Branch from	*First event in module*

Video clip from "The Deal" video scenario	**SUSAN:** Sure. I've got it all figured out. We do the sale, same as usual, but we have a private agreement on the side. **ARNOLD:** I don't know... **SUSAN:** There's no risk for you here; you can return it all, if you want. I get my numbers up for the quarter, I get my bonus, and who knows--maybe we can skip the next round of layoffs. Everybody's happy.
Transition to: **Video clip from "The Conversation" video scenario**	**SUSAN:** [cuts him off] I don't seem to be making myself clear. Phone rings, auditor asks you questions, you tell him you've spoken to Arnold, auditor gets off my back and we both get on with our jobs. Don't worry about the details; just back me up here. That's really all I'm asking you to do. Now. What did you come to see me about? **ED:** I--Nothing. Just this-- You're busy; I'll come back later.
Transition to: **Video clip from "The Call" video scenario**	**CHRISTINA:** But she told you to lie, didn't she? **ED:** Not really. I'm just supposed to say I know something. It might be true, for all I know. I just don't know one way or the other. But I'm supposed to say that I talked to

	the guy, and that things are the way Susan says they are. I'm supposed to be her proof. **CHRISTINA:** That sounds like lying to me. Don't you think so?
Transition to: **Video clip from "The Interview" video scenario**	**DAVID:** They're not hard questions, Mr. Linton. Did somebody tell you to mislead an auditor: yes or no? YES or NO? **ED:** NO! No, all right? Look, this is all...I don't know anything about this. Why are you asking me?
Transition to: **Video clip from "The Threat" video scenario**	**ED:** [with growing panic] You know I had nothing to do with any of this, right? When you testify, you'll tell them that, won't you? Just keep my name out of it. Please? I've got a wife and a little boy.

Previous Page	First event in module
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EVENT 00020	2 of 3	Introduction	Matchframed Audio Event
Branch from	*Learner selects Page Forward at 00010*		
	Assemblage (perhaps animated) of newspaper headlines related to corporate financial scandals; Enron, Arthur Andersen, WorldCom, RiteAid, HealthSouth, etc.		

add text per narration:	**NARRATOR (V/O):**
Superimpose one large headline or torn piece of article: "WorldCom defrauds stockholders"	Recent corporate scandals have brought attention to capitalism's dirty little secret -- that not everyone plays by the rules.
Superimpose one large headline or torn piece of article: "Enron's Fastow controlled several off-the-balance-sheets partnerships"	Misleading financial statements, labyrinthine partnerships to hide losses, and other tactics that misrepresent a public company's true financial performance, have grown in both frequency and sophistication.
Superimpose one large headline or torn piece of article: "Enron, Arthur Andersen Partners in Fraud"	Financial fraud cannot be tolerated in global markets that daily become more complex and interdependent.

Previous Page	00010
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EVENT 00030	3 of 3	Introduction	Matchframed Audio Event
Branch from	*Learner selects Page Forward at 00020*		
Graphic	Wall Street scene; trading floor, montage of company symbols and stock prices, or similar images.		

Add text per narration:	NARRATION (V/O):
Superimpose torn page from Sarbanes-Oxley Act document: An Act To protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes. Superimpose text: The Sarbanes-Oxley Act of 2002: • Holds executives accountable • Requires independent audits	To curb a growing crisis in financial credibility, Congress passed in 2002 the Sarbanes-Oxley Act. Sarbanes-Oxley imposes more stringent requirements on financial reporting, and provides more aggressive enforcement of financial integrity. Holding top executives of public companies accountable for the accuracy of their company's financial statements, and requiring independent audits to confirm their numbers, is part of the story.
• Makes financial integrity every employee's responsibility	Sarbanes-Oxley makes financial integrity every employee's responsibility.
Replace text: Sarbanes-Oxley makes it illegal to: • Commit fraud. • Interfere with a government investigation of fraud. • Keep silent about known or suspected fraud. • Threaten, intimidate, or bring retribution against a whistleblower.	Individuals at any level who commit financial fraud, or deliberately interfere with a government investigation of fraud, or simply choose to keep silent about known or suspected fraud, will have ample time to reflect on their errors of judgment – almost certainly jobless, and perhaps in a federal prison. Sarbanes-Oxley makes it a serious crime to threaten, intimidate, or bring retribution against an individual who blows the whistle on financial fraud.

