

## Fraudulent Financial Reporting as Identified by the SEC's AAERS: A Pedagogical Technique

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### I. Introduction

*Education can prepare business and accounting students to recognize the factors that can contribute to this type of [fraudulent financial reporting] fraud and the ethical values and good business practices necessary to guard against it (Treadway Commission, 1987, p. 6).*

The *Report of the National Commission on Fraudulent Financial Reporting* (1987, also known as the Treadway Commission) appears to be one of the earliest and most comprehensive studies on fraudulent financial reporting. The Treadway Commission (1987) made recommendations to the public company, to the independent public accountant, to the Securities and Exchange Commission (SEC) and others to improve the regulatory and legal environment, and for education. This article focuses on the recommendations for accounting educators and education.

The primary recommendation for accounting education includes the integration of fraud and fraud concepts with analytical and problem-solving skills for the prevention and detection of fraudulent financial reporting. In addition, the recommendations include the development of materials by faculty that relates to real life. Recommendations for accounting educators and education also include a focus on internal controls and ethical values.

### II. Pedagogical Technique Foundation

Overall, the Treadway Commission (1987) highlights the importance of accounting and business education in the prevention, detection, and deterrence of fraudulent financial reporting. The Treadway Commission (1987) specifically recommends that accounting and business education “foster knowledge and understanding of the factors that may cause fraudulent financial reporting” throughout the business and accounting curriculum (p. 80) and promote an increased understanding of internal controls and ethical values as part of the effort to reduce fraudulent financial reporting. The recommendations touch on the need to “help students develop stronger analytical, problem solving, and judgment skills” for the prevention and detection of fraudulent financial reporting (p. 82). These basic skills are equally important today as they were 35 years ago when the recommendations were issued. Still reported today is that forensic accountants and Certified Public Accountants (CPA) require both effective oral communication and critical thinking skills (Crumbley and Fenton, 2021, p. 25; Chabus, 2021, respectively).

Despite the recommendation to integrate fraud and forensic education in accounting programs, relatively few institutions in the United States offer a separate course or program in fraud and/or forensic accounting (Daniels et al., 2013; Rezaee et al., 2018). The lack of courses or programs, however, is not due to a lack of interest on the part of accounting educators. Accounting educators introduced the *Journal of Forensic and Investigative Accounting* in 2009 and launched the *Journal of Forensic Accounting Research* in 2016. In addition to textbooks, these two journals combined with *Issues in Accounting Education* serve as major outlets for the dissemination of fraud and forensic pedagogical materials.

The Treadway Commission (1987) recommends that faculty develop their own classroom materials to address what the Commission views as the most serious deficiency. They suggest the most serious deficiency in the classroom “is the lack of relevant classroom discussions of real situations” (p. 83). Since the issuance of the Treadway Commission’s report, pedagogical materials emerged in the form of case studies (Solsma et al., 2021), discussion questions (Baranek and Sanchez, 2022), games (Souza, 2017), and video simulations (Hayes et al., 2019). These materials easily fit into typical accounting courses such as auditing (Tschakert, 2017), accounting information systems (Daigle et al., 2018; Hayes et al., 2019), governmental accounting (Solsma et al., 2021), intermediate financial accounting (Gujarathi and Dugar, 2020; Reidenbach

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and Wang, 2021), and financial accounting principles (Marshall and Bolt, 2016). Materials also appear for more advanced courses such as corporate governance (Reddic et al., 2017), corporate tax or tax research (Crumbley et al., 2019), and accounting research (Weirich and Churyk, 2018).

The various pedagogical methods presented in the accounting education literature require that students apply the fraud triangle (Harris, 2019; Solsma et al., 2021), fraud diamond (Malimage, 2019; Solsma et al., 2021; Taylor, 2021), fraud scale (Solsma et al., 2021), and M.I.C.E. (Solsma et al., 2021). Pedagogical materials might also require students to analyze red flags (Tschakert, 2017; Holtzblatt et al., 2020) in general, risk factors based on the Committee of Sponsoring Organizations' (COSO) Internal Control-Integrated Framework (Marshall and Cali, 2015; Considine et al., 2016), AS2401 (Barnes and Enget, 2022), or risk factors identified in the ACFEs' *Report to the Nations* (Taylor, 2021). More difficult topics include the identification of risk factors pre- and post-merger from an international perspective (Reddic et al., 2017), cybersecurity (Hayes et al., 2019), big data (Rezaee et al., 2018), and a data analytic mindset (Lee and Nuxoll, 2018). The accounting education materials might also provide financial information and request that students common size the financial statements, compare financial statement figures and/or ratios (Long et al., 2018; Taylor, 2021), and analyze the numbers with respect to unusual relationships and/or figures (Taylor, 2021).

This paper presents a pedagogical technique that integrates accounting resources (e.g., COSO Internal Control-Integrated Framework) with the SEC's Accounting and Auditing Enforcement Releases (AAER) to create individualized student case studies. The approach integrates the Treadway Commission's (1987) recommendations mentioned above and provides an added element to the fraud education techniques presented in the literature. This approach differs from other cases where students receive the case. This study gives students firsthand experience reading AAERs as they search for a relevant case of a non-auditor, C-suite executive and/or CPA who committed or was alleged to have committed fraud. One other study utilized the AAERs as a source of information for faculty (as opposed to students) (Licata et al., 1997). The current study differs from the Licata et al. (1997) study by using the AAER as a source of information for students (instead of faculty) and focusing on executives within the organization instead of the auditor. The current study also differs as students apply and integrate relevant accounting resources in a less structured environment, instead of answering specific questions such as "What were the auditing deficiencies?" and "What were the red flags?" etc. (Licata et al., 1997, p. 539).

