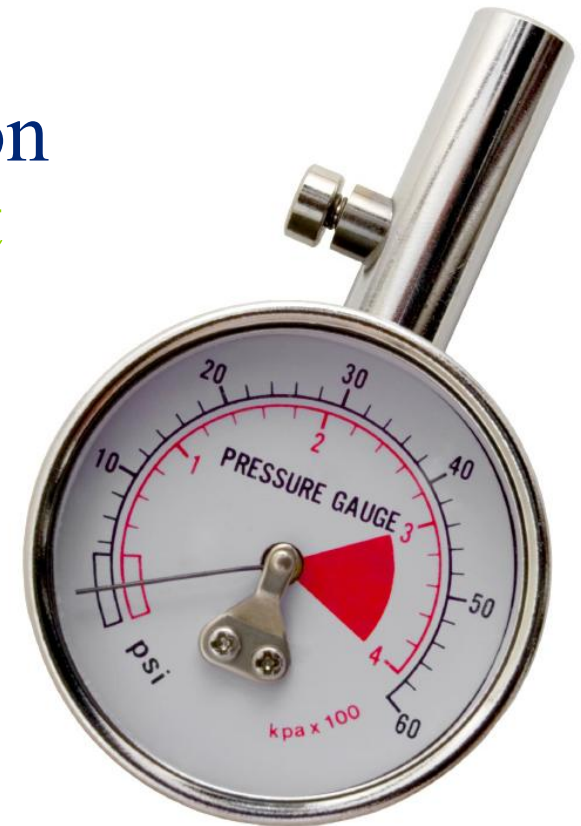


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Ten things about financial
statement fraud — third edition
A review of SEC enforcement
releases, 2000–2008



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Ten things about financial statement fraud – third edition

Deloitte Forensic Center study

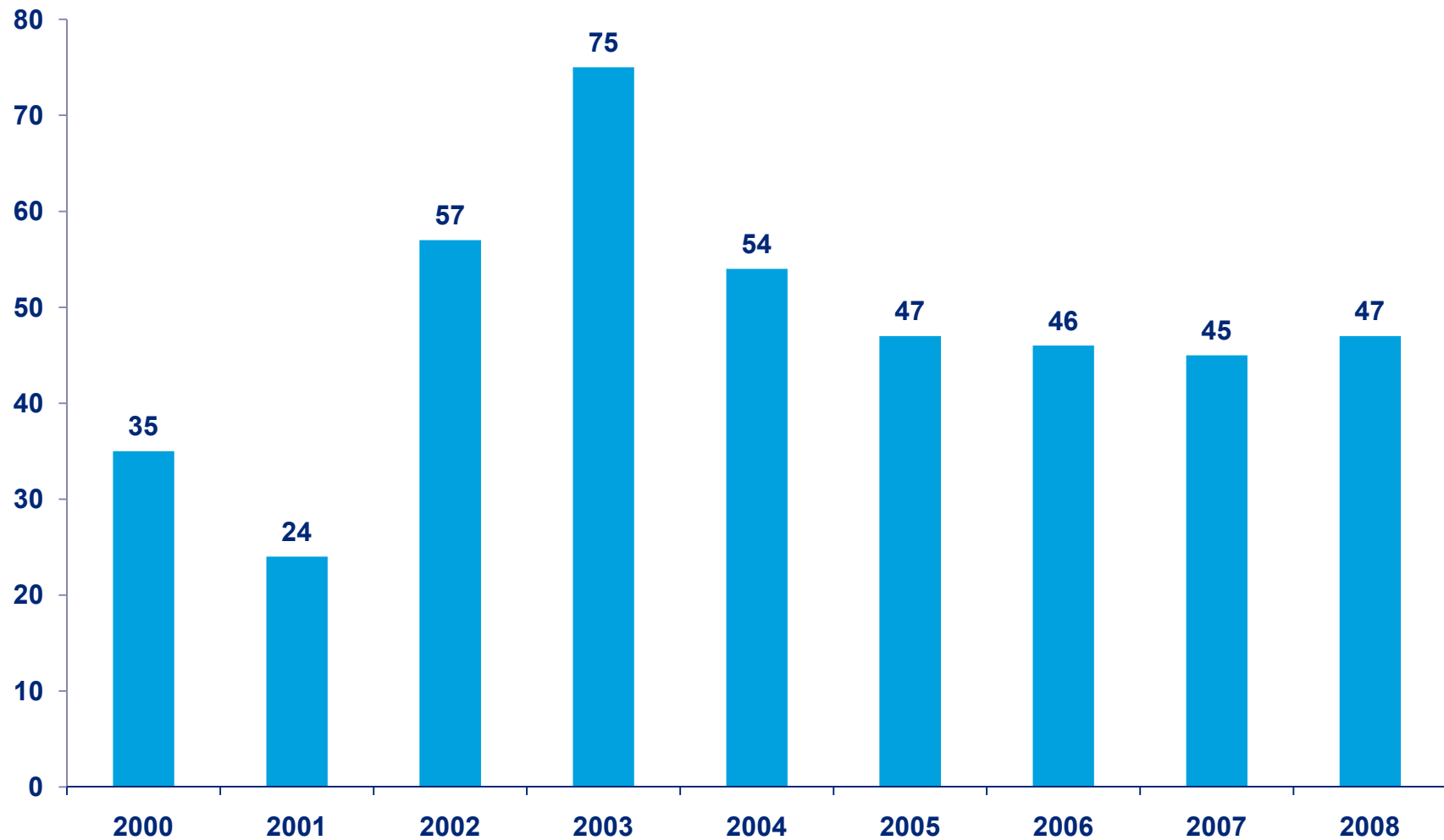
Analysis of SEC Accounting & Auditing Enforcement Releases (“AAERs”) issued 2000 to 2008

What types of financial statement fraud is the SEC describing in its enforcement actions?

Have fraud types and industry patterns changed over time?

