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Course Information

Course Title: *Madoff: A Case Study in CPA Ethics*

#294024

Recommended CPE credit hours for this course:

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

CPA: 2 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for those states that require sponsor registration:

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (ethics): 002146

Ohio State Board of Accountancy: CPE .51 PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

Course Description

Bernard Madoff Investment Securities LLC was the source of the largest financial fraud in US history. Madoff perpetrated a simple Ponzi scheme whereby older investors were paid with newer investor funds, thus providing the impression of actual investment returns. The extent of the losses related to Madoff's Ponzi scheme has been estimated at \$50 - \$65 billion.

Many are astounded to hear that Bernard Madoff Investment Securities LLC was audited by a CPA. Unfortunately, Madoff's CPA apparently did not subscribe to the *AICPA Code of Professional Conduct*, as most of the rules contained in the code were ignored. What follows is a case study examining the conduct of Friehling & Horowitz CPA's P.C., the CPA firm that audited Bernard Madoff Investment Securities LLC, within the context of the *AICPA Code of Professional Conduct*.

Course Content

Publication/revision date: 8/7/2024

Course book: *Bernard Madoff Investment Securities' Auditor*

– *A Case Study in the AICPA Code of Conduct* by Joseph P. Helstrom, CPA

Final exam: Ten questions (multiple-choice).

Program Delivery Method: QAS Self-Study (interactive)

Subject Codes/Field of Study: CPA: Regulatory Ethics

Course Level, Prerequisites, and Advance Preparation Requirements

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

Prerequisites: None

Advance Preparation: None

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- To retain the course-PDF after completion (for future reference) and to enable enhanced navigation: From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- Complete the course by following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- A passing grade of at least 70% is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Learning Objectives

Assignments:

- Madoff – The Ponzi Scheme
- The SEC Complaint
- The AICPA *Code of Professional Conduct*
- The Joint Ethics Enforcement Program Investigation

Learning objectives:

- Recognize professional conduct expected of a certified public accountant and consequences of misconduct under AICPA guidelines.
- Recognize key components of the AICPA Code of Professional Conduct with regard to independence.
- Recognize the AICPA Code of Professional Conduct rules on confidential information and acts discreditable .
- Identify ethical safeguards as outlined by the AICPA.
- Recognize the AICPA Joint Ethics Enforcement Program and its disciplinary actions

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