

# **Fraudulent Perspectives**

Brynn Sedar, Paige Morris, and Sage Walton share a collective interest in auditing, fraud, and forensic accounting-related fields. Motives and perspectives of fraud doers are going to be essential to how fraud-related work is approached. The benefits of handling a fraud situation from a creative writing perspective are invaluable. In preparing a project through which different viewpoints are observed, society can gain essential insight into the widely unknown world of fraud.

Using scholarly research and prior knowledge of the field, the students created a portfolio of creative work. Paige Morris delved into the motives and psychology behind people who commit fraud. Brynn Sedar focused her research and creative pieces around the thoughts and feelings of the victim. Sage Walton utilized her experience in audit internships to delve into the procedures and processes of the auditor.

To: Chris Ortiz

Date: February 11th, 2014

From: Frank Beely

Subject: Updated Accounting Procedures

Good afternoon, Chris—

Firstly, I would like to say how much we have loved working with you these last few quarters. You are essential to the team, and we would like to continue to foster a healthy relationship with both you and your group.

I am reaching out to let you know some changes will start to occur in the Finance Department here at Morris-Sedar. Our most recent financial statements have not been up to our standards, and so we have decided to better assist our management team by reporting more accurate financial figures. In the interest of saving time and resources, please make sure you are utilizing the correct accounting standards for reporting. We ask you to follow these new processes and not worry about the accuracy or reporting. I assure you that accounting professionals have been consulted at length. I will be reviewing all work to ensure accuracy and will be available to answer all questions be to the new procedures.

We hope you will assist in this endeavor as the company, shareholders, and society will all benefit from a more successful institution. If you have any questions, please let me know. From this point forward, management and I will make efforts to be more involved in the accounting and reporting processes, so please direct all concerns to us.

Have a great day,

**Frank Beely**

CFO, Morris-Sedar Corporation  
g.beely@morris-sedarcorp.com

Prepared by: Paige Morris

## THE FIRST DAY

The air  
is heavy in the back  
storage room they cleared  
for me, I sit the stack of  
papers they seem daunting from  
this angle, colored tabs  
cascading down the side,  
handwritten sticky notes  
peeking through the files.

I sit, a little while longer,  
listening to the muffled  
conversation  
outside the door.

*It's a new person  
this time.*

My stomach turns,  
I log onto the computer.  
It is time to begin.

## THE SECOND WEEK

I am waiting for the  
coffee to finish brewing, the  
clock ticks in the break room,  
7:58 A.M. the CFO  
arrives at his office,  
immediately shut the door.

I pour two cups of coffee,  
I have learned this is an  
effective peace offering in  
the land of computers,  
cubicles, and long  
meetings.

I lightly tap on his office door,  
I see his on the phone turning  
his back towards me,  
speaking quietly.

I let the coffee go cold.

## THE DOORS

They have stayed locked,  
I touch my cold, clammy  
hand to the smooth  
stainless steel, and feel  
its resistance against  
my palm. They won't  
answer my calls.

The red ink is  
starting to smear on  
my notepad from writing  
quickly, I can feel  
the pit in my stomach  
settling.

I touch the door handle  
one last time, to  
no avail.

## THE MOMENT

This is the undoing, the  
unraveling of the mystery,  
I pulled the thread, and  
it all  
came  
loose.

It happened so quietly, waiting  
until no one was looking.  
I picked up the phone and  
spoke in a hushed tone

*Just a little  
each time, I'm sure it  
was easy to justify at first.*

I was met with heavy  
silence on the other end,  
nothing good was  
coming.

# Memo

To: All Employees

From: Greg Morris

Date: April 21, 2015

RE: Urgent News Concerning the Company

To begin, there has been a breach of company policy and ethical conduct within our company. We, as top management, are taking this breach seriously and would like to keep you all informed. Before the public becomes aware of the seriousness of this situation, we feel as though everyone working at Morris-Sedar Corporation should be made aware of such findings.

There has been some unethical and fraudulent reporting of financial statements within the Accounting & Finance department. One member of the Accounting & Finance department was aware of these unethical accounting practices and failed to correct these fraudulent actions. As many are aware, we recently were audited by an external audit firm who found these cases of fraud. These auditors were forced to report to our corporation's Board of Directors and legal action will take place.

Many of you may be wondering what this means for your careers and the life of Morris-Sedar Corporation. To be frank, there is a lot of uncertainty during this time. At this point, **this information is confidential and shall not be discussed with anyone outside of this company.** We will be holding a mandatory meeting for all employees on Wednesday, April 22<sup>nd</sup> at 8 am in the conference room. In this meeting, we will discuss the future of the company and each employee's career.