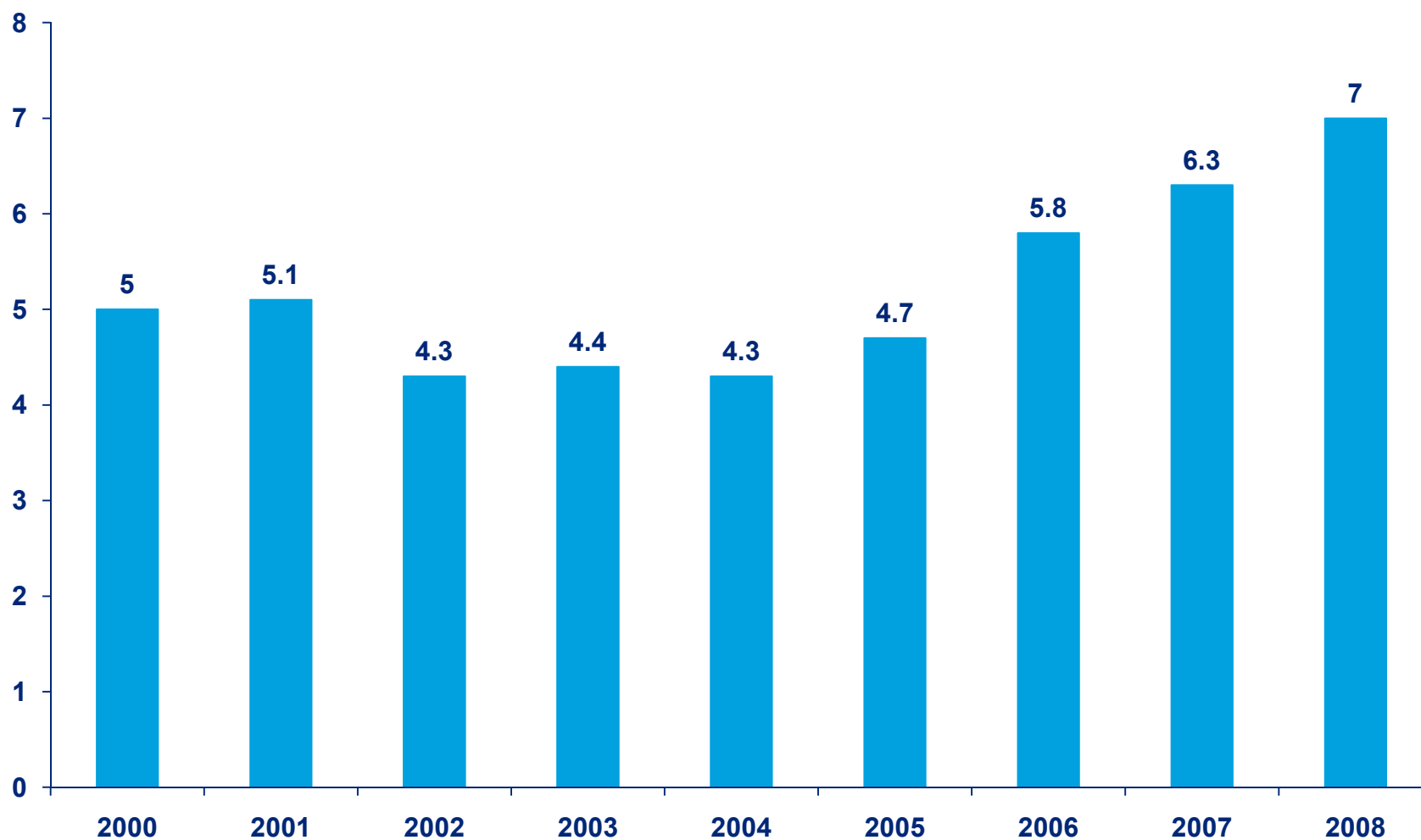
For the study methodology, see the full report available for download at www.deloitte.com/forensiccenter

1. AAERs issued by the SEC alleging financial statement fraud schemes, by year



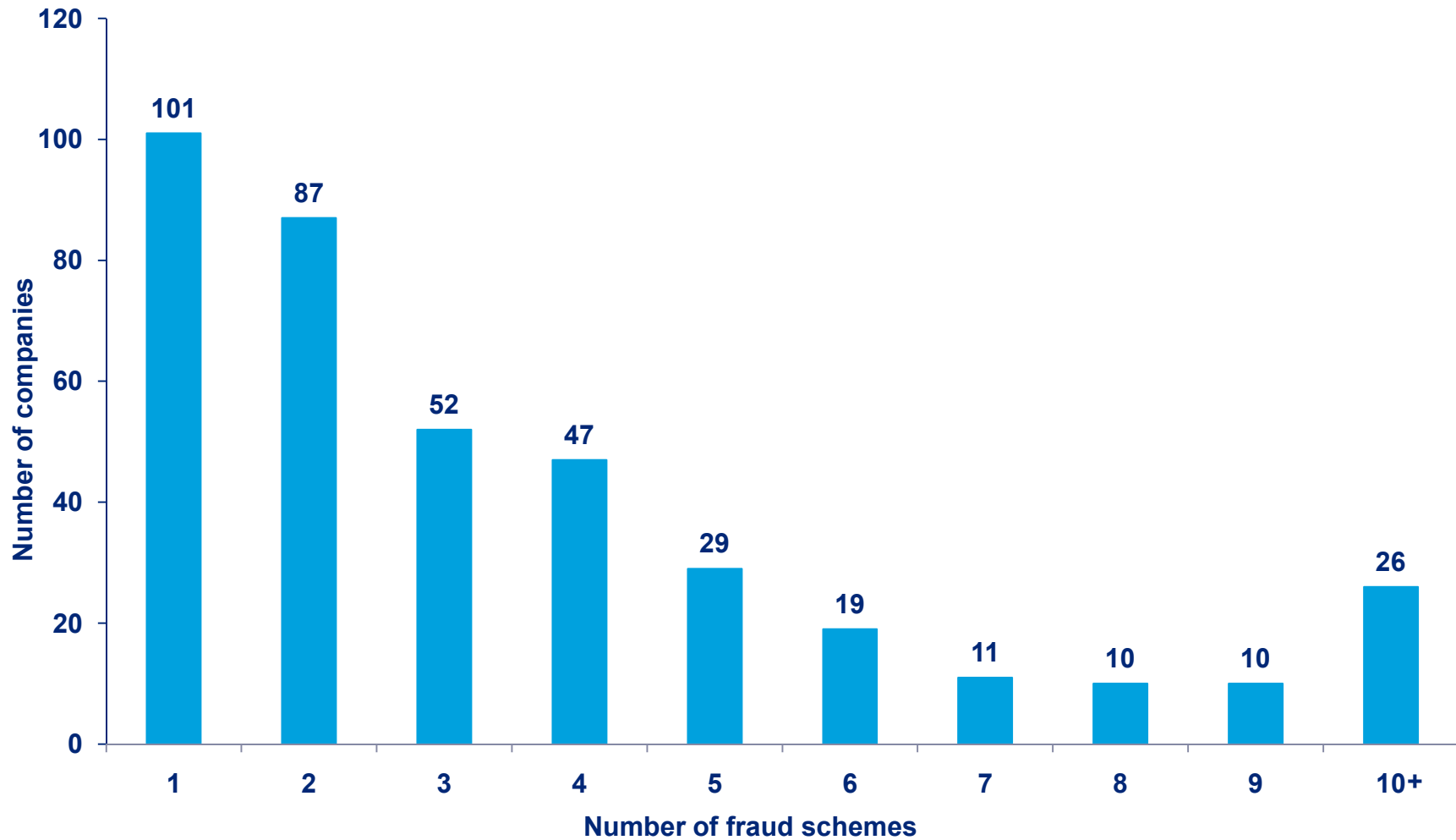
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

2. Average duration, in years, from the first alleged commission of a fraud scheme to the issuance of the AAER included in our study



