

The Big “R”

The Big “R”

A Forensic Accounting Action Adventure

Second Edition

D. Larry Crumbley,
CPA, CFFA, Cr.FA, FCPA
Louisiana State University

Douglas E. Ziegenfuss,
CIA, CPA, CFE, CMA, Cr.FA, CISA
Old Dominion University

John J. O’Shaughnessy
CIA, CMA, CPA
San Francisco State University

Carolina Academic Press
Durham, North Carolina

Copyright © 2008

D. Larry Crumbley, Douglas E. Ziegenfuss, and John J. O'Shaughnessy
All Rights Reserved

Pursuant to Treasury guidelines any tax advice contained in this communication does not constitute a formal opinion. Accordingly, any tax advice contained in this communication is not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be asserted by the Internal Revenue Service.

Library of Congress Cataloging-in-Publication Data

Crumbley, D. Larry.

The big "R" : a forensic accounting action adventure / by D. Larry Crumbley, Douglas E. Ziegenfuss, John J. O'Shaughnessy. -- 2nd ed.
p. cm.

Includes bibliographical references and index.

ISBN-13: 978-1-59460-528-4 (alk. paper)

ISBN-10: 1-59460-528-9 (alk. paper)

1. Auditing, Internal--Fiction. 2. Baseball--Management--Fiction.
3. Serial murderers--Fiction. I. Ziegenfuss, Douglas E. II. O'Shaughnessy, John J. III. Title.

PS3553.R77B543 2008

813'.54--dc22

2007045633

Carolina Academic Press
700 Kent Street
Durham, North Carolina 27701
Telephone (919) 489-7486
Fax (919) 493-5668

Printed in the United States of America

Forensic accounting services generally involve the application of special skills in accounting, auditing, finance, quantitative methods, certain areas of the law and research, and investigative skills to collect, analyze, and evaluate evidential matter and to interpret and communicate findings, and may involve either an attest or consulting engagement.

Definition adopted by the AICPA
Business Valuation/Forensic Litigation Services
Executive Committee; January 2006

Dedicated to our families.

* * * * *

The songs “She’s Wearing a Hole in My Sole,” “Stubborn as a Stump,” and “Two Tone Fender” are copyrighted by John D. Pehrson, Fort Worth, Texas.

The Big “R” is fiction, and except for historical characters and events, all other characters and adventures are imaginary. Any resemblance to actual persons, living or dead, is purely coincidental.

* * * * *

Thou shall not kill.

Deuteronomy 5:17

Contents

Baseball, Applie, Pie, and Forensic Accounting	xi
Acknowledgments	xiii
Chapter 1 Worcester	3
Chapter 2 Providence	17
Chapter 3 Providence	37
Chapter 4 Boston	45
Chapter 5 New York	73
Chapter 6 Shea Stadium and Fenway Park	95
Chapter 7 Los Angeles	113
Chapter 8 Rhode Island	125
Chapter 9 San Pedro	139
Chapter 10 Los Angeles and Cincinnati	151
Chapter 11 Arlington	171
Chapter 12 Cleveland's Jacobs Field	193
Chapter 13 Top of the Ninth	201
Chapter 14 The House that Ruth Built	213
Chapter 15 Epilogue	225

Appendices

Panel 1	
Competency Framework for Internal Auditors	
Individual Attributes for an Internal Auditor	233
Panel 2	
Auditing Hints	235
Panel 3	
Abusive Earnings Management	236
Panel 4	
Cooking the Books—Symbol Technologies	237
Panel 5	
Five Statistically Significant Ratios	238
Panel 6	
Benford's Law	239
Panel 7	
Other Books by Larry Crumbley	
Aka Iris Weil Collett	240

Baseball, Apple Pie, and Forensic Accounting

The Big “R” is a supplementary book to be used near the end of a forensic accounting (FA), a fraud investigation, or an internal auditing course. The novel could be used in a graduate investment class, also. This FA novel would be ideal for a MBA course or a finance course that has a light coverage of accounting, or could be used in FA’s in-house training programs. An external auditor interested in outsourcing or co-sourcing an internal auditing function should read this book.

This instructional novel mixes baseball, auditing, serial killers, fraud, risks, anthrax, internal auditing, and scuba diving to help students learn the principles of forensic auditing. A certified internal auditor, a forensic accountant, and an FBI agent work together to find serial killers striking at baseball parks. As David Akst and Lee Berton have indicated, other accountants may look at charts, but forensic auditors actually dig into the body.

Andrew Carnegie advises to “aim for the highest.” This highest in baseball is the elusive perfect game, which occurs only once in about every 20,000 pitching decisions. No other team sport has the equivalent of a perfect game, for nine players on a team must be flawless in order to achieve it.