The exposure to the SEC's website might serve to make the SEC more real-life as students access the SEC's AAER and EDGAR databases. Students also get exposure to the Public Company Accounting Oversight Board (PCAOB) as they learn about auditing standard (AS) 2401, Consideration of Fraud in a Financial Statement Audit (2016); the American Institute of Certified Public Accountants (AICPA) as they study the AICPA Code of Professional Conduct (Code) (2014); and the Committee of Sponsoring Organizations (COSO) Internal Control-Integrated Framework (I/C-I/F) (2013).

In addition to relevant topics as future accountants and CPAs, these topics are relevant for the CPA exam, both the current exam and the proposed exam. The CPA exam includes the application and analysis of fraud and fraud-related topics, the I/C-I/F, the AICPA Code, AS 2401, and SEC filings for publicly traded companies. Whereas most coverage is on the Auditing section of the CPA exam, information about SEC-filings appears in the FAR (Financial Accounting and Reporting) and the proposed BAR (Business Analysis and Reporting) sections of the exam. The current form of the CPA exam also includes fraud-related concepts in the BEC (Business Environment and Concepts) section.<sup>2</sup>

The described pedagogical technique requires students to critically evaluate the content of their selected AAER and apply relevant course materials. The next section of the paper contains an overview of the pedagogical technique and is followed by a section on the target course and learning objectives. The subsequent section details the requirements of the project. The next major section contains implementation guidance for faculty that adopt the technique, including deliverables and grading rubric. The last section contains evidence from classroom testing the technique.

### **III. Project Overview**

Students search the SEC's AAERs for an individual executive and/or CPA and the related company charged with committing fraud. Students synthesize and evaluate their selected AAER case with relevant accounting resources (AICPA Code, COSO I/C-I/F, PCAOB's AS2401). Students apply the fraud triangle concepts and identify red flags (risks) associated with each element of the fraud triangle, as related to their selected individual and company. This project helps give life to words in a textbook (e.g., COSO I/C-I/F) as students obtain exposure to relevant organizations (e.g., SEC, PCAOB) and apply professional accounting resources (e.g., Code) to their respective fraud cases.

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<sup>2</sup> The CPA Exam Blueprint can be found at [Learn what to study for the CPA Exam | Resources | AICPA](#)

Research is conducted via the SEC’s [AAERs](#), the SEC’s [EDGAR](#) database, and other internet resources. The AAERs serve as the basis for the identification of a company to research (see Appendix A: *Identify a Company*). EDGAR is used to obtain financial information for the identified organization’s corporate filings, including the annual 10-K (see Appendix B SEC EDGAR). Retrieved financial information is used to perform vertical, horizontal, and ratio analysis. An internet browser might be used to discover other aspects of the company, individual(s), and/or the fraud. An optional requirement of the case requests that students compare the Fraud Diamond (Wolfe and Hermanson, 2004) and the Venn Diagram (Crumbley and Ariail, 2020) fraud models. The project culminates in a student-prepared Power-Point oral presentation. The accounting resources used in this project include COSO I/C-I/F, the PCAOB’s AS2401, and the AICPA Code and are briefly described in the following sections.

### **COSO Internal Control-Integrated Framework (I/C-I/F)**

Internal control is a major component of fraud prevention and detection and appears in the Treadway Commission (1987) recommendations. The COSO released the original I/C-I/F in 1992, and substantially updated the framework in 2013 (COSO 2013). The update includes 17 principles across the five components of internal control (KPMG, 2013). The framework exists to assist management in the identification, evaluation, and management of risks to achieving the organization’s stated goals. The framework is typically used in the Sarbanes-Oxley Act of 2002<sup>3</sup> Section 404 required management evaluation and reporting of internal controls over financial reporting by managers of SEC registrants (Shaw, 2006). In addition, this accounting resource appears in fraud and forensic textbooks. Students access the executive summary of COSO I/C-I/F and get a peek into real life.

### **PCAOB-AS2401 Consideration of Fraud in a Financial Statement Audit**

AS2401 states it is “management’s responsibility to design and implement programs and controls to prevent, deter, and detect fraud” (AS2401.04). This auditing standard appears in fraud textbooks and provides a basic set of fraud concepts. Requiring that students go beyond the textbook and read the actual auditing standard moves students a bit closer to real life. The standard provides definitions of financial statement fraud and misappropriation of assets (AS2401.06). In addition, the Appendix provides risk factors (red flags) for each type of fraud (AS2401.85). These risk factors are classified into three types: Incentives/Pressures, Opportunities, and Attitudes/Rationalizations. Although the standard does not use the phrase “fraud triangle,” the three categories align with the fraud triangle (Cressey, 1953).

### **AICPA Code of Professional Conduct (Code)**

The Treadway Commission (1987) identified the need for ethical values to permeate education and organizations. A research study that appears in the Treadway Commission report (p. 108) states that the coverage of ethics should not be limited to a single course such as auditing. Furthermore, the first component of COSO I/C-I/F, control environment, speaks to the tone at the top and ethical values of upper management (COSO, 2013). In addition, authors of fraud textbooks identify the existence of codes of conduct education as a step in organizational fraud prevention (Albrecht et al., 2019). As future CPAs, the AICPA Code provides a rich resource for the study of ethical behavior. The Code provides a basis for more objectively evaluating ethical dilemmas over a simple response of ethical or not ethical. Students look to the principles, rules, and potential threats that exist within the Code to evaluate their case.

## **IV. Target Course and Learning Objectives**

This pedagogical technique proved beneficial in a Fraud Examination and Forensic Accounting course. The technique might also prove useful in an Auditing, a Fraudulent Financial Reporting, and/or a Corporate Governance-type of course.