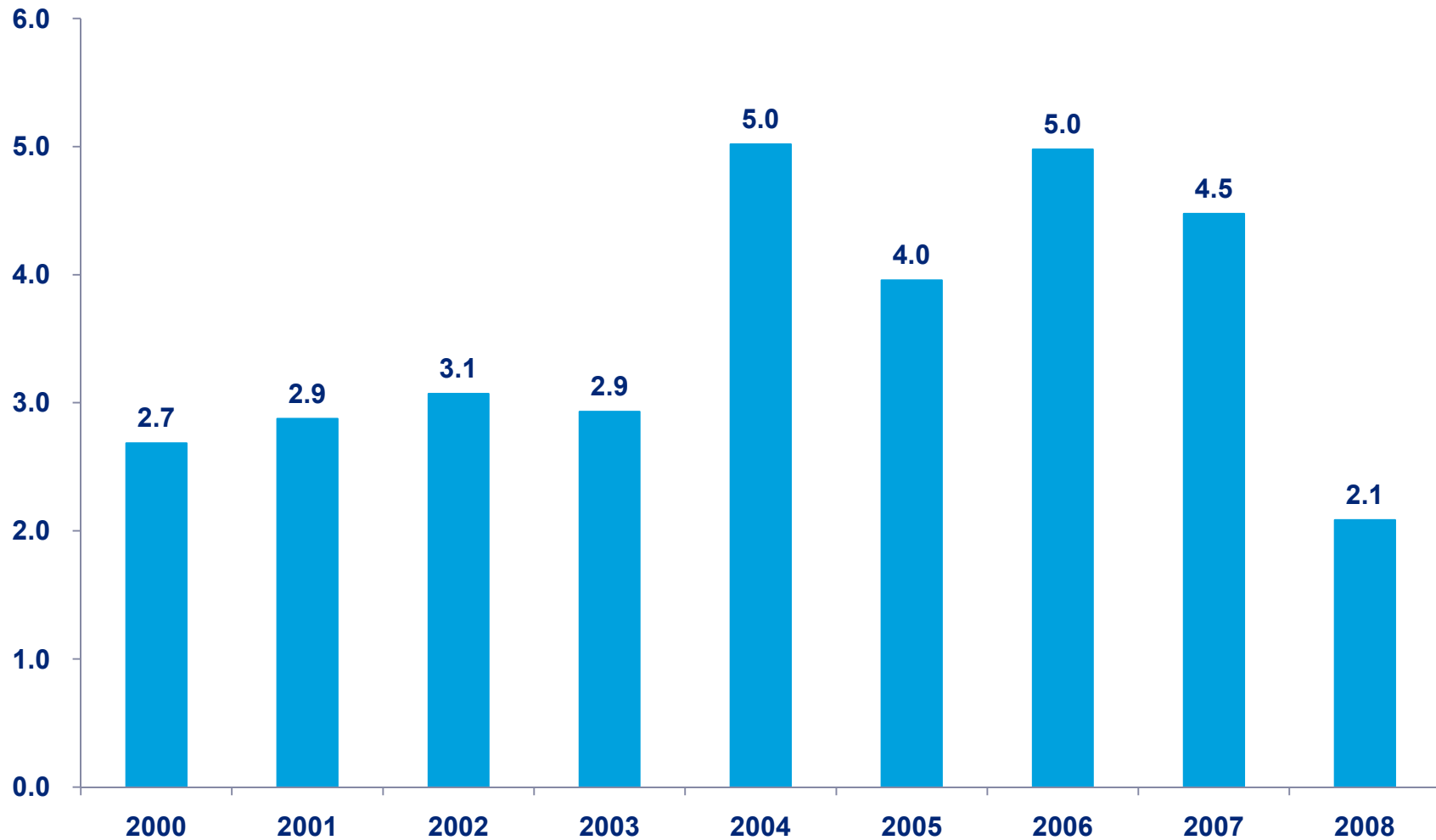
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

3a. Number of companies with alleged fraud schemes



Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

3b. Average number of alleged fraud schemes per company



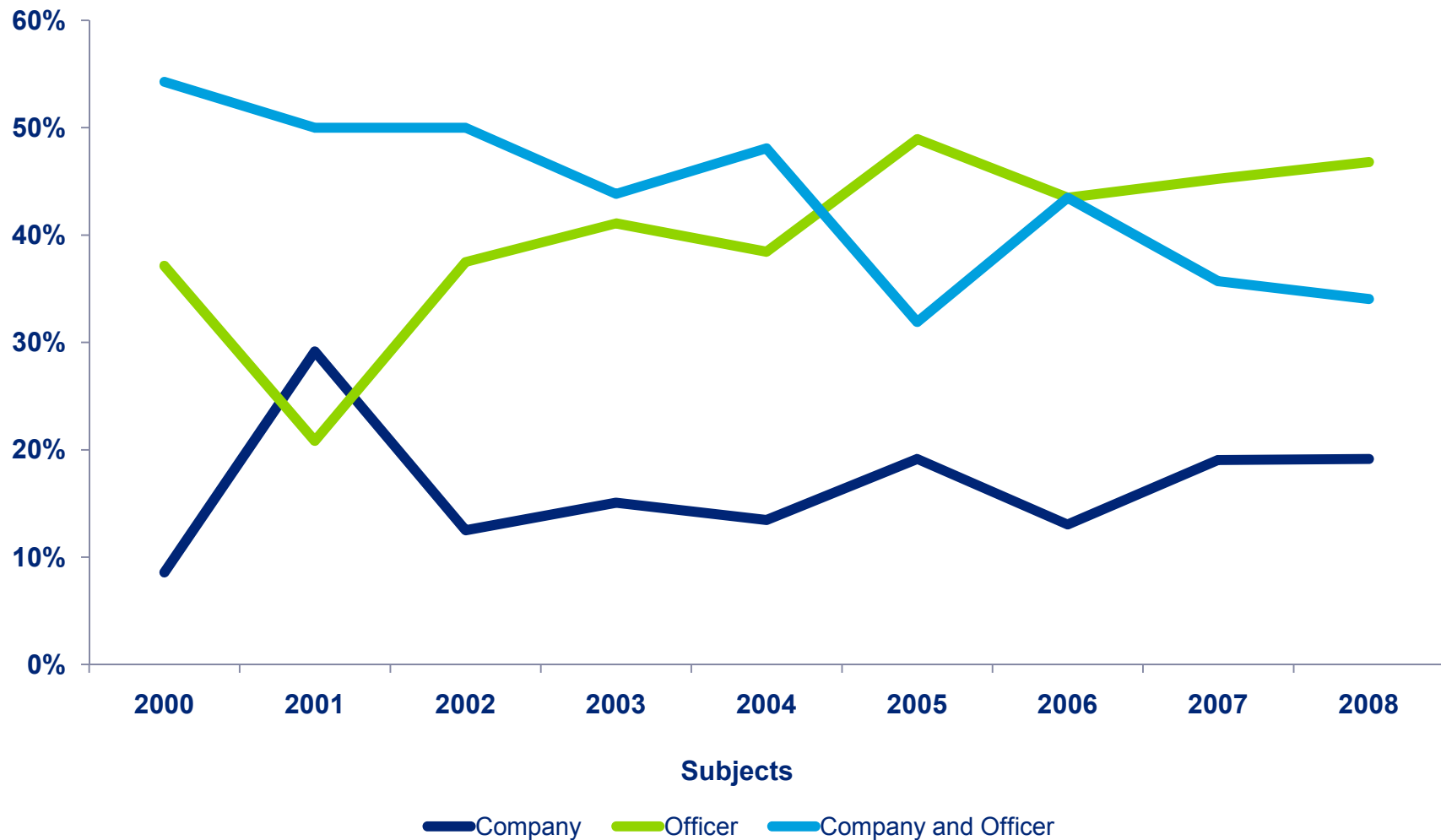
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