I understand that this is shocking and overwhelming news to receive. Please be assured that we are doing everything in our power to handle this situation with the utmost professionalism and assurance. If anyone needs to speak with me, or other top management, please don't hesitate to reach out. Thank you for your patience and understanding during this difficult time, see you all tomorrow morning.

*Greg Morris*

CEO Morris-Sedar Corporation  
g.morris@morris-sedarcorp.com  
(307)895-9855

Prepared by: Brynn Sedar

## THE GRAVEYARD

I watch as they  
remove the name plaque  
from the office.

With a handful of  
screws, they pocket them,  
leaving holes in  
its place.

The coffee is cold,  
the lights are off, and  
it is so quiet I can hear  
the way my breath  
hitches as I walk  
to the storage  
room,

I can almost see them,  
huddled in the breakroom,  
leaning on the door frame,  
quiet whispers, I swear,  
I can hear them, maybe  
even glimpse  
their ghostly figures.



September 12, 2015

Dear Diary,

What am I going to do? I lost everything. Without my money, I have nothing.

I lost thousands of dollars in my investment into Morris-Sedar Corporation. They messed up by committing fraud. Yet, I have a hard time believing this is my problem. It shouldn't be my problem, at least. Yet, here we are.

Am I a bad person for getting upset? They were the ones that messed up, and I have to suffer the consequences. I think the company should have to pay their investors for their mistake. The public should not have to suffer due to a corrupt Accounting & Finance department. I had plans to buy an engagement ring and propose to my girlfriend. I was going to travel around Europe. I was going to build us a new home to raise a family in. Yet now? Now that is all gone.

Why did they not catch this sooner? After all, isn't an audit supposed to tell me that a company I am investing in is a good investment? And isn't the premise around the CPA profession to take care of the public first? I know what happened. I got too comfortable. I thought the world was my oyster, and now I get to live with the consequences of trusting people. That's right, I am never trusting the architectural industry again. I will never speak highly of this industry, nor suggest friends and colleagues invest in companies such as this one.

Top management at Morris-Sedar Corp. is full of disgusting, filthy, and manipulative corporate figures. Why would I want to invest in a company like this one ever again? I lost thousands! These industries will never get a dime out of me again. Next time I choose to invest, I will demand that I receive all information and numbers before even considering putting my money at risk. With the way the economy is going now and the stock market in a decline, I may not invest my money for a long time.

My time and resources were wasted by this thoughtless and careless company. One day, I hope that I can open my eyes to sensible investing. For now, I am staying far away from the stock market.

-Tim

Prepared by: Brynn Sedar

September 29, 2015

“Hello, mom?” I said into the phone when the line connected.

“Yes, darling, are you okay?”.

My lips began to quiver, and tears filled my eyes. I tried to take a deep breath before responding to my mother’s voice, but all that came out was raw emotion. “No,” I said. “I got laid off at my job because someone within the company committed financial statement fraud. They told me that they have to make some hard decisions and I was one of the first to go”. I stopped to take a deep breath. “They told me sorry and gave me 3 months’ worth of my salary until I can find another job. What am I going to do? I just had a baby, and Chase does not make enough for the two of us. The job market is terrible, and no one can afford to hire more people. Plus, if a company sees that I worked for Morris-Sedar Corporation, they will never give me a chance”.

I waited for my mother to respond, but I knew she was shocked at the news as well. There was a long pause before I heard the parting of my mother’s lips from the other end of the telephone. “Well,” she said, “I don’t want you to be discouraged. Everything will work itself out and your father and I are here to help in every way we can. Trust me, we will all get through this. You only live a couple of blocks away from us and if you need to sell your house, you, Chase, and the baby are all welcome to stay as long as needed. We will also ask around to our friends and see if anyone is hiring and would be willing to give you part-time or full-time work.”

After hearing those words from my mother, I felt a lot better. However, I couldn’t help but get overwhelmed with emotions. I thought this was my dream job and I was living my dream career. I feel guilty asking my parents for help, yet, I have no other option. I am 31 years old and helpless, how do I not feel like a complete failure? I spoke into the phone again “Thank you, mom. I appreciate you reaching out to your friends, and I will continue to be persistent in finding another job. I just am lost at how this all could have happened, and my life is suddenly on a different path”.

My mother spoke into the phone again, “Sweetie, we know that this is not how you envisioned your life going. Again, everything happens exactly the way it is supposed to. Do not worry, we will be here to help you and your family in every way we can. If we need to make dinner, babysit, or help pay bills, we will.”

I felt at ease knowing I have a family that is willing to drop everything to take care of me. However, I pondered what it would be like to have no one to help in a situation similar to mine. I shiver at the thought of not having people in my life that are willing to sacrifice everything for me. Fraud can ruin so many individuals’ lives.