The knowledge-based learning objectives focus on AS2401, the AICPA Code, the COSO I/C-I/F, and analytical procedures. In addition, this pedagogical technique focuses on oral communication (presentation) skills. The learning objectives (LO) follow:

- LO 1: Students apply concepts (define fraud, fraud triangle, risk factors of fraudulent financial reporting) of AS 2401 Consideration of Fraud in a Financial Statement Audit to a real-life company.
- LO2: Students apply the AICPA Code of Professional Conduct principles, select rules of conduct, and threats (applicable to CPAs in business) to a real-life situation.
- LO3: Students apply COSO Internal Control-Integrated Framework components and principles to a real-life

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<sup>3</sup> [H.R.3763 - 107th Congress \(2001–2002\): Sarbanes-Oxley Act of 2002 | Congress.gov | Library of Congress](#)

situation.

LO4: Students apply analytical procedures (horizontal, vertical, and ratio analysis) to the financial statements of a real-life company.

LO5: Students create, prepare, and deliver an oral presentation with PowerPoint slides (Communications skill).

Additional skills, beyond communication skills, enhanced by students completing the project include critical thinking, technology, and research. These skills are enhanced, but not graded in the technique described within this article. Students research their company by searching the SEC AAER database and the SEC EDGAR database. In addition, students conduct research through the internet browser for basic information related to their company. Students hone their critical thinking skills as they use higher-order thinking skills to connect their fraud company/individual with content from relevant accounting resources. They focus on finding support for their inferences and judgments about their connections and conclusions (Wolcott, 2020). In part, critical thinking also includes the gathering and assessment of relevant information to derive “well-reasoned conclusions and solutions” (Paul and Elder, 2006, p. 4), activities students complete during this project. Students use technology skills to access the SEC resources (AAERs and EDGAR), search for company information on the internet, create a PowerPoint presentation, create a video of the presentation, and post the video to the Office 365 Stream application.

## V. Student Requirements

Students identify and research a company as identified from the SEC AAER. The AAER dictates the details of the case and results in an individualized case for each student or student group. After identifying the company, students research the identified company for details about the company, the fraud, and the company’s financial information. Students then connect the details of their fraud with the accounting resources as identified in the LOs. The final deliverable is an oral presentation where materials of the course are integrated with their identified company. Detailed student requirements about the (1) company identification, (2) PowerPoint slides, and the (3) oral presentation appear next.

1. Identify a company that is an SEC-filer (see Appendix A: Identify a Company) and that has been alleged of (or settled) fraudulent financial reporting. Avoid CPA firms.
  - 1.1. Ensure your AAER contains the name of an executive (e.g., CEO, CFO, etc.) and/or a CPA.
  - 1.2. Ensure the company files annual reports (10-K) with the SEC. You will check the availability online through the SEC EDGAR database (see Appendix B SEC EDGAR).
2. Create a PowerPoint slide show and create an oral presentation (recorded video). Your materials should include, but not necessarily limited to:
  - 2.1. Title slide.
  - 2.2. Overview slide that contains the major points of the entire presentation.
  - 2.3. Company name and description of the company (e.g., history, products, operations, etc.).
  - 2.4. Details of the fraud (type of fraud, specifics of the fraud, people, and their positions in the organization, etc.). These details might also include how the fraud was discovered.
  - 2.5. Synthesize your AAER content with the following course content. Provide justification for your decisions related to the relationships of your fraud company/individual to the course content.
    - 2.5.1. Elements of the fraud triangle (AS2401 [Consideration of Fraud in a Financial Statement Audit](#)).
    - 2.5.2. Relevant risk factors as detailed in Appendix A of AS2401.
    - 2.5.3. COSO [Internal Controls-Integrated Framework](#) (1) Objectives, (2) Components, and (3) Principles. Discuss a minimum of one objective, two components and three principles.
    - 2.5.4. Identify at least two internal controls that would prevent and/or detect the fraud. Ensure to identify whether the control is preventive or detective and describe how the internal control works to prevent/detect the described fraud.
    - 2.5.5. AICPA [Code of Professional Conduct](#) (1) principles, (2) general standards and acts discreditable rules of conduct, and (3) threats to compliance with the Rules of Conduct. It is not required to discuss every principle and every threat. The most relevant principles and threats should be included.

- 2.5.6. Compute and present analytical procedures and an analysis of the financial statement information. Obtain financial data from SEC EDGAR (see Appendix B) for at least two periods preceding (or following) the fraud and the fraud period. Data should be analyzed for at least a three-year period. You should perform horizontal and vertical analysis on your financial information. In addition, key ratios (e.g., profit margin) should also be computed and evaluated. Only key findings should appear in the presentation.
- 2.6. Consequences to the individual(s) and/or organization.
- 2.7. A conclusion slide that contains an overview of the content covered in the presentation.
- 2.8. Bibliography of all resources used. In addition to the AAER, a minimum of five resources should be used. Each resource must add to your knowledge of the fraud. The bibliography can be included in your slide deck but should not be part of the oral presentation.
- 2.9. The PowerPoint slides should contain key points that can be quickly read by the audience. Slides should not contain so much text that the content overwhelms the audience. Too much text and/or unreadable text will reduce your grade.
3. Present your PowerPoint slide show to the class. You may be required to prepare and submit a pre-recorded video of your presentation. The presentation should adhere to the following requirements.
  - 3.1. Approximately 10–15-minute presentation.
  - 3.2. Dress professionally.
  - 3.3. Prepare and present the presentation in a manner that you would like to hear the presentation.
  - 3.4. Pre-recorded video may be viewed by the class. At a minimum, your face must be visible as you make the presentation.
4. OPTIONAL: Compare and contrast Wolfe and Hermanson’s Fraud Diamond (2004) and Crumbley and Ariail’s (2020) Venn Diagram Fraud Models. Relate the concepts of both fraud models to your AAER case.<sup>4</sup>

## **VI. Implementation Guidance**

This section contains basic guidelines for interested faculty to implement the project in their course. Guidance related to introducing the project and related activities, coverage of topics throughout the semester, student deliverables, and a grading rubric follow. This section also contains suggested alternatives to the pedagogical technique presented.