4a. Distribution of AAERs with each category of subjects, by year



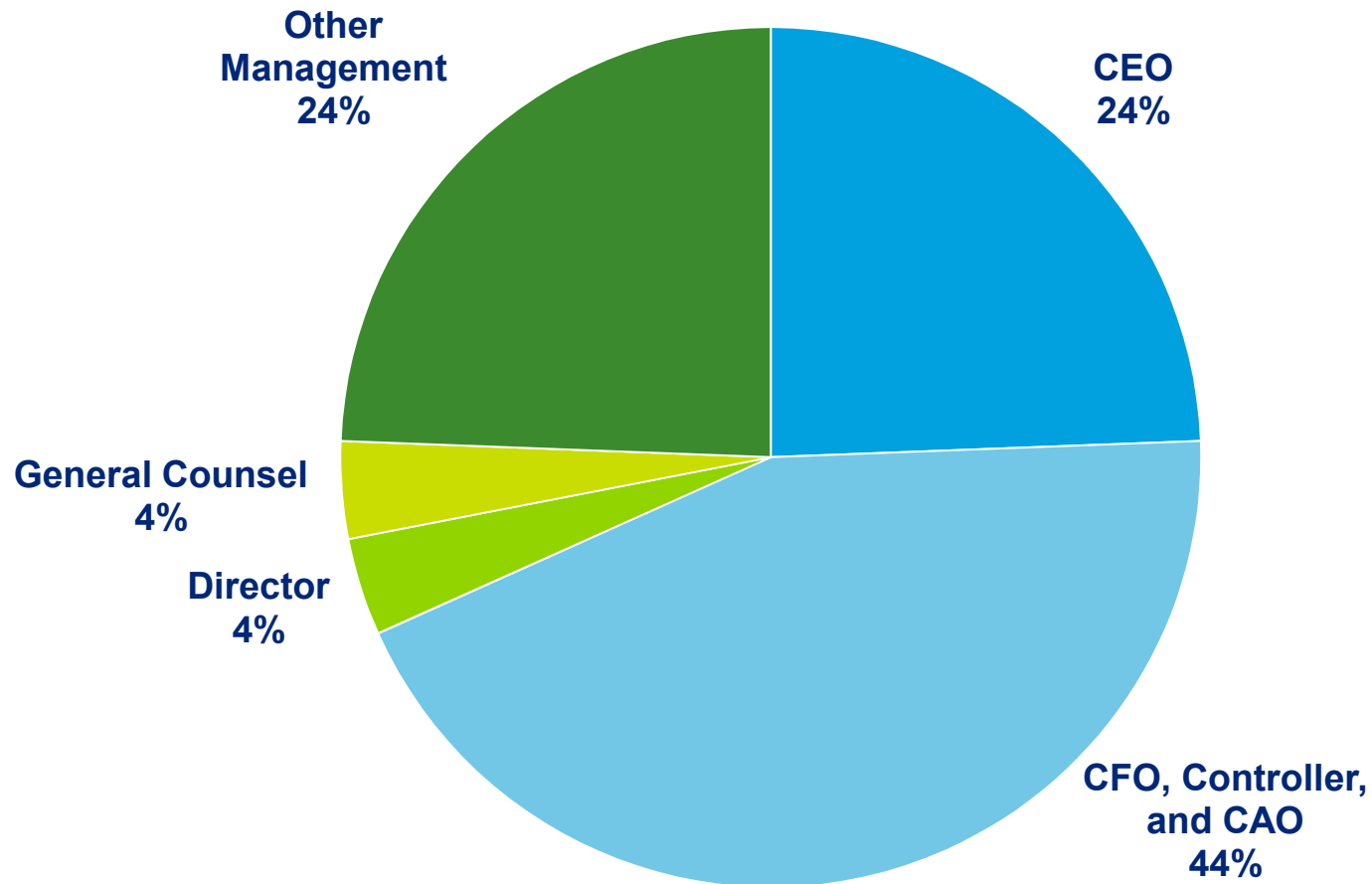
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

4b. Distribution of AAERs with each category of subjects, by year



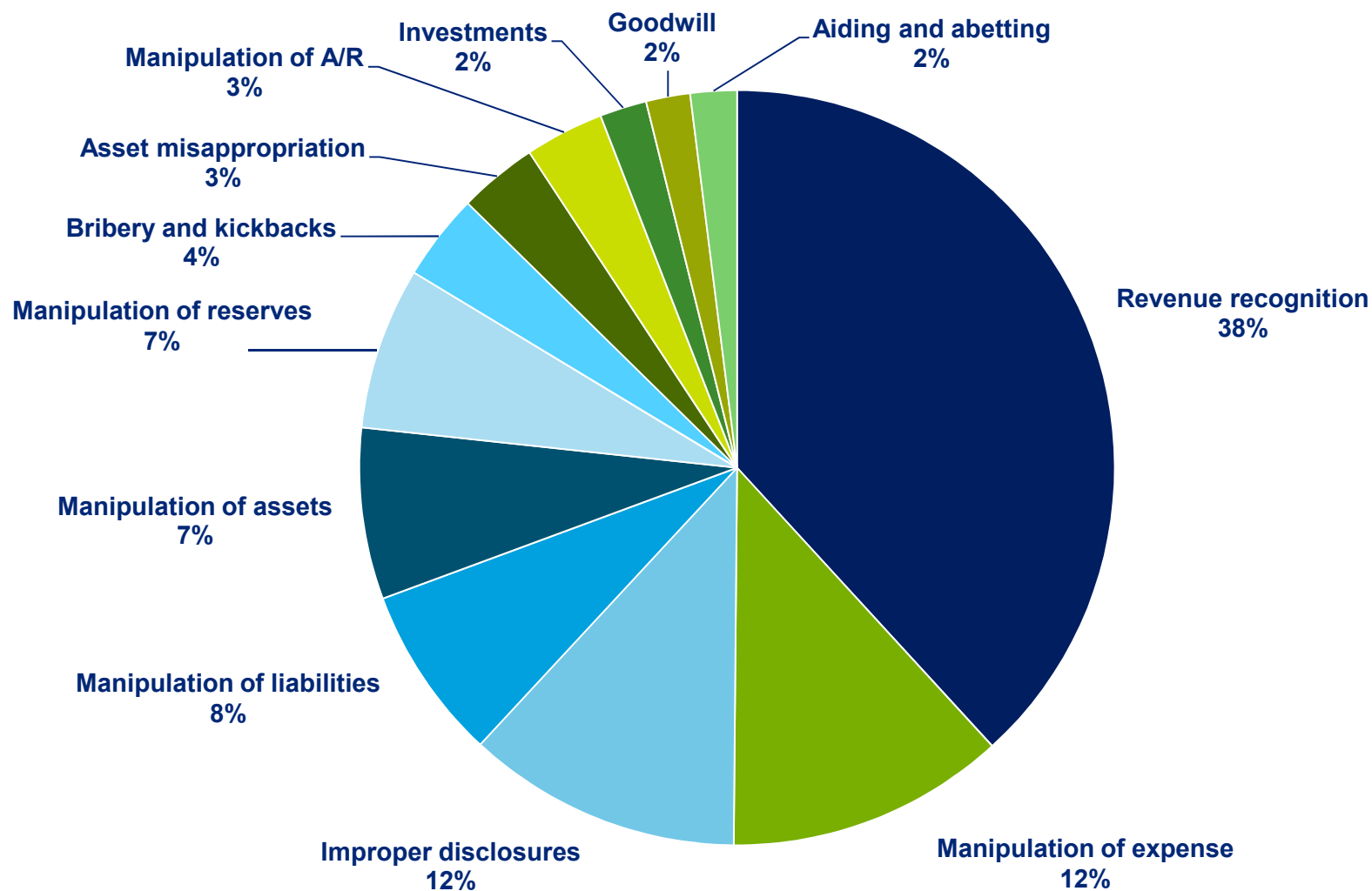
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

