

Problems with Accountants



Why has this Happened

- A real decline of accounting standards
- Greed
- Limited Liability
- Tax Laws

Taxes

- Acme Widgets pays 35% in corporate income taxes.
- If it can shelter \$100,000,000 it saves \$35,000,000
- The easiest way is to engage in a complicated strategy to move the profits offshore.

Moving Offshore

- Set up a Bahamian Subsidiary
- Earn the profits in the Bahamas
- Escape the US taxes

Moving Offshore (2)

- For the purposes of tax law, the emphasis is – and should be – on making the deal work
- If it meets the letter of the law, it is ok.
- For auditing purposes, the question is whether, in the opinion of the auditors, it is accurate, not just whether it is technically correct.

Solutions

- Eliminate Auditing Requirements
- Shoot all Auditors
- Shoot all CEO's
- Accept the Status Quo
- Begin to Change Auditing Standards

Conclusion

- This too will pass.
- There will eventually be another round of fraud.

End

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