“Thanks, mom, you made me feel so much better about everything. I’ll chat with you tomorrow when I know a little bit more about the process of getting laid off. I love you, tell dad I love him too. Bye.”

As I ended the call, I felt relieved but angry at the same time. I thought to myself, “if only people weren’t so selfish, I wouldn’t be in this situation”.

Prepared by: Brynn Sedar

October 1, 2015

Dear Mom & Dad,

This will be a hard letter to write to you, as my situation is embarrassing and one that was out of my control. I am sure that you have both been watching the news and have seen that Morris-Sedar Corporation has fraudulently reported on their financial statements. This is why it appeared that their company was a good investment and one that would bring me a lot of money. Well, when the external auditor found this case of fraud, their stock immediately went down. I held a lot of stock in their company, and as a result of their fraudulent reporting, I lost a significant amount of money. My wife and I have just made big financial decisions because we thought we had more money than we did. We just built a brand new home, donated thousands to charity, and are funding our children's college education.

At this time, I am unsure what to do. I have tried to come up with possible solutions to our problem of losing all this money. I am at a standstill. This has affected my wife and my mental health due to fear that we will not be able to support our family anymore. We do not have enough money in our savings to be able to pay our bills. Our financial advisor is unable to come up with possible solutions to our problems. Plus, we do not want to bring this up with our children, since that will only make them worry.

We think one of the only options is to put our house on the market. Considering the real estate market is poor right now, we believe that we will get substantially less than what the home is worth. However, we think this is the only thing we can do to continue to support our family. The reason that I am telling you this information is that my wife and I would like to come live with you until we can find another home to buy. We don't anticipate this will be long, and we plan on working overtime for the foreseeable future to make back some of the money we have lost. We know this is a hard ask and understand that this puts both of you in a tough position.

We are sad that as adults, we have to ask such a big favor. We are going to work diligently to make sure that we can get back up on our feet as soon as possible. Thank you for your understanding during this hard time for our family.

Love you,

Thatcher

Prepared by: Brynn Sedar

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the matter of:

Morris-Sedar Consulting LLC

18 November 2015

Q: Mr. Frank Beely, how long did you work for Morris-Sedar before the events of today's proceedings?

A: I worked for them between the years of 2009 and 2015. I began as a Controller, then quickly transitioned into the CFO role as the company went public and had millions in revenues.

Q: Mr. Beely, were you... close at all with the upper management at Morris-Sedar? For example, Greg Morris. Did you ever form a relationship with Mr. Morris?

A: I wouldn't say I was close with them. I mean, golf wasn't on the company calendar. But I did have quite a few chats with them about the salaries of myself and others.

Q: Were you and these others you mentioned displeased with your salaries at Morris-Sedar?

A: I wouldn't say displeased, but the company was doing better. Why shouldn't we have a piece of the pie, if the pie's getting bigger? I mean, it might just be my thinking. But traditionally, more successful businesses pay their employees more. We just wanted to be paid what we were worth.

Q: And, at the conclusion of your employment at Morris-Sedar, what was your yearly salary?

A: Well, When I first started out at Morris-Sedar, they had me at \$102,500.

Q: That was not the question, Mr. Beely.

A: On my last day, I had a salary of \$621,250.

Q: Mr. Frank Beely, do you recall an email sent to your subordinate Chris Ortiz on February 11<sup>th</sup>, 2014, with the subject line 'Updated Accounting Procedures'?

A: I would have to check.

Q: Mr. Beely, do you recall emailing Mr. Ortiz about an alteration in the accounting procedures to report, and I quote, "more accurate financial figures"? You also mentioned a change in internal controls—where you would be reviewing all work, and that Mr. Ortiz need not worry about accuracy. Do you recall an email sent with such sentiment?

A: I do not recall.

Q: Mr. Beely, over the course of your employment at Morris-Sedar, were you ever hesitant to follow along with management's suggestions for financial reporting? After all, you have 2 accounting certifications—not them.

A: Well, I was not hesitant. They were the bosses, and I was getting paid to prepare numbers. That is what I did, and my work helped not only that company, but this economy as well.

Q: Final line of questioning, Mr. Beely. Did you ever knowingly alter the numbers of Morris-Sedar financial statements in order to affect the public's perception of the company?

A: Morris-Sedar had one low quarter. Instead of causing our stock to suffer and possibly forcing layoffs, I decided to temporarily adjust the public's perception—but it was never malicious. I knew that Morris-

Sedar would survive! That was never a concern. I just wanted our brief rough patch to be as smooth as possible. People never see that accountants always give bad news—and when you give bad news, people don't like you as much.

Q: Is the court to understand that you deliberately altered financial statements, cost employees their jobs and investors their livelihood, all for the purpose of getting people to like you?