5. Roles of individual subjects of SEC alleged financial statement fraud AAERs issued in 2008



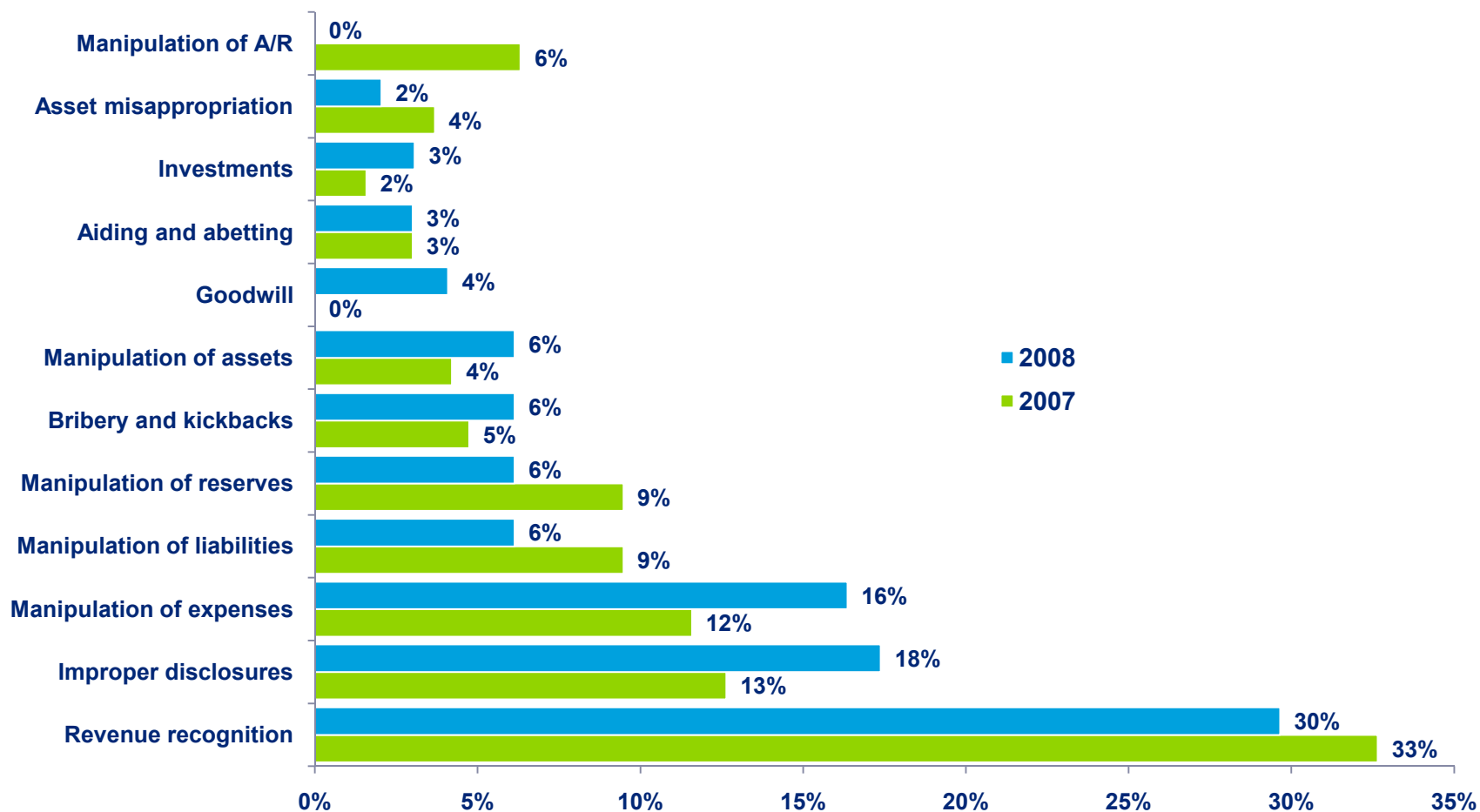
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

6a. Proportion of financial statement fraud schemes represented by each alleged fraud scheme in AAERs from 2000 through 2008



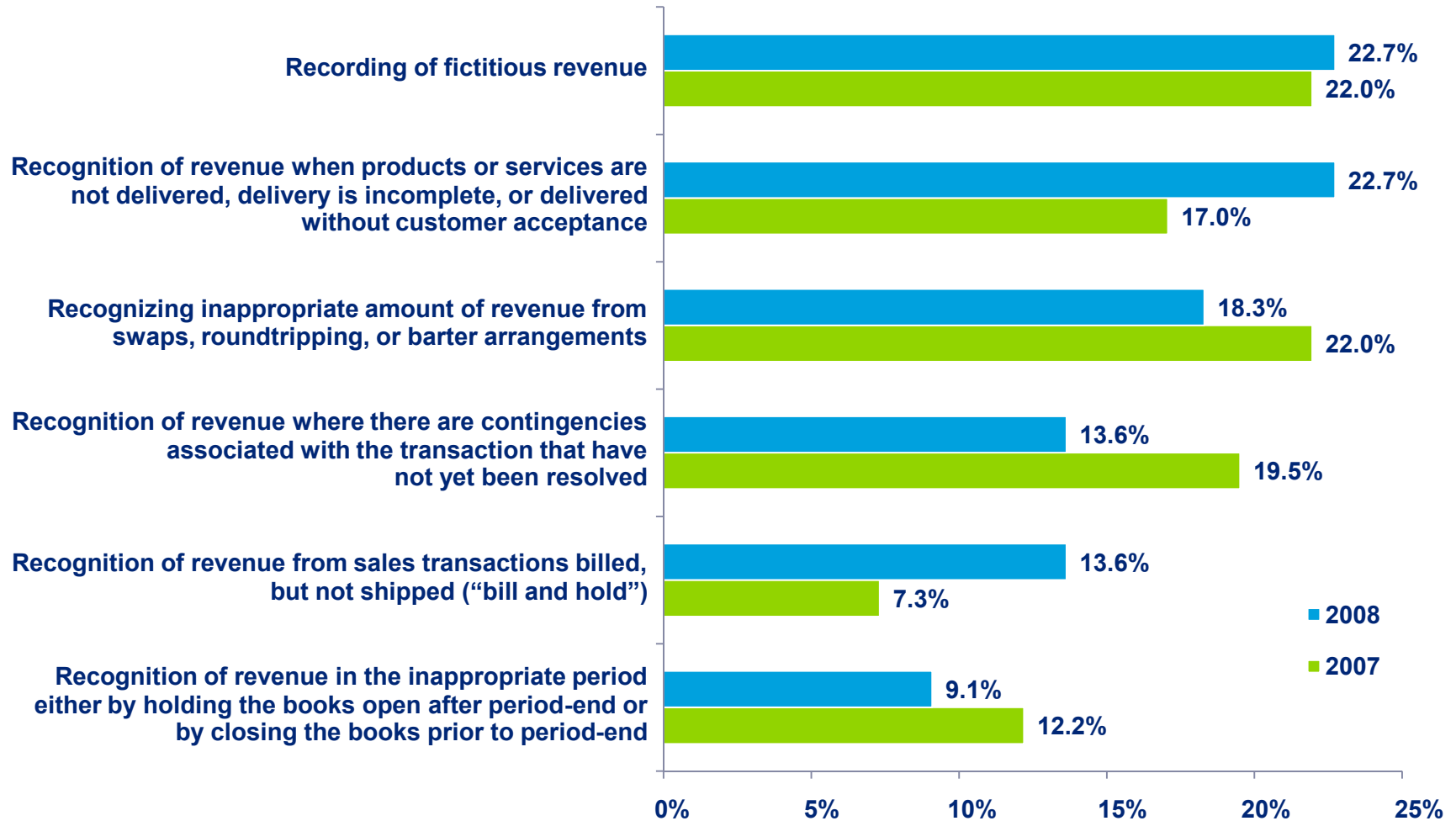
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

6b. Proportion of alleged financial statement fraud schemes represented by each such fraud scheme in 2007 and 2008 AAERs