### **Introduce the Project**

On the first day of class or near the beginning of the semester, briefly describe the project to the class. Inform students of the project’s purpose by providing students with the learning objectives and the requirements. Students should be given the links to the accounting resources and the oral communication rubric (see Appendix C). These materials can be added to the course learning management system (LMS), distributed in class as handouts, and/or included with the syllabus. Faculty may wish to set due dates for (1) sign-up for AAER, (2) progress submission, (3) final submission of PowerPoint slides, and (4) oral presentation. Faculty should also provide a narrowed-down reading list of the accounting resources.

### **Required Readings**

1. AICPA Code of Professional Conduct (updated August 2022) [et-cod.pdf \(aicpa.org\)](#)
  - Preface (includes Principles of Professional Conduct) applies to all members, pages 1–8
  - Part 2 Members in Business Intro (includes Threats), pages 161–165
  - Part 2 Members in Business: Rules of Conduct:
    - Subordination of Judgment §2.130.020 pages 172–174
    - General Standards §2.300 pages 182–187

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<sup>4</sup> Retrieve the Venn Diagram from [JFIA-2020-No2-5.pdf \(nacva.com\)](#). Retrieve the Fraud Diamond article with the exhibits from your college/university library. The text without exhibits is available at: [The Fraud Diamond: Considering the Four Elements of Fraud \(kennesaw.edu\)](#)

- Acts Discreditable §2.400 pages 187–190
2. AS 2401: Consideration of Fraud in a Financial Statement Audit | [PCAOB \(pcaobus.org\)](https://pcaob.us)
    - Introduction and Overview (2401.01-2401.04)
    - Description and Characteristics of Fraud (2401.05-2401.12)
    - Appendix: Examples of Fraud Risk Factors (2401.85)
    - Appendix: Risk Factors Related to Misstatements Arising from Fraudulent Financial Reporting (section 2401.A.2)
  3. COSO Internal Control-Integrated Framework (2013). Students are required to read the entire executive summary ([Executive Summary \(coso.org\)](https://www.coso.org)). This document contains a definition of internal control. The objectives of internal control, the original five components of internal control, and the principles within each component of internal control appear in the executive summary.

### **Demonstrations**

Faculty may demonstrate access to the SEC AAERs (see Appendix A Identify a Company) and EDGAR (see Appendix B). Students will complete both activities before signing up with their selected AAER (company and individual). Faculty may also consider the need to demonstrate vertical, horizontal, and ratio analysis. A demonstration could easily be completed in a 10-minute period during class with a pre-populated Excel worksheet. A video could also be created and distributed to students if the professor does not want to use class time. The demonstration might also point out the desire to identify outliers and/or unusual relationships (e.g., drastic increase in sales with a decrease in accounts receivable). Finally, faculty may want to demonstrate the application of concepts of the accounting resources as these resources are covered during the semester.

### **Students Sign-Up**

Students should select their AAER and sign-up to claim their company. The instructions may state that there should be no duplicates if that is the faculty preference. A sign-up sheet via the LMS should allow other students to see the sign-up sheet and the AAERs already selected. The sign-up sheet should account for individual and/or group presentations. Of course, each faculty will make this decision to fit their preference. The sign-up mechanism may also exist in a discussion forum in the LMS or a hard copy document passed around in class. Requested information during the sign-up should include the following information:

- Name(s) of student(s),
- Selected AAER number,
- The company name,
- The name of an individual charged with fraud, and
- A statement that the SEC has the required financial information in EDGAR.
- If oral presentations occur during class time, time slots for signing up should be included on the sign-up page.

Students should be informed to check the other students' entries before adding their own information. They must ensure the AAER selected has not already been selected (if the no duplicate requirement exists). The student's entry is approved if all the relevant information is presented and the information does not duplicate a prior submission.

### **Throughout the Semester**

General ethics or the AICPA Code, PCAOB AS 2401, the COSO I/C-I/F, and analytical procedures appear in three of the major fraud/forensic textbooks (see Table 1). As these topics are covered, students should be reminded to complete that portion of their project. The coverage of the topic should include in-class discussions that relate the topic to the resource. For example, Crumbley and Fenton's (2021) discussion question requires students to read the ZZZZ Best Carpet Cleaning fraud and identify the scheme used (p. 4–60, Question #54). A follow-up would include an evaluation of Barry Minkow (ZZZZ Best owner) relative to the elements of the fraud triangle. Students should provide justification for how each element relates to Barry Minkow. The expectation should be expressed that students should discuss the interrelationships between their fraudster and the elements of the fraud triangle, as opposed to saying yes, Barry had pressure and opportunity. Students

should be reminded of requirement 2.5 that they must synthesize the case with the relevant professional resource (e.g., Code or I/C-I/F) by providing relevant information from their case to justify their conclusions.

**Table 1: Accounting Resources Aligned with Leading Fraud Textbooks <sup>5</sup>**

Accounting Resource	Textbook Authors		
	Crumbley and Fenton (2021)	Albrecht et al. (2019)	Kranacher and Riley (2019)
1. AS 2401 Consideration of Fraud in a Financial Statement Audit (define fraud, fraud triangle, risk factors of fraudulent financial reporting)	4-49 to 4-51	32-51	52-59, 229, 538-539
2. AICPA Code of Professional Conduct principles, select rules of conduct, and threats (applicable to CPAs in business)	8-8	94-99 107-109 (General codes)	433-438 (ACFE and general)
3. COSO Internal Control-Integrated Framework	3-24 to 3-26 and 4-20	37-43 65	103-104 (ERM)
4. Analytical procedures (horizontal, vertical, and ratio analysis)	4-41 to 4-48	177-184	242-249
5. Optional: Fraud Diamond (Wolfe and Hermanson, 2004) and the Venn Diagram Fraud Models (Crumbley and Ariaail, 2020)	3-17 to 3-20 and 3-24		59

### Deliverables

1. PowerPoint slide deck. Students submit their PowerPoint slides in the course LMS. Faculty may choose to have students submit a hard copy of their presentation slides.
2. Oral Presentation. Students submit their video at the Stream application through the University's Microsoft Office application. Faculty may choose to allocate space in the LMS for submission of the video. If preferred, presentations may be made during class time.

