A Collection of Analyses Regarding Financial Accounting Through Case Studies

Wes Duffield

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A COLLECTION OF ANALYSES REGARDING FINANCIAL ACCOUNTING THROUGH CASE STUDIES

By
Wes Duffield

A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of the requirements of the Sally McDonnell Barksdale Honors College.

Oxford
May 2021

Approved by

Advisor: Professor Victoria Dickinson, PhD, CPA

Reader: Dean W. Mark Wilder
ABSTRACT
WES DUFFIELD: A Collection of Analyses Regarding Financial Accounting Through Case Studies
(Under the Direction of Victoria Dickinson)

This thesis is a collection of case studies that cover and analyze a multitude of topics within the world of accounting. The Sally McDonnell Barksdale Honors College offers two classes to accounting majors during their junior year with Dr. Victoria Dickinson. This class consists of twelve separate case studies covering from the analysis of public financial statements, to the completion of a Microsoft Excel certification course, to even the dissection and research of living conditions of cities. The completion of this thesis was undertaken over the course of the Fall 2019 and Spring 2020 semesters. Each case contains its own title page and works cited bibliography and is completely independent from the others. Because of this, it would be considered more appropriate for each case to have its own works cited page attached at its end, rather than at the end of the entire thesis.
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Case 1: City Selection Case

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

18 September 2019

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 1. – Wes Duffield
**Introduction**

The City Selection Case is the first case of many that I, as part of the Accounting 420 – Honors Professional Research and Speaker Series class, will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is a practice in thoroughly researching our two ideal landing spots for the beginning of our careers as accountants. We have been tasked with choosing two cities and giving each a deep, comparative analysis of both. The instructions provide us with a framework of ideas and questions to guide us in our examinations of the cities. Some of these include finding the populations of each city and their surrounding metropolitan areas, studying tax rates at the state and local levels, determining whether the regional climates are favorable or not, and even creating separate monthly operating budgets for each location. From this case, I have begun to realize just how much goes into leading an adult life after college. Currently, I feel as if I have a decent grasp on how to live an organized and structured life in an off-campus apartment. Planning out my meals, making sure I’m regularly running laundry, even cleaning the bathrooms and dishes have all been fairly easy to manage, even during the most chaotic of times. However, there are other important items and areas of my life that I am not dealing with and am not fully in charge of, due to my status of being a full-time student. My parents are still footing the bill for me on more than a few things, including my phone bill, health and car insurance, gas expenditures, and even chiropractic visits. This project has made me very aware of the actual costs of leading an adult life. But, when it boils down to it, the City Selection Case has helped me decide what city I truly would like to live in for the first part of my adult life. Through more than enough research and findings, I believe I know where I want to start my career as an accountant.
1. Population

As of 2018, Charlotte, North Carolina has a city population of 872,498, with a Metro population of nearly 2,569,213. Nashville, Tennessee has a city population of 692,587, and a Metro population of 1,930,961. Each of the two cities are currently enduring rapid population growth. Charlotte added 13,151 residents between 2017 and 2018, making it the 16th largest city in the United States (Chemtob). Nashville, on the other hand, has had growth of nearly 100 people per day for nearly the last decade (Reicher).

I am from Murfreesboro, Tennessee, one of the suburbs of Nashville that is included in the calculations for the Metro population. I have seen firsthand the rapid growth of the Middle Tennessee area over the course of the past nine years and seeing the numbers as a result of my research has been nothing short of astounding. With that being said, Charlotte has both a very similar population size to that of the Metro-Nashville area, as well as a very similar growth rate. If I were to live in Charlotte, I don’t believe that the extra 500,000 people would be an incredible shock to me in my daily life. And in regard to Nashville, I’ve lived in and around the city for nearly a decade and have grown accustomed to its ballooning size.

2. Climate and Seasonal Fluctuations

The climates of both Charlotte and Nashville can be easily described as mild. While there are some extremes in the winters and summers, neither truly enters into “extreme” ranges. The summers are muggy and hot and the winters being mild at best and close to freezing at worst. Charlotte tends to get more snowfall during the winter months, but Nashville still has the capability to get plenty as well. Both cities’ hottest month is July, with Charlotte’s average temperature during the month being 79° and Nashville’s being 80°. Both cities’
coldest month is January, with Charlotte’s average temperature during the month being 41° and Nashville’s being 37.5°.

Charlotte and Nashville’s climates and weather patterns are so incredibly similar to one another that I would be comfortable in either city. Nashville would be the exact same as what I have experienced in the past, and Charlotte would simply get more frequent snow precipitation in the winter and early spring months.

3. Topography, Scenery, and other Geographic or Geological Features

Charlotte and Nashville boast similar sceneries and geographic features. However, the similarities in environment are not as strong the similarities in climate. Nashville, as well as the whole Middle Tennessee Area, is made up of slow rolling hills with plenty of forestation and natural wildlife. It’s not as diverse or as beautiful as East Tennessee, which has the primary draw of the Great Smokey Mountains, but it can still hold its own. Charlotte, on the other hand, is placed in the Piedmont Plateau, right between the Blue Ridge Mountains to the west and the Coastal Plain to the east. It is also made up of plenty of forestation and beautiful scenery while also being quite a hilly region.