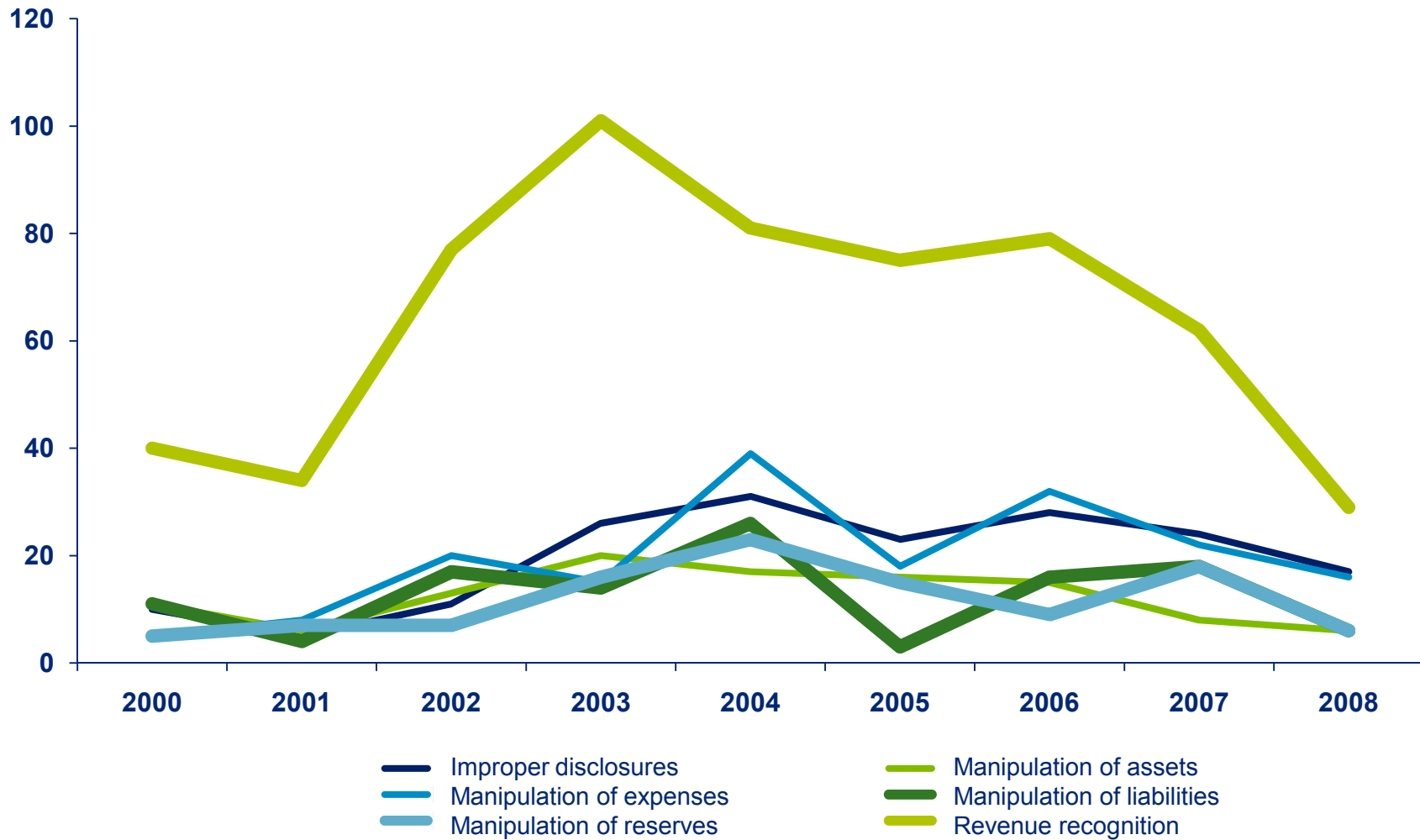
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

7. Most common types of revenue recognition fraud alleged in 2007 and 2008 AAERs



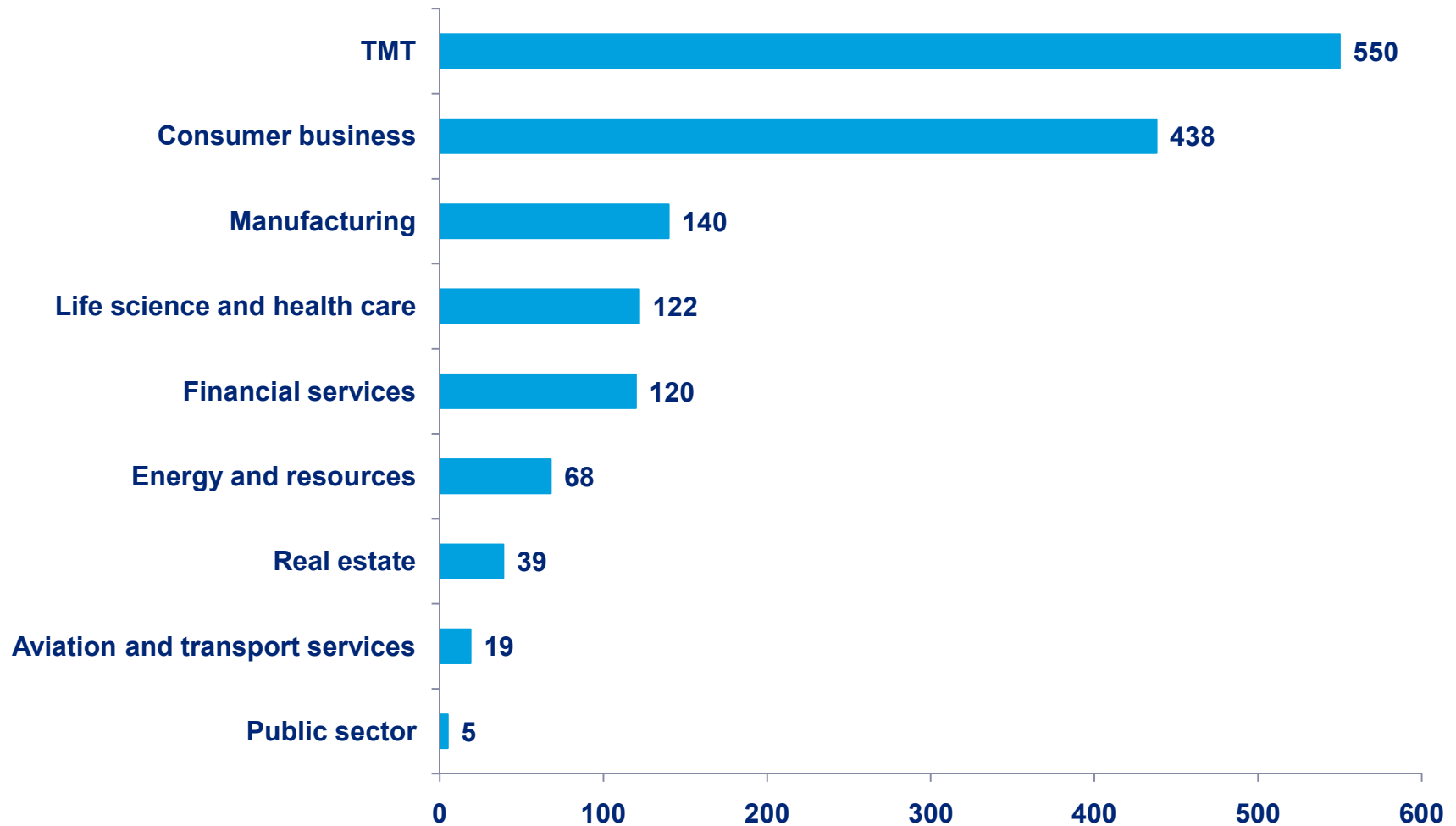
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