### Grading Rubric

Grading of oral presentations is based on the *Oral Communications Rubric* (see Appendix C). The rubric consists of five major categories (with varying points assigned to each) required for an effective oral presentation. These points include (1) organization, (2) clarity, (3) media (includes PowerPoint slides), (4) language, and (5) delivery.

The grading rubric includes a suggested percentage point allocation. The point allocation can be easily adjusted by faculty to fit the preference of the faculty. The percentage point allocation will need to be adjusted if alternative content and/or the optional requirement are included in the assignment.

### Alternative Implementation Suggestions

Both verbal and written skills are desired by employers of accounting graduates (Robert Half, 2022). An alternative, or addition, to the requirements presented is a required written component. This requirement might be coupled with writing accounting research memos as described by Huston and Samuels (2022). The optional requirement related to the Fraud Diamond and Venn Diagram could be an Honors component at institutions that allow for Honors credit. The optional requirement might also integrate the effect of impulsive people as described by Ong (2022).

Content might be adjusted to include asset misappropriations with the reading list adjusted to reflect appropriate sections from AS2401. An auditing class might add a requirement about the external auditor's report on internal control and whether previous material weaknesses had been identified.

<sup>5</sup> Table contents refer to page locations within the textbooks. The Crumbley and Fenton (2021) textbook page numbers begin with the chapter number.

Faculty may want to add an evaluation of critical thinking. Although the project requires critical thinking skills (gather, interpret, evaluate, and synthesize information from various sources), the skill was not measured. The faculty would need to identify a grading rubric and provide the rubric to the students.

## VII. Classroom Tested

### Course

This project was used and refined over five sections of a Fraud Examination and Forensic Accounting course at a midwestern, regional, AACSB-accredited institution. All sections of the course were offered during the fall semesters and over 16-week semesters. The course was offered both online and face-to-face. The project included in-person presentations pre-Covid-19 and video-recorded presentation during COVID-19.

The recent COVID-19 pandemic and resulting technology enhancements provided the means to adjust the requirements and delivery modes. Zoom technology or recording in PowerPoint facilitated the recording of videos. Stream allowed for the easy uploading of video presentations to a sharable platform.

### Efficacy

Efficacy is validated through students' oral presentation grades. Both overall scores and specific criteria were evaluated to assess performance of the students and to identify improvements to the assignment. In addition, student responses on an end-of-semester course evaluation provide additional evidence to the value of this pedagogical technique.

**Overall Presentation Scores.** This project was originally implemented as a group project resulting in in-class oral presentations. Beginning in the fall of 2020, the project became an individual student presentation, with presentations conducted via recorded videos. Interestingly, the change in the grade distribution at this same point results in a substantially higher number of C grades (with a few D grades) in the face-to-face (f2f) sections and a substantially lower number of A grades in all sections (f2f and online). As a result, the overall averages dropped from the low 90s to the high 80s (see Table 2). A possible result may be the ability to re-watch the videos as presentations are graded.

**Evaluation of Individual Oral Presentation Criteria Items.** An evaluation of score sheets for each group (2018 and 2019) or individual student (2020 and 2021) reveals similar issues across semesters (see Table 3). The individual score sheets with the oral communication criteria (see Appendix C) reveal a distinction between content and presentation ability. In addition, the analysis reveals consistent issues, whether group or individual presentations, whether an online or f2f sections, and/or whether presenting in person or by video. Major issues revealed include the (1) lack of an overview of the presentation, (2) limited content presented, (3) lack of appropriate transitioning between thoughts and slides, and (4) too much content contained on individual slides.

As a result of this analysis, the requirements were tweaked to identify specific content to include in the presentation. Previous requirements requested the inclusion of content learned in the course with examples of what to include. Many students limited the content to the examples. The current requirements now specify specific content to include and the need for an overview and a conclusion slide.

**Table 2: Grade Distribution of Oral Presentation Grades by Course Section**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>
Class size	32	40	17	18	28
Delivery Mode F2F = Face-to-Face	F2F	F2F	F2F	Online	F2F
Grades:					
A	56%	70%	35%	33%	25%
B	34%	27%	29%	61%	36%
C	9%	3%	29%	6%	32%
D			6%		7%
Average grade	91%	93%	84%	88%	83%
Range of grades	77-100	79-100	64-100	72-100	65-100

**End-of-Semester Course Evaluations.** An end of semester course evaluation in fall of 2018 requested that students answer, "What are the strengths of the course?" and "What would you like to see changed?" Several students listed the

presentations, reading “the actual information like the professional ethics codes,” and the “hands on approach” helped them learn the material of the course. One student stated, “As much as I hate presentations, I think they are a valuable tool in understanding the material of this course.”

**Table 3: Percentage of Grades with Noted Deficiency (Criteria from Rubric Appendix C)**

Presentation Criteria	2018	2019	2020	2020	2021
	F2F	F2F	F2F	Online	F2F
Size	16 Groups of 2 Students	20 Groups of 2 Students	17 Students	18 Students	28 Students
1 Overview	31	40	71	83	65
2 Content		30	41	44	82
3 Logical			6	6	
4 Smooth transitions	6	40	41	39	4
5 Conclusion/Summary	38	30	12	11	18
6 Professional		5		6	
7 Focused	13	15	12	17	7
8 Slides understandable	19		12	11	18
9 Appealing slides			12	17	14
10 Overwhelming slides	69	50	29	44	32
11 Originality			6		4
12 Spelling/Grammar		5	12	6	21
13 Filler words		5	29	11	4
14 Audience Attention				6	
15 Volume/speaking rate	6	10	18	11	7
16 Eye contact	6	45	6	11	11
17 Distracting movements	6			11	
18 Enthusiastic, etc.		6	6	11	4
19 Read slides/notes	31	10	6	17	

## VIII. Appendix A: Instructions To Identify a Company

Your starting point is to review Accounting and Auditing Enforcement Releases ([AAER](#)), located at the SEC website. Select an AAER that names a company and a company executive within the identified AAER to research. The individual must be named as a Respondent in the AAER. After clicking on the AAER link, you will see a list of the current AAERs (see below). You will also see links to previous years. Select your company from the AAERs listed in 2019, 2020, 2021, or 2022.