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Page Forward	00100	

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EVENT 00100	n/a	Main Menu	Menu Event
Branch from	*Learner selects "Page Forward" at 00040*		

Default Text:	Audio:
This is the Main Menu. Select the chapters in order. Later, you can return to any chapter for review. After you complete the chapters, you must pass the Final Quiz to receive credit for this training. Click on "Related Information" at the bottom for more options.	**NARRATOR (V/O):** The story unfolds chapter by chapter, so use this main menu to select the chapters in order. Later, you can return to any chapter for review. The chapters you view will be marked, so if you are interrupted, you'll be able to pick up where you left off. After you have completed all the chapters, you can take the Final Quiz. You must pass the Final Quiz to receive credit for taking this training.

Menu Icons	Event #	Rollover Text
Replay Introduction	00010	Replays the introductory video and Sarbanes-Oxley overview
Chapter 1: The Deal	10010	Senior executive Susan Otto strikes a deal with her friend and customer Arnold Stockton to help her achieve her revenue target.
Chapter 2: The Conversation	20010	Susan asks her junior executive Ed Linton to "back her up." Is that too much to ask?
Chapter 3: The Call	30010	Ed's wife convinces him to report what he knows to the company's ethics hotline--almost.
Chapter 4: The Interview	40010	Ed claims ignorance of Susan's deal when interviewed by a federal investigator, and destroys evidence that may incriminate him.
Chapter 5: The Threat	50010	Ed asks the whistleblower to "keep me out of it," then threatens retribution

		if she discloses his role in obstructing the investigation.
Conclusion	60010	The characters discover the consequences of their actions.
Final Quiz	FQ	You must correctly answer X of Y multiple-choice questions to receive credit for this course.

Related Information (pull-down menu)	**Event #**
Glossary	91000
FAQs	92000
Full text of Sarbanes-Oxley Act	93000

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Programming Notes:

- Show a "Replay Intro" button on this screen only.
- In AV modes, audio player is displayed under the graphic window.
- In T&G mode, default text is shown in rollover area in lieu of narration.
- Narration plays only the first time this Main Menu is invoked.
- Menu choices are marked when completed.
- Learner can choose a chapter only when the previous chapter is completed (marked).

EVENT 10010	1 of 7	The Deal	Video Event
Branch from	*Learner selects "The Deal" at 00100*		

ED LINTON at home with wife CHRISTINA and son PETER *ED LINTON is a mid-level executive in his late thirties/early forties. He's dressed in business casual, or maybe coat & tie. He's eating breakfast with his son, PETER; nearby, wife CHRISTINA prepares Peter's lunch for school.* *CHRISTINA is a typical soccer mom, same age as Ed.* *PETER is 7-10--school age.* *Opening scene shows a happy home-- kid's drawings on the refrigerator, pictures of the family, maybe a sports trophy or school award. The dialogue between Ed and Peter might be on camera, or it could be heard in the background as the camera looks around the house.*	**CHRISTINA:** Peter, eat your cereal; don't play with it. Do you have your homework? **PETER:** Yes, Mom. **ED:** Hey, sport. Let me hear a vocabulary word. **PETER:** Which one? **ED:** I don't know. Surprise me. **PETER:** [considering, then deciding] How about... "falsehood". **ED:** Okay. Can you use it in a sentence? **PETER:** Umm...I know. "If I tell Mom I didn't take any cookies when I really did, that would be a "falsehood". **ED:** [laughing] True! Very good, very good.
Having finished making PETER's lunch, CHRISTINA puts a lunchbox on the table next to him.	**CHRISTINA:** Peter, finish up and go get your backpack, honey. It's almost time to go.
PETER takes a last bite of cereal, gets down from the table and goes to get his backpack as CHRISTINA and ED prepare to leave for the day. Their interaction is warm, if routine.	**ED:** You said you could pick up my car at the mechanic's today, right? **CHRISTINA:** Yep. Eileen's going to come over after she drops her kids off at