8. Incidence of top six alleged fraud schemes, by AAER release date



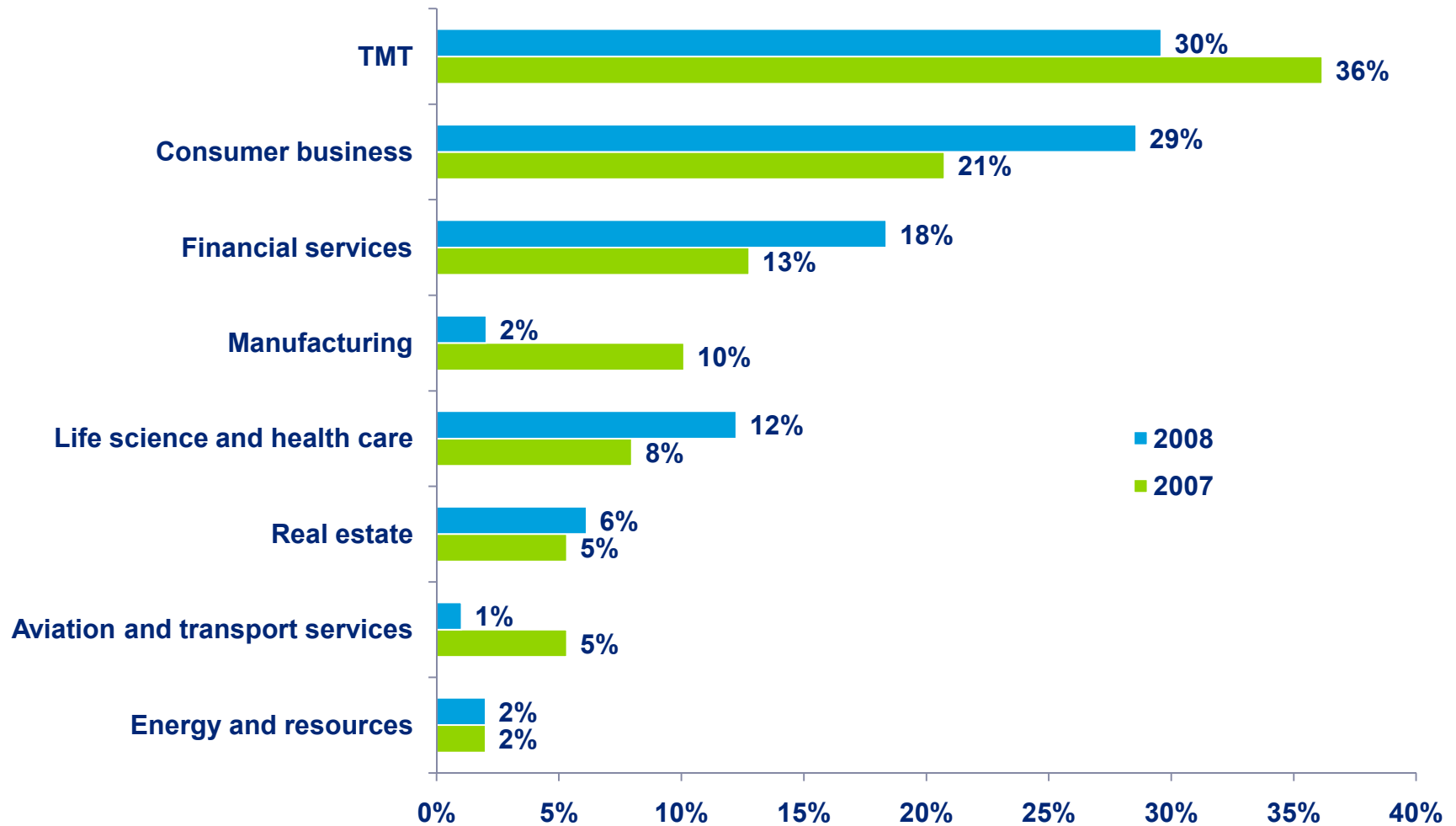
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

9a. Number of alleged fraud schemes by industry identified in AAERs from 2000 to 2008



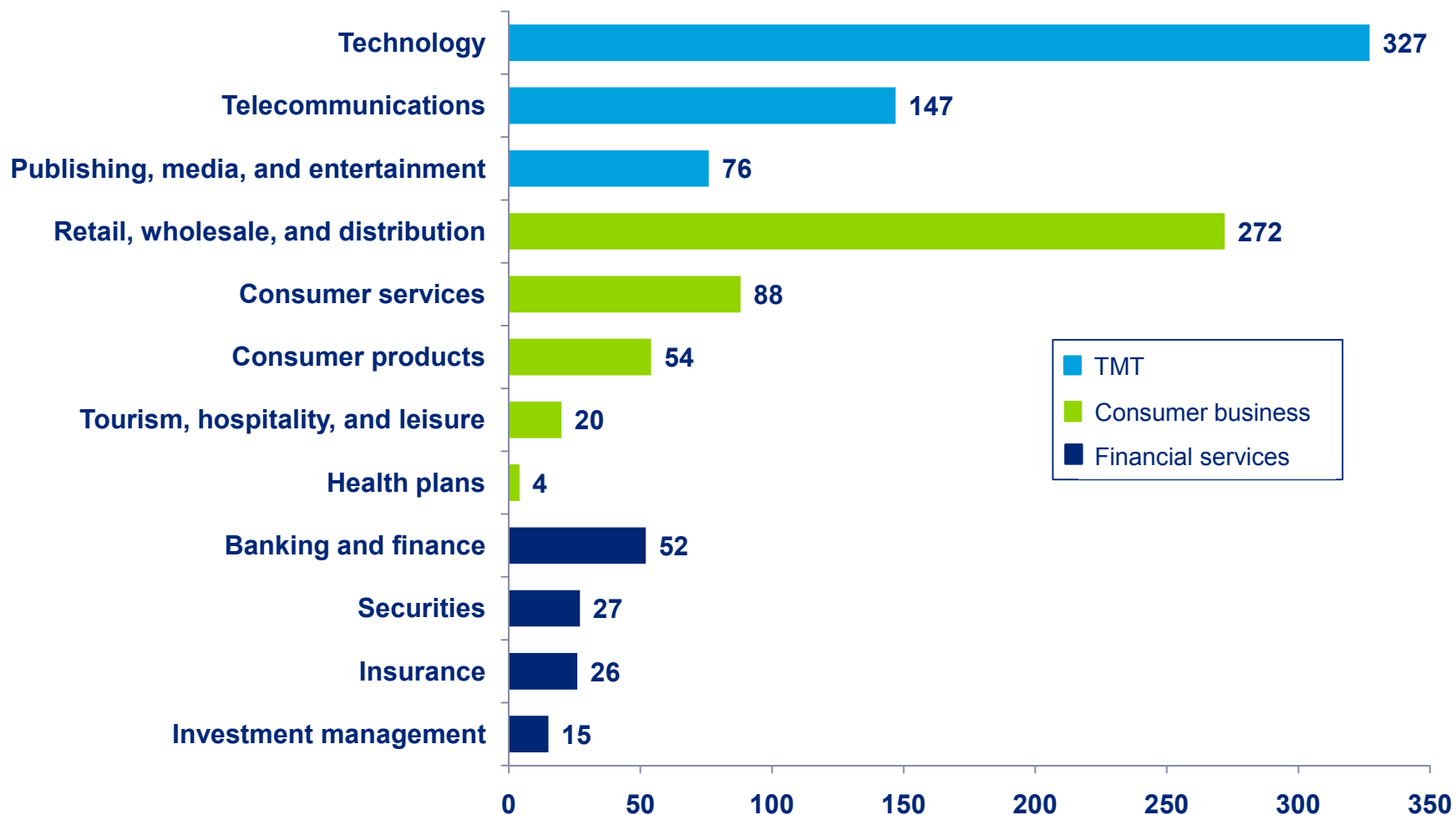
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

9b. Proportion of alleged fraud schemes in each industry identified in AAERs in 2007 and 2008