The screenshot shows the SEC website's "Accounting and Auditing Enforcement Releases" page. The page header includes the SEC logo and navigation links: ABOUT, DIVISIONS & OFFICES, ENFORCEMENT, REGULATION, EDUCATION, FILINGS, NEWS. The main content area is titled "Accounting and Auditing Enforcement Releases" and includes a search bar, a list of enforcement actions, and a table of releases. A sidebar on the left lists various enforcement categories. A search bar is located above the table, and a "Trump hires former 9th Circuit judge Kozinski for Twitter court fight" banner is visible.

Release No.	Date	Respondents
<b>Third Quarter</b>		
AAER-4314	Jul. 1, 2022	voxeljet AG and Rudolf Franz Other Release No.: 34-95193
<b>Second Quarter</b>		
AAER-4313	Jun. 28, 2022	Ernst & Young LLP Other Release No.: 34-95167
AAER-4312	Jun. 9, 2022	Lijuan "Sandra" Hao, CPA Other Release No.: 34-95076

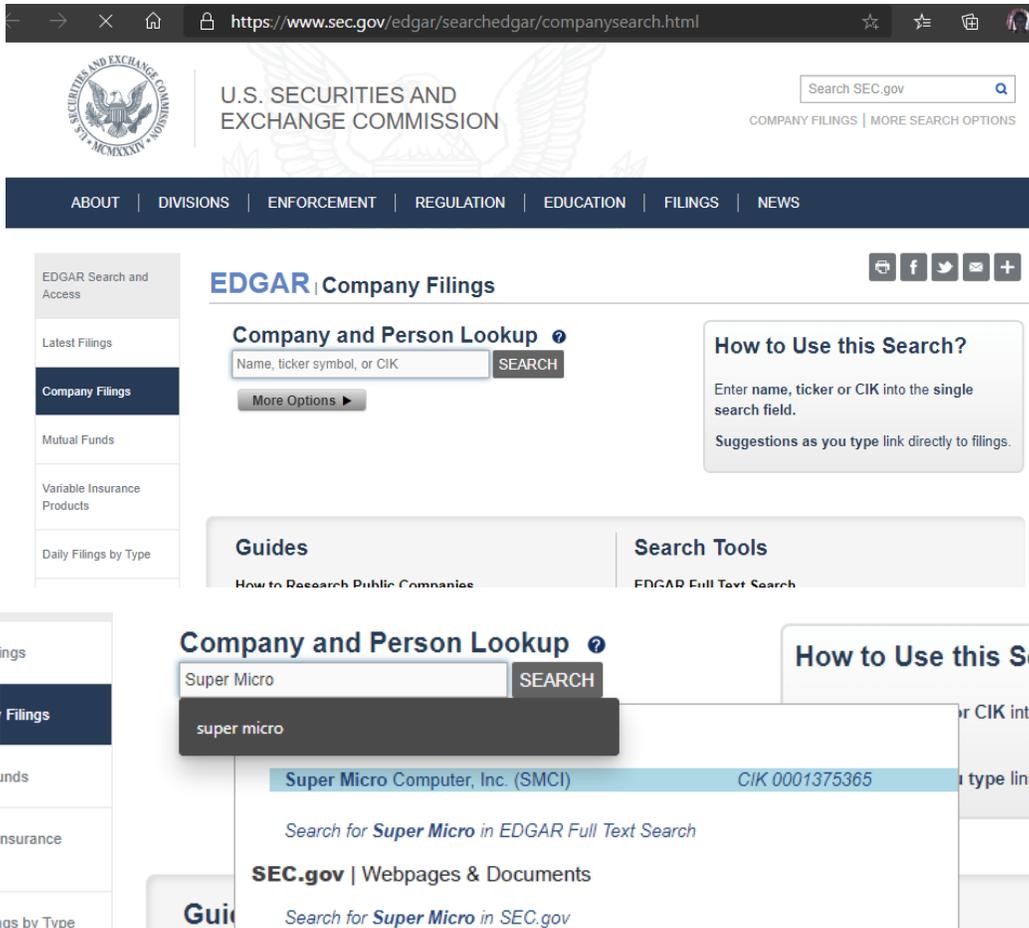
- Scroll down the page and open the links until you find a “good” fraud to investigate. A good fraud is one that meets the requirements of the assignment (please read to the end of this Appendix).
- AAER-4314 initially looks good because the names of a company and a person are included. Clicking on the link and reading the text confirms that voxeljet AG is a company and Rudolf Franz is a person (see page 2 of the AAER, Respondents section). Rudolf is the CFO of voxeljet AG. At this point, you would search the SEC EDGAR database (see separate instructions) to ensure the company filed annual reports (10-Ks). A search for voxeljet on the EDGAR database produces filings; however, there are no 10-Ks filed. The AAER is not a good AAER for use in this project.
- AAERs with a company name are better, but those with individual names also lead to company names. You will need both a company name and a named individual within the company to research.
- Longer documents (after you click on the link) are better, as you have more information from which to work.
- Company Name: AAER-4161, from 2019, is an excellent choice, as the AAER is 13 pages. This AAER has a Summary, the Respondent, Facts, etc. You should look at this AAER as an example; but do not use this AAER.
- You might also select a person’s name-that leads to a company name.
  - Click on AAER 4112 David Middendorf.
  - An extremely short document opens. Short documents can be useful because the content might provide clues to find out more. Keep in mind, you need to learn everything about the fraud that allows for a 10 to 15-minute, interesting presentation that you relate to the material of the course.