Dodger Sandy Koufax’s pitching philosophy should be the goal of all forensic accountants. “When I start, I try to pitch a perfect game. If I walk a batter, then I try to pitch a no-hitter. If I allow a hit, I then try to at least pitch a shutout. Failing in that, I still try to win.”

So put on your baseball cap and pull on your spikes. Enjoy the thrills, excitement, and humor of 17 unique events in baseball his-

tory as told to you in an exciting historical fiction. The “Big R” in the business world is the one or two huge risks that can destroy an organization. Here “SK” is as elusive as a perfect game. The plot is breathtaking as serial killers strike with impunity. The book will do to forensic auditing what *Knight Moves* did to chess and *Silence of the Lambs* did to dressmaking.

Along with the accounting humor, a reader will follow the exciting life of an internal auditor for a professional baseball team, who is a part-time professor at Baruch College. For example, do you know that auditors come in after the battle and kill the wounded, but forensic accountants are the guys who follow behind them, going through the soldier’s pockets looking for valuables? Or just as pitchers try to outsmart batters, financial statements may be misleading or wrong. Fraud red flags, computer crimes, internal controls, deductive and inductive reasoning, spotting liars, risk assessment, and characteristics of fraudsters are covered. Learn about interviewing skills, expert witnessing, outsourcing, computer assisted audit tools and techniques, audit opinions, forensic techniques, cooking the books, types of evidence, and analytical auditing. However, never assume in baseball, internal auditing, or forensic accounting.

D. Larry Crumbley, Baton Rouge, LA

Douglas E. Ziegenfuss, Norfolk, VA

John J. O’Shaughnessy, San Francisco, CA

Acknowledgments

Many people were of great assistance in sharing memories and perceptions. Pitchers, catchers, teammates, umpires, and managers have been gracious in providing invaluable history and insight about these unique pitching events.

We also wish to express our thanks to Cody Blair, Nick Brignola, Charley Clark, Kay Collier, Donna Crumbley, Otis Elmore, Charles R. Enis, Thomas Galligan, Jim Greenspan, Steve Grossman, Ron Hassey, Dick Hise, Tom Horton, John Richmond Husman, Dennis Lassila, Franklin Milgrim, Milt Pappas, John Pehrson, Gary Previts, Will Simmen, Kevin Strawbridge, Murphy Smith, Jim Womack, and Barry Wilkerson for help with the early drafts. Judy Moore, Rachael McMahon, and Debbie Arledge made this book possible with their ability to decipher our notes and produce a readable manuscript.

The book is dedicated to baseball's most demanding craft—the catcher. The backstop is often the forgotten equation in the perfect game. Tim McCarver put it bluntly: “Willie Sutton chose to become a bank robber because that’s where the money is. I became a catcher because that’s where the ball game is.”

Catfish Hunter was so humble that he said “catching is 50 percent of the pitching game.” We would not go that far, but we like Waite Hoyt’s comment: “A catcher is the wife of the battery couple. He must humor the pitcher and jolly him along to make him think he is the big cheese.”

Pitcher Allie Reynolds says, “in baseball and other sports and in business as well, a lot of things happen because of implied authority. You are the catcher; you call the game. You are the pitcher; you pitch. Every now and then you shake them off. Sometimes you do it just to get the hitter thinking, but most of the time the catcher

calls the game. Most of the time the loan officer approves the loan and the plumber fixes the sink. See what I mean? That was just the way it worked. We won a lot of games. I won 182 and lost 107 during the time I played for the Yankees.”

Former Montreal manager, Buck Rodgers, was a catcher for nine seasons, and he understood the delicate balance between the pitcher and catcher. “I know pitching, and I’ve got a pretty good idea when a pitcher’s starting to lose his stuff. But when I go out to the mound, I don’t expect my catcher to say ‘His pitches are not moving quite as much as last inning.’ Or, ‘He’s having trouble with the spin on his curves.’ I don’t talk with the catcher where the pitcher can hear. I don’t tell the pitcher that the catcher said he’s through.”

Much the same is true with the internal auditor or forensic accountant. He or she must be objective and factual, avoiding words or phrases that are inflammatory to the auditee. An auditee can even become angry at descriptions in a *positive* audit report. Selling an auditee on the importance of making changes is a delicate art. A forensic accountant must never accuse someone of being a fraudster. An internal auditor and forensic accountant should follow Daryl Zero’s motto, the world’s greatest detective in the 1997 movie *Zero Effect*: “Precise observation and careful intervention.” Think of the pitcher as the auditee, the catcher as the internal auditor, and the manager as top management. The scorekeeper could be considered the controller, and the umpire could be the external auditor. The scoreboard could be the general ledger. The forensic accountant would be the investigative reporter or detective.

D. Larry Crumbley
Douglas E. Ziegenfuss
John J. O’Shaughnessy