	school, and she'll give me a ride to the shop. **ED:** Thanks, babe.
PETER has reentered and is looking out the window.	**PETER:** Dad! The car's here!
Out the window, a car pulls up: one of ED's coworkers is giving him a ride.	**ED:** There's my ride. I'll see you tonight. **CHRISTINA:** You will remember to ask Susan for those vacation days, right? **ED:** [hesitating] Susan's got a lot on her mind right now; things aren't going too well. End of the quarter. I may wait 'till next week. Don't worry; I won't forget.
ED kisses her goodbye--a quick peck	**CHRISTINA:** Okay. See you tonight. Love you!
Transition: new scene *SUSAN OTTO (Ed's boss) and ARNOLD STOCKTON, Susan's biggest client, are playing golf. SUSAN is a woman who's used to getting what she wants, so having to ask a favor isn't easy. ARNOLD is an easygoing guy who's normally quick to do a favor for a friend--but this is a big favor, and it doesn't seem to make sense.*	**ARNOLD:** [in his best "golf announcer" voice] A hush falls over the crowd as Susan Otto attempts to pitch out of the trap on this difficult twelfth hole. [SUSAN pulls out her sand wedge and addresses the ball.]
	SUSAN: Ye of little faith. I always get myself out of trouble...
	ARNOLD: It's been a rough afternoon for so far for the former ACC champ, and this hole looks like a bogey for sure--

	SUSAN glares at ARNOLD, who grins and falls silent. SUSAN pitches out.]
	SUSAN: C'mon, get in there! [the ball rolls to a stop a few feet from the cup; SUSAN reacts with annoyance when it doesn't go in].
	SUSAN: Shoot.
	ARNOLD: You're kidding, right? That was great! You're two feet from the pin.
	SUSAN: [As she lines up the putt and sinks it] Well, par, anyway. Should've been a birdie.
	ARNOLD: Boy, you're tough. Most people bogey this hole if they hit the trap.
	SUSAN: Yeah, well, never count me out. I'm used to winning.
	ARNOLD: [light sarcasm] Really? I'd forgotten. [as SUSAN retrieves her ball] Seems like your game's a little off today. You're only beating me by eight.
	SUSAN: Yeah, I'm a little preoccupied. Business is down; I've got a lot on my mind.
	ARNOLD: Us too. It's been a light couple

	of months. I'm hoping things will turn around next quarter, or maybe the one after that.
	SUSAN: Jeez, it must be nice to work for a private company. We've got Wall Street looking over our shoulders every step of the way, so us poor sales types get pounded if we don't make our numbers.
	ARNOLD: That bad, huh?
	SUSAN: Well, it's been a rough quarter for me, but actually, one more big sale could make the difference. I'm that close.
	ARNOLD: [starts to sympathize, then realizes that SUSAN is looking to him] Whoa, don't look at me. We've already bought what we need from you this month.
	SUSAN: Come on. It would really help. You know you'll sell 'em. I've got a bonus coming if I can hit the mark. My son's tuition is due; I really need to make this quarter.
	ARNOLD: Hey, I'd love to help, but I just can't carry that much inventory. You know how it is.
	SUSAN: All right, all right, look. How about this? I'll make you a deal. You place an order for, say, four thousand units--