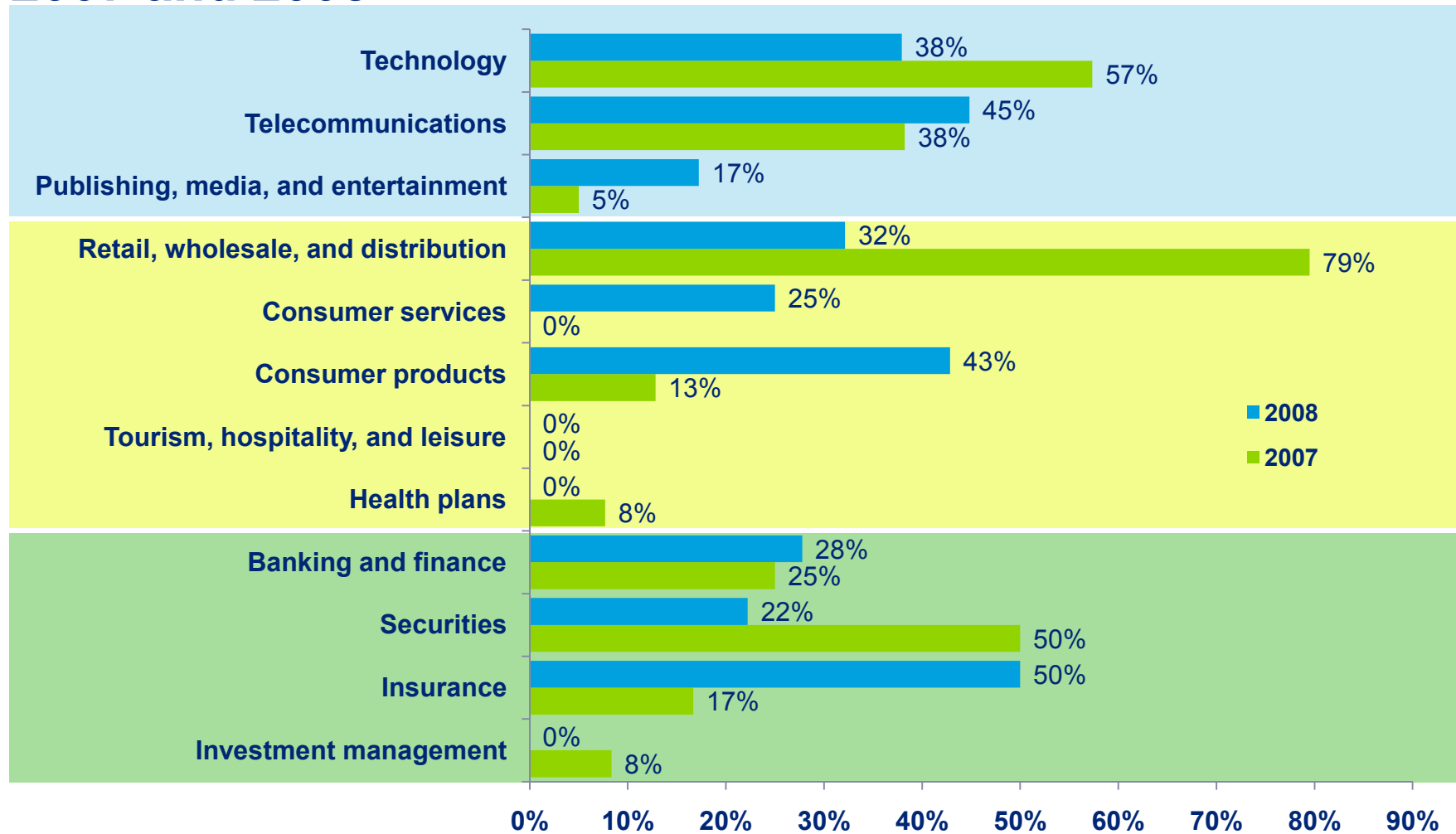
Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

10a. Number of alleged financial statement fraud schemes in segments of each “top” industry identified in AAERs from 2000 to 2008



Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

10b. Number of alleged financial statement fraud schemes in each “top” industry identified in AAERs in 2007 and 2008



Source: Deloitte Forensic Center, Ten Things About Financial Statement Fraud — third edition, 2009

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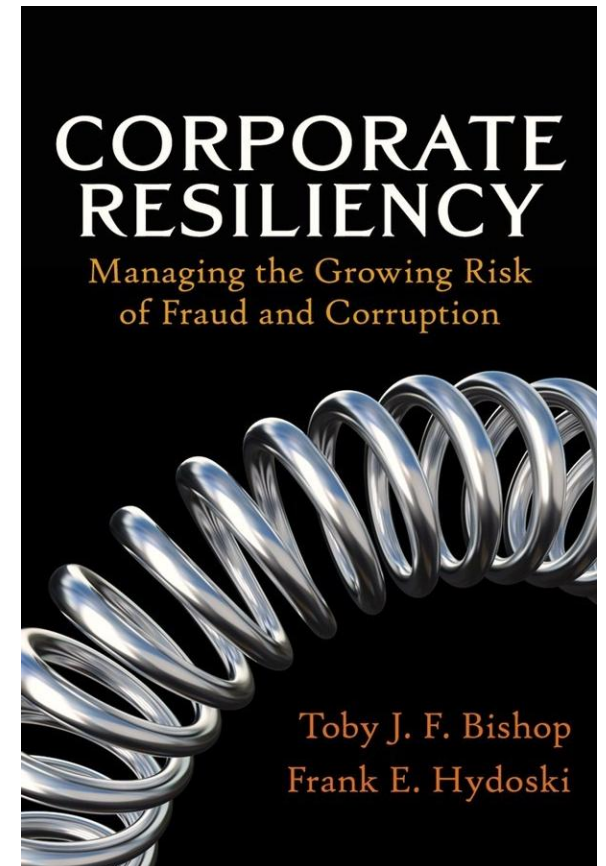
Full report: Ten Things About Financial Statement Fraud – Third Edition

Book: Corporate Resiliency: Managing the Growing Risk of Fraud and Corruption (Wiley, 2009)

Article: Mapping Your Fraud Risks, in *Harvard Business Review* (October 2009)

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Forensic Center

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Welcome to the Deloitte Forensic Center, a think tank sponsored by Deloitte Financial Advisory Services LLP aimed at exploring new approaches for mitigating the costs, risks and effects of fraud, corruption and other issues facing the global business community. The Center aims to advance the state of thinking in areas such as fraud and corruption by exploring issues from the perspective of forensic accountants, corporate leaders, and other professionals involved in forensic matters.

Featured Insights

- Ten Things About Financial Statement Fraud**
Access the Third Edition of the report to learn how alleged fraud schemes have evolved over the current decade and watch the related videos.
- The Expanded False Claims Act**
Read about how the recent changes to the False Claims Act have raised the stakes for companies receiving federal funds.
- Mitigating Fraud Risk in the Green Market**
Learn about transactional fraud risks in the green market including bribery and corruption, money laundering, intentional round-trip transactions and consumer fraud.

Dig Deeper

- Press Release: Financial Statement Fraud**
New Forensic Center study finds declining prevalence of alleged revenue recognition fraud.
- Managing the Growing Risk of Fraud and Corruption**
Corporate Resiliency: download your copy of Chapter 1.
- Harvard Business Review**
Article features fraud risk heat maps.
- FCPA Due Diligence in M&A**
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Discussions of issues and ideas concerning fraud and forensic accounting.

Despite stringent legislation aimed at combating fraud such as the Foreign Corrupt Practices Act (FCPA) and the Sarbanes-Oxley Act – and despite enforcement efforts by the Securities and Exchange Commission (SEC) and the Department of Justice – financial statement fraud remains a public concern. But just what types of fraud is the SEC describing in its enforcement actions? In what industries are frauds most prevalent?

To tackle these questions, Kim Andreasen, senior editor of the Economist Intelligence Unit, moderates a discussion with Albert Lilienfeld, partner, Deloitte Financial Advisory Services LLP, and David Becker, partner, Cleary, Gottlieb, Steen & Hamilton LLP, about the findings from a recent study conducted by the Deloitte Forensic Center titled “Ten Things about Financial Statement Fraud – 2nd Edition.”



View the entire discussion in the video player above.

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What questions do you have?

Contact information

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