices were used to justify the payments and the bribes were falsely recorded as "consulting fees" or "commissions" in Biomet's books and records. Both classifications should have raised concerns and questions.

Concerns and questions for the "consulting fees" include: Why consulting fees would be made to doctors in what are relatively smaller amounts? Did any work product result from the consulting service? Did a contract exist to engage a consultant? Were tax considerations properly vetted?

Similarly, concerns and questions for the "commissions" include: Did a contract exist? Would a doctor have a conflict of interest serving as a sales agent for the product? Was an invoice received upon which to pay the commission?

Biomet consented to the entry of a court order requiring payment of $4,432,998 in disgorgement and $1,142,733 in prejudgment interest. Biomet also is ordered to retain an independent compliance consultant for eighteen months to review its FCPA compliance program, and is permanently enjoined from future violations of Sections 30A, 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934. Biomet agreed to pay a $17.28 million fine to settle the criminal charges.

The Biomet action results from an organized investigation into bribery in the medical device industry that per the release is continuing, so we may see similar releases in the quarters to follow.

Similarly, concerns and questions for the "commissions" include:

- **Did a contract exist?**
- **Would a doctor have a conflict of interest serving as a sales agent for the product?**
- **Was an invoice received upon which to pay the commission?**

Prior Period Comparisons: Year over Year and Quarter over Quarter Statistics

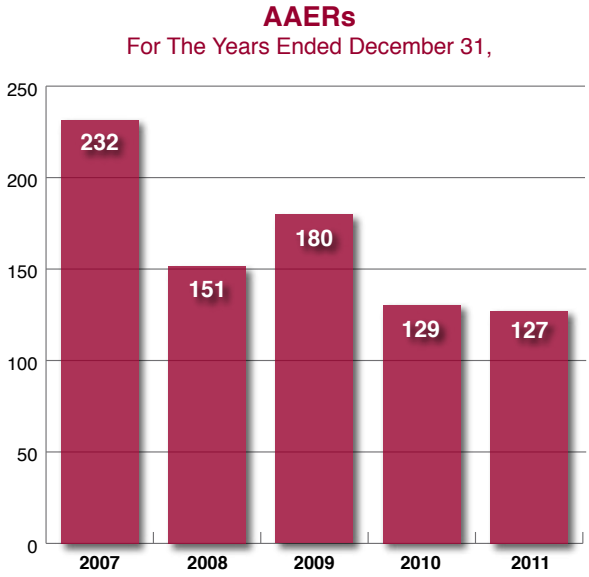
As described in "Our Process and Methodology" section, AAERs are intended to highlight certain actions and are not meant to be a complete and exhaustive compilation of all of the actions that may fit into the definition the SEC provides for the classification. That said, comparisons of the number of AAERs between periods may be a useful gauge of the SEC's activities.

For the year ended December 31, 2011, the SEC issued 127 AAERs, remarkably the lowest number of AAERs reported over the last five years. For comparison, the average for the periods 2007 through 2011 was approximately 164 releases, with the greatest number of releases issued in 2007.

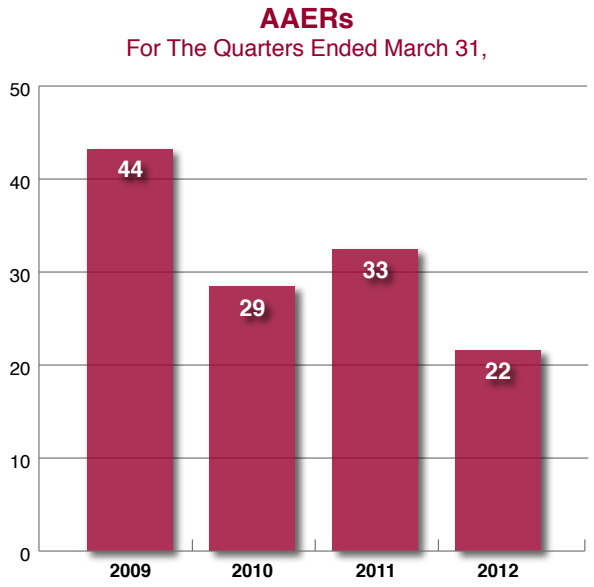
MARCH 13, 2012 LETTER TO THE SENATE BANKING COMMITTEE'S TOP DEMOCRAT AND REPUBLICAN

"We must balance our responsibility to facilitate capital formation with our obligation to protect investors and our markets."

Chairman Mary Schapiro
Securities and
Exchange Commission
Washington D.C.
March 13, 2012



When analyzing the AAER population issued during the first quarter for the years 2009 through 2012, the 2012 results show a decrease of approximately 33% from 2011.



TESTIMONY CONCERNING ACCOUNTING AND AUDITING OVERSIGHT: Pending Proposals and Emerging Issues Confronting Regulators, Standard Setters and the Economy

DATE: March 28, 2012

SPEAKER(S):
James R. Doty, Chairman

EVENT:
U.S. House of Representatives Committee on Financial Services, Subcommittee on Capital Markets and Government Sponsored Enterprises

LOCATION: Washington, DC

"If investors lose confidence in financial reporting, they will demand prohibitively high returns as a condition of investing or they may withdraw from the capital markets altogether. The result would be to make it more difficult and expensive to finance the businesses on which our economy depends. Moreover, inaccurate financial reporting can mask poor business strategies or fraud that, if left uncorrected, may result in the misallocation of capital, business failures, and job losses."

www.floydadvisory.com

ACKNOWLEDGEMENT
We wish to acknowledge the valuable contribution to this analysis by Janet M. Floyd, CFE, Liz Klyuchnikova, Elizabeth Gingrich and Meghan Arsenault.

ABOUT FloydAdvisory
Floyd Advisory LLC is an independent business advisory and forensic accounting firm with offices in Boston and New York City, providing services relating to: financial reporting problems, fraud investigations, SEC reporting issues, white collar defense matters, post-acquisition disputes, business damages, financial and valuation analyses.

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