	[ARNOLD begins to protest, but SUSAN cuts him off] --and I'll let you return it all next quarter. Unconditional, full refund, no questions asked.
	ARNOLD: [taken aback] Can you do that?
	SUSAN: Sure. I've got it all figured out. We do the sale, same as usual, but we have a private agreement on the side.
	ARNOLD: I don't know...
	SUSAN: There's no risk for you here; you can return it all, if you want. I get my numbers up for the quarter, I get my bonus, and who knows--maybe we can skip the next round of layoffs. Everybody's happy. [as ARNOLD is still indecisive] Come on, Arnold. We've known each other a long time. You never would have passed Dr. Murray's Economics seminar without me, remember? Whaddya say?
ARNOLD considers, then pulls out a cell phone, still looking doubtfully at SUSAN. He dials.	**ARNOLD:** [waiting for the call to connect] I can return everything, right? [SUSAN nods reassuringly] Frances? It's Arnold. I need you to do

	something for me. We're buying another four thousand units from Susan Otto. [pause] I know; this is a supplemental order. [pause]
She's asking reasonable questions; ARNOLD is gentle, not harsh.	I realize that. I talked to Susan myself; we're covered. Just put it through, okay? Thanks.
ARNOLD hangs up; SUSAN looks relieved and appreciative.	**SUSAN:** Thanks, Arnold. I owe you one.
SUSAN and ARNOLD load their clubs into the cart.	**ARNOLD:** Hey, it's your funeral. I just hope you know what you're doing.
Cart pulls away	

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EVENT 10020	2 of 7	**The Deal**	**Text & Flash Animation Event**
Branch from	*Learner selects Page Forward at 10010*		
Animation	Stylized financial report from fictitious company		

Annual report flips open to reveal financial summary. *Numbers initially reflect disappointing financial results.* *Numbers for units sold and revenue suddenly increase.* *Bottom line (Net profit/loss) number increases and changes from red to green.*	**TEXT:** In the short term at least, Susan's deal seemed an inventive and constructive solution to a serious downturn in sales. Arnold's big order, counted as revenue, saved the company from reporting a dismal quarter. Susan earned her bonus, and the company's stock remained strong, despite a down market.
	Arnold knew he could return any unsold goods or services, so felt the deal was a bit of harmless "number juggling."

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EVENT 10030	3 of 7	The Deal	Reality Check Drag & Drop Event
Branch from	*Learner selects Page Forward at 10020*		
Graphic	*Background is textured and ramped color. Add "The Deal" in large text. In foreground are icons depicting the three main characters encountered so far in the unfolding story. Each icon is a drop target. Below icons is a list of descriptive phrases and "Done" button.*		
Summary from previous video scenario(s)	*N/A*		

Text prompt/instructions	Summarize the actions or point of view of each character in the preceding video scenario. Drag the appropriate description to the corresponding character. Incorrect choices will snap back to the list. Select "Done" when the summary is complete.
Drop Targets/Graphic depictions of characters	Descriptions that learner drags to appropriate targets
Susan Arnold Ed	1. Was not involved in making the deal.
	2. Agreed to the deal as a favor for a friend.
	3. Benefits financially from the deal.
	4. Saves the company from reporting a dismal quarter.
	5. Receives no personal benefit from the deal.
	6. Senior executive at a public company.
	7. Ed's boss.
	8. Susan's biggest client.
Scoring Key:	Susan – 3, 4, 6, 7 Arnold – 2, 5, 8 Ed – 1
Previous Page	10020
Page Forward or "Done"	10040

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PROGRAMMING NOTES:
1. Correct descriptions form a list under each character.
2. Incorrect descriptions snap back to the list.
3. Each description matches one and only one character. There are no descriptions without a match.
4. "Done" navigates to the next event only if the summary is complete.
5. Reality Check event is cumulative. Summary of characters and descriptions from previous video scenario(s) is the beginning point to which additional characters and actions are added in subsequent "reality check" events.

EVENT 10040	4 of 7	The Deal	Chexercise
Branch from	Learner selects Page Forward at 10030		
Graphic	Background is de-saturated still frame from "The Deal" video scenario.		

