

Crossing the Line

Cases in Financial Statement Fraud and Auditor Deception

Course Description

This course is based on two recent financial statement fraud cases; Dewey & LeBouef and ContinuityX. Dewey & LeBouef was a high-profile law firm that, at its peak, had over 3,000 employees and over 1,400 lawyers. It is alleged that personnel at Dewey & LeBouef made inappropriate financial adjustments starting in 2008 to meet its bank lending covenants and planned to conceal these adjustments from its “clueless auditor”. Dewey & LeBouef declared bankruptcy in 2012.

ContinuityX was an internet services reseller that, according to an SEC complaint, fabricated 99% of its revenue. It was audited by a firm that was fined and disciplined by the SEC and the partner responsible for the audit was also fined and permanently suspended from practicing before the SEC. ContinuityX declared bankruptcy in 2013.

Both cases involve financial statement fraud, auditor deception and some lessons to be learned.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 1 (CPA)

Category: Auditing

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

After studying this course you will be able to:

1. Recognize the primary elements of financial statement fraud in the Dewey & LeBouef and ContinuityX cases
2. Associate the primary elements of financial statement fraud in the cases in this course with audit procedures that may have detected the fraud