- David has a somewhat unique last name. A court case in the Southern District of New York is identified. Google ‘Middendorf Southern District New York fraud’.
- Several articles appear. One quickly discovers he was a managing partner of audit for KPMG. This fact makes this case very interesting; however, KPMG is a CPA firm. Avoid CPA firms.
- Avoid CPA firms as in general, there is not a company for which you can research in the EDGAR database. Move on to the next AAER.
- Keep searching

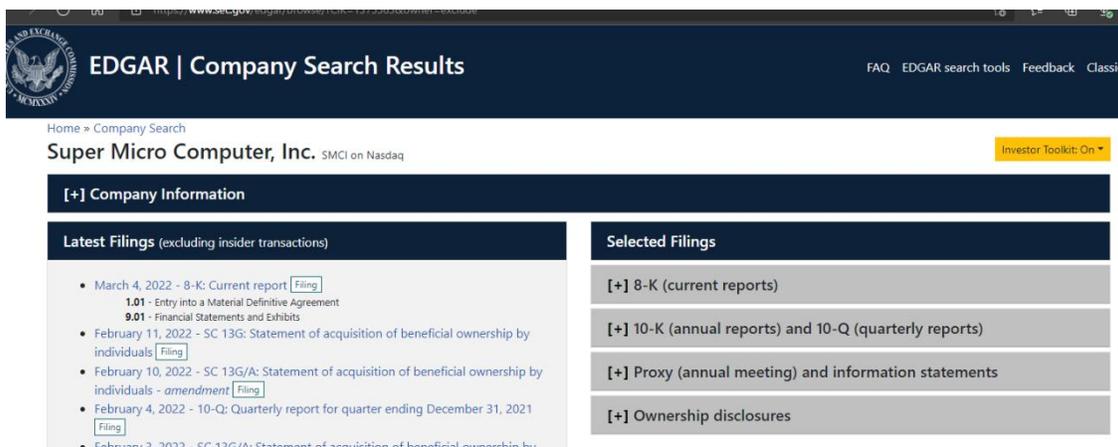
Ensure the following for the company you select:

- The fraud is financial statement fraud (versus audit-related).
- At least one executive from the company named in the AAER (or another AAER related to the same fraud/alleged fraud) is a CPA.
- Minimum of three years of financial statement data including the year of the fraud and leading up to the fraud (See EDGAR and 10-K for selected company).
- It is not a CPA firm.

**IX. Appendix B: SEC EDGAR Annual Financial Data Search**



- Click on EDGAR link in the heading above (or start with the AAER link and click on ‘filings’).
- Enter your company name and click search. The company name Super Micro was entered (see below).
- When the name appears, click on name. If more than one name appears, search each until you find the correct listing.
- Click on Company Information to verify the company you selected. You might compare information found in the company information section to information about the company in the AAER.



- ➔ After clicking the company information screen, you will find the address and the location of incorporation. These pieces of information might serve as a double-check with the information from the AAER to ensure you obtained the correct company.

The screenshot shows the EDGAR Company Search Results page for Super Micro Computer, Inc. (SMCI) on Nasdaq. The page is titled "EDGAR | Company Search Results" and includes navigation links for "FAQ", "EDGAR search tools", "Feedback", and "Classic version". The main content area is divided into two columns: "Latest Filings (excluding insider transactions)" and "Selected Filings".

**Latest Filings (excluding insider transactions):**

- March 4, 2022 - 8-K: Current report [Filing](#)
  - 1.01 - Entry into a Material Definitive Agreement
  - 9.01 - Financial Statements and Exhibits
- February 11, 2022 - SC 13G: Statement of acquisition of beneficial ownership by individuals [Filing](#)
- February 10, 2022 - SC 13G/A: Statement of acquisition of beneficial ownership by individuals - amendment [Filing](#)
- February 4, 2022 - 10-Q: Quarterly report for quarter ending December 31, 2021 [Filing](#)
- February 3, 2022 - SC 13G/A: Statement of acquisition of beneficial ownership by individuals - amendment [Filing](#)

[View filings](#)

**Selected Filings:**

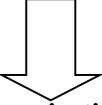
- [+] 8-K (current reports)**
- [-] 10-K (annual reports) and 10-Q (quarterly reports)**
  - February 4, 2022 - 10-Q: Quarterly report for quarter ending December 31, 2021 [Filing](#)
  - November 5, 2021 - 10-Q: Quarterly report for quarter ending September 30, 2021 [Filing](#)
  - August 27, 2021 - 10-K: Annual report for year ending June 30, 2021 [Filing](#)
  - May 7, 2021 - 10-Q: Quarterly report for quarter ending March 31, 2021 [Filing](#)

[View all 10-Ks and 10-Qs](#) [How to read a 10-K/10-Q](#)

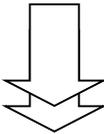
**[+] Proxy (annual meeting) and information statements**

- Click on [+] 10-K (annual reports) and 10-Q (quarterly reports) located under Selected Filings to the right of the screen. The following screen results:
- Click on [+] 10-K, click the View all 10-Ks and 10Qs box. A list of 10-Ks and 10-Qs appears, with filing and reporting dates listed to the right of the screen.
- Select the relevant periods for your case. You need at least a three-year period to analyze before (or after) and during the fraud period.