A: No—of course not. That sounds extremely childish. I am simply stating that accountants always give bad news. A company goes bankrupt, you have to pay money on your taxes—anything! There is always an accountant to blame. I simply wanted to save everyone the sleepless nights, because I knew that it would turn up eventually.

Q: Mr. Beely, earlier you mentioned a low quarter. How long was this 'temporary adjustment' in the financial statements to a noticeable and impactful degree?

A: Well, a noticeable and impactful amount may mean different things to different people. I will ask you to be more specific in your request.

Q: Say... two million dollars. Any way you like. I am simply attempting to quantify this act to the court.

A: If that is our threshold, then I would say a noticeable adjustment was present from the second quarter of 2014 to the moment that auditor released the story to the press.

Q: Thank you, Mr. Beely.

Prepared by: Paige Morris

November 16, 2015

I was beckoned with one crooked finger—  
Thought all the devils stayed in Georgia, yet I found one

My testimony lacked, my emotions did not  
Too bad they were the wrong ones

I saw you in the crowd  
My broken promise carving out your cheek  
I told you it was all on me? Well...

My sentence is just a steppingstone  
Onto talk shows, speeches, books  
(After I step across, of course)

I lie to my children,  
Things are easier to carry if you do not know the weight  
The blame may end with me, but so do punishments

I spilled oil on this white collar,  
And now you're next

Prepared by: Paige Morris

To: Robert Smith

From: Chris Ortiz

Date: January 4, 2016

Subject: Employment Opportunity with Smith Corporation

Dear Mr. Smith,

I hope this email finds you well. I am writing to you about the possibility of employment within your company. I am sure you have heard about the Morris-Sedar Corp. scandal that has hit the news recently. Unfortunately, I am a former employee of this corporation and now have lost my job due to unethical accounting practices. This instance of financial statement fraud has severely impacted my financial status and my ability to support my family. Additionally, due to the decline in the economy and my former job being from Morris-Sedar Corp., I have had difficulty obtaining employment.

I am hoping that you, Mr. Smith, have an opening within your Accounting & Finance department for an internal auditor. I am determined to showcase my ethical morals and remain an upstanding and reliable member of your corporation. I have asked a few individuals to write letters of recommendation, and I have asked those individuals to send those recommendations to you. I would love the opportunity to sit down with you and discuss the contributions I can make to the Smith corporation.

I have included my professional resume in this email for your review. If there is someone that you would prefer I contact to set up a meeting, I am happy to accommodate that as well. I appreciate the potential opportunity to discuss how I can be an asset to Smith corporation.

If there is anything you need from me in the meantime, please don't hesitate to reach out. Thank you for your time, I look forward to hearing from you soon.

Best regards,

Chris Ortiz

Chris Ortiz

Accounts Clerk

[chris\\_ortiz@yahoo.com](mailto:chris_ortiz@yahoo.com)

(307)452-6219

Prepared by: Brynn Sedar



May 12, 2016

To Professor Bulliard

Dear Gary,

It's so great to be writing this letter. It may seem out of left field, but I have been wanting to get in touch for a while now. I'm sure you've heard about what happened at Morris-Sedar. I was the CFO there for a while—but you may also know that. I bet you're wondering why we decided to actually go through with things.

I think it all started when my schooling started to pick up—you remember how crazy my Sophomore semester was, right? It was non-stop, and I was knocking those exams and audit concepts out of the park. You wouldn't stop telling me how ahead of the curve I was—my parents didn't either. That's what I called a 'hot topic' at thanksgiving—my skill and natural talent, not to mention my impossible-to-imagine future. Once I graduated, I wanted to keep that momentum going—and it did, right into a tax firm. For the first time in my life, I was struggling to see the bright side of being at the top of the class. Right around that time was the last time I saw you, and then I found the Controller position at Morris-Sedar. At the time, there was a lot of turnover and the desperation to fill this position was evident. Not to say I didn't use it to my advantage, but I may have used some negotiation techniques...

After I got used to the hefty salary, I started to work on my professional reputation. I wanted my name to be so well-known in the industry, companies would fight to pay me obscene amounts of money. The irony is, I'm now very well-known but no one wants my work now (that I know of. Ha!).

Anyways, I wanted to write and ask you how the teaching is going. I know that I still have a sentence to finish up (93%, but who's counting?) but I have an appeal coming through that I feel pretty good about. If that works out, I was wondering if the university would be interested in having a temporary speaker? I do have a lot to share about my time and what I've learned. Also, I haven't really decided on a new career path for when it's time. Anyways, call or mail back when you get a chance. Snail mail makes it rough, but they do have a nice discount on pencils in here this week!

Your friend,

Frank Beely Class of 2008

Prepared by: Paige Morris