Question:	What is fraudulent about Susan's deal with Arnold? Choose all that apply, then select "Done."
Response A:	Nothing. Susan's arrangement with Arnold may adversely affect next quarter's sales, but it is not illegal.
Response B: (correct)	Susan's deal mischaracterizes a provisional sale of goods or services as actual revenue.
Response C: (correct)	As a result of Susan's deal, the company's quarterly report misrepresents the true financial performance of her company.
Response D: (correct)	Susan's deal damages her company's financial integrity.
Feedback:	Susan's deal sacrifices honesty and financial integrity to paint an unrealistically rosy picture of her company's financial performance. Dishonest financial reporting betrays the trust of the company's shareholders, who make investment decisions based on the company's reported financial performance. Contrary to Arnold's view that "juggling the numbers" is harmless, financial fraud is a real crime with real victims.

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EVENT 10050	5 of 7	The Deal	Chexercise
Branch from	Learner selects Page Forward at 10040		
Graphic	Background is de-saturated still frame from "The Deal" video scenario.		

Question:	What is Arnold's risk in agreeing to Susan's deal? Choose all that apply, then select "Done."
Response A:	None. Arnold is simply ordering Susan's products before he needs them to help his friend "make her numbers."
Response B:	None. Arnold, owner of a private company, is not obligated to comply with the provisions of Sarbanes-Oxley.
Response C: (correct)	Arnold faces potential civil and criminal prosecution as an accessory to financial fraud.
Feedback:	Arnold, though he does not benefit personally from the deal, clearly knows that Susan plans to report the provisional order as revenue in order to "make her numbers." Whether Arnold chooses to call Susan's reporting of the deal "cooking the books" or "juggling the numbers," she is in fact committing financial fraud.

As an accessory to fraud, Arnold faces potential civil and criminal prosecution. Benefiting personally from the fraud would increase the seriousness of Arnold's crime, but failing to benefit, even if his intentions were merely to help his friend, does not de-criminalize his participation in financial fraud. |

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EVENT 10060	6 of 7	The Deal	Chexercise
Branch from	Learner selects Page Forward at 10050		
Graphic	Background is de-saturated still frame from "The Deal" video scenario.		

Question:	What are potential consequences of financial fraud? Choose all that apply, then select "Done."
Response A: (correct)	Shareholders could lose part or all of their investments.
Response B: (correct)	The company's reputation for honesty and financial integrity could be irreparably damaged.
Response C: (correct)	Layoffs could be temporarily avoided.
Response D: (correct)	Alienates potential investors from the entire marketplace
Feedback:	Financial fraud may have short-term benefits. Generally, that's the motivation for committing the fraud in the first place. However, the long-term consequences of financial fraud propagate far beyond the perpetrators. Fraud can damage the company's reputation, reduce the value of shareholders' investments, and even destroy investor confidence in a fair and open marketplace.
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EVENT 10070	7 of 7	The Deal	Matchframed Audio Event
Branch from	*Learner selects Page Forward at 10060*		
Graphic	Montage of images; Enron / Worldcom / Arthur Andersen logos being lifted on crane or removed from building or hauled away.		

add text per narration:	**NARRATOR (V/O):**
Sarbanes-Oxley Act prevents financial fraud: • Imposes stringent reporting requirements. • Deters potential malefactors with criminal consequences too severe to risk.	Sarbanes-Oxley is meant to prevent financial fraud by imposing more stringent reporting requirements, and to deter potential malefactors with criminal consequences too severe to risk.
Before Sarbanes-Oxley: • Thousands of innocent employees lost their livelihoods when their companies collapsed.	Without such legal remedies, the cost of fraud could be much higher. Sarbanes-Oxley became law after several large and respected firms went out of business in the aftermath of their own failed fraudulent schemes. Thousands of innocent employees lost their livelihoods.
• Shareholders lost pensions, retirement income, college savings, and nest eggs.	Many more shareholders, betrayed by executives they trusted to protect their investments, lost pensions, retirement income, college savings, and "nest eggs" for buying a home.
Loss of credibility can devalue a company's stock and damage its ability to do business.	Even if a corporate fraud doesn't escalate all the way to self-destruction, the company's loss of credibility can devalue its stock and damage its ability to do business.
Financial fraud causes investors to lose faith in a marketplace that depends on fairness and financial integrity.	Financial fraud causes investors to lose faith in a marketplace that depends upon fairness and financial integrity. The entire economic system suffers.

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