X. Appendix C: Oral Communications Rubric (Page 1 of 2)

Criteria (% of grade)	Actions Indicating <u>Fails to Meet</u> Expectations	Actions Indicating <u>Meets</u> Expectations	Actions Indicating <u>Far Exceeds</u> Expectations
	Presentation contains <u>any</u> of the following (0-69):	Presentation contains the Following (70-89):	Presentation contains <u>all</u> of the Following (90-100):
 <b>Organization</b> <b>40%</b>	<ul style="list-style-type: none"> <li>- Weak <b>introduction / overview</b></li> <li>- <b>Content</b> disconnected from main ideas</li> <li>- Disconnected <b>thought flow</b></li> <li>- <b>Content</b> not relevant</li> <li>- Weak <b>conclusion(s)</b></li> </ul>	<ul style="list-style-type: none"> <li>- <b>Introduction</b> of topic and speaker(s)</li> <li>- <b>Overview</b> of the presentation</li> <li>- Most of the relevant content</li> <li>- <i>Most</i> of the content presented around <b>main ideas</b></li> <li>- Maintains <b>train of thought</b> <i>most</i> of the time</li> <li>- <i>Most</i> of the <b>transitions</b> are smooth</li> <li>- Mostly relevant <b>content</b></li> <li>- <b>Conclusion</b></li> </ul>	<ul style="list-style-type: none"> <li>- Appropriate <b>Introduction</b> of topic and speaker(s)</li> <li>- <b>Overview</b> of the presentation (Major points/ideas)</li> <li>- <b>Content</b> structured around main ideas</li> <li>- All relevant <b>content</b></li> <li>- Logical <b>thought flow</b> from one idea to the next</li> <li>- Smooth <b>transitions</b></li> <li>- <b>Conclusion</b></li> </ul>
<b>Clarity</b> <b>30%</b>	<ul style="list-style-type: none"> <li>- Fails to make main point(s)</li> <li>- Fails to stay on point</li> </ul>	<ul style="list-style-type: none"> <li>- Main idea(s) is (are) understood</li> <li>- Stays on point <i>most</i> of the time.</li> </ul>	<ul style="list-style-type: none"> <li>- Main idea(s) is (are) easily understood</li> <li>- Focus maintained throughout</li> </ul>
<b>Media</b> <b>10%</b>	<ul style="list-style-type: none"> <li>- Media selected does not corroborate the points made by the speaker.</li> <li>- Media selected confuses the viewer with regard to the points made by the speaker.</li> <li>- Media cannot be read by viewer</li> <li>- Presenter fails to explain the media</li> </ul>	<ul style="list-style-type: none"> <li>- Media selected corroborates the points made by the speaker.</li> <li>- Media selected does not confuse the viewer with regard to the points made by the speaker.</li> <li>- Media can be read by viewer</li> <li>- Presenter explains the media</li> </ul>	<ul style="list-style-type: none"> <li>- Media selected corroborates the points made by the speaker.</li> <li>- Media selected further clarifies the points made by the speaker.</li> <li>- Media selected emphasizes the points made by the speaker.</li> <li>- Media can be clearly read by viewer</li> </ul>

Appendix C (con't): Oral Communications Rubric (Page 2 of 2)

Criteria (% of grade)	Actions Indicating <u>Fails to Meet Expectations</u> Presentation contains <b>any</b> of the following (0-69):	Actions Indicating <u>Meets Expectations</u> Presentation contains the Following (70-89):	Actions Indicating <u>Far Exceeds Expectations</u> Presentation contains <b>all</b> of the Following (90-100):
 <p><b>Language 10%</b></p>	<ul style="list-style-type: none"> <li>- Consistent subject-verb disagreement.</li> <li>- Consistently uses sentence fragments or isolated phrases.</li> <li>- Wide use of inappropriate singulars or plurals</li> <li>- Several unclear antecedents of pronouns</li> <li>- Language is inappropriate, vague, or too complex.</li> <li>- <b>excessive</b> use of jargon or slang such as “you know,” “stuff like that,” “see what I mean?,” “you with me?” “uh huh,” “get my drift?” , etc.</li> <li>- <b>excessive</b> use of filler words or expressions such as “in any case,” or “well,” etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Minimal, if any, subject- verb disagreement.</li> <li>- Minimal, if any, use of sentence fragments or isolated phrases.</li> <li>- Language is appropriate, but not vivid or memorable.</li> <li>- <i>Most</i> pronouns, singulars, and plurals are properly used</li> <li>- <b>minimal</b> use jargon or slang such as “you know,” “stuff like that,” “see what I mean?” “you with me?” “uh huh,” “get my drift?” “I reckon,” etc.</li> <li>- <b>minimal</b> use of filler words or expressions such as “in any case,” or “well.”</li> </ul>	<ul style="list-style-type: none"> <li>- No subject-verb disagreement.</li> <li>- No sentence fragments or isolated phrases.</li> <li>- Pronouns, singulars, and plurals are all used properly</li> <li>- Language is precise, vivid, and felicitous.</li> <li>- no jargon or slang such as “you know,” “stuff like that,” “see what I mean?” “you with me?” “uh huh,” “get my drift?” etc.</li> <li>- no filler words or expressions such as “in any case,” or “well.”</li> </ul>
<p><b>Delivery 10%</b></p>	<ul style="list-style-type: none"> <li>- fails to hold audience’s attention most of the time</li> <li>- some mumbling, uneven rate, or monotone</li> <li>- little eye contact or little or no expression;</li> <li>- poor posture such as slouching, leaning, hands in pockets, etc.</li> <li>- distracting mannerisms</li> </ul>	<ul style="list-style-type: none"> <li>- held audience’s attention most of the time</li> <li>- clear articulation but not polished.</li> <li>- good posture</li> <li>- appropriate voice modulation</li> <li>- some eye contact and expression</li> <li>- no distracting mannerisms</li> </ul>	<ul style="list-style-type: none"> <li>- points made in way that held audience’s attention throughout</li> <li>- Poised, clear articulation;</li> <li>- proper volume; steady rate;</li> <li>- good posture and eye contact;</li> <li>- enthusiastic and confident.</li> <li>- no distracting mannerisms</li> </ul>

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