Of all of the factors that go into the comparison and analysis of two cities, the scenery and geography are probably the least important to me. For the most part, Charlotte and Nashville are similar enough that neither would be a shock or discomfort to me. I’m accustomed to the flat, hilly, environment that comes with living in Nashville, yet the more forested and mountainous area of Charlotte would easily be a welcome change as well.
4. **Tax Rates**

North Carolina has a flat state income tax of 5.5%, where Tennessee has no state income tax. North Carolina has a sales tax rate of 4.75% and the county Charlotte is in, Mecklenburg, has a sales tax rate of 2%, adding up to a total of 6.75%. Tennessee has a sales tax rate of 7% and the county Nashville is in, Davidson, has a sales tax rate of 2.75%, adding up to a total of 9.75%.

Personally, I really am drawn to Nashville based on the lack of a state income tax. While the sales tax is a whopping 9.75%, I feel like that’s a fair trade off and more avoidable than the mandatory North Carolina state income tax of 5.5%. To me, the freedom in how I choose to spend my money is of the utmost importance. Nashville can give me more financial freedom than Charlotte, even if by a tiny margin.

5. **Transportation Hubs**

Charlotte’s local transit system is called CATS, or “Charlotte Area Transit System.” It is made up of both buses and a handful of light rail trains. The system as a whole spans a good majority of the Charlotte area and offers a cheap alternative to travel throughout the city. Nashville’s local transit system is the Nashville MTA, or “Metro Transit Authority.” The system also has about the same amount of coverage as Charlotte’s CATS but does not include trains or light rails. One thing that Charlotte has that Nashville does not is a concrete “2030 Plan” called Charlotte’s 2030 Transit Corridor Plan. It’s a goal to have a central station that consolidates public transit and further connects the city through an inner-city Amtrak and streetcar service, as well as the aforementioned bus and light rail city.

Even though both cities have public transit systems in place, I never envision myself having to consistently use either of them. Neither of these are mass transit systems in any
sense of the word, so it makes no sense to rely on them. Plus, both cities allow me the ability to commute thirty minutes to an hour by car, which is more convenient and gives me more freedom as an individual. However, I will say that Charlotte’s 2030 plan looks very futuristic and, if implemented well, could change the way I, along with millions of others, would travel around the city in the not-too-distant future, if I did end up there.

6. **Prevalent Industries**

Both Charlotte and Nashville are cities with incredible amounts of industry that are continuing to grow. Some of Charlotte’s biggest industries include business and financial services, aerospace and defense, food processing & manufacturing, and, of course, textiles. While they’re most known for the high-end financial services and banking, each of these other industries (and more) play a key factor in the area and could easily be a part of my day-to-day job at the beginning of my career. Nashville’s largest industry happens to be healthcare, with it and education services making up over 24% of the local business (Statistics and Facts). Some of the other industries that are integral to the Nashville area are manufacturing, professional and business services, construction, and hospitality. Each city offers a diversity of industry that lends itself to a wide world of possibilities for not only my future career, but the areas as a whole.

I, personally, am more drawn to the healthcare industry than the financial industry. Rising healthcare and prescription costs have become a focal point of conversation in society today, which has led me to be very intrigued by the industry as a whole. I want to learn more about healthcare companies, whether it is HCA in Nashville or Novant Health in Charlotte. For whatever reason, outside of accounting, money and banking has never really been an interest of mine. The monetary and financial policy that follows it seems vague and imprecise.
However, I would never turn down the opportunity to work with a banking or financial services client due to my desire to learn and grow in my career.

7. **Healthcare and School District Quality**

The biggest thing when it comes to healthcare is costs. Both Nashville and Charlotte have incredible hospitals and services like the Vanderbilt Medical Center and the Carolinas Medical Center. So, if both have exceptional care, which one is more affordable? According to ValuePenguin.com, the cheapest monthly healthcare plan in Tennessee is $255/month with a $7,900 premium (Tennessee Health). The cheapest monthly healthcare plan in North Carolina is $180/month with a $7,900 premium (North Carolina Health). While these aren’t direct one-to-one comparisons of costs at hospitals and such, it still gives an idea of the overall healthcare costs that will be incurred while living in either city.

I am very familiar with the schools and their quality in and around the Nashville Area. I would feel very comfortable sending my children to most schools in Rutherford and Williamson County. However, if I happened to live within the city, I would definitely send them to private schools. I do not have very much faith in the Davidson County school system to properly prepare my hypothetical children. In regard to Charlotte, they have 16 schools recognized on the U.S. World Report and News Best Schools List, as well as a 15 to 1 student to teacher ratio.

Charlotte boasts the lower monthly premiums when it comes to healthcare for a single adult, but both cities have the same deductible, which isn’t exactly very appealing. Charlotte would end up saving me close to an extra $1,000 over the course of a year, however, which would be a nice boost to my wallet. Looking at schools in either area, more than likely I will probably send my kids to private school. Not to say that either area has horrible schools, I
just believe that in the future, sending my kids to private school will be the best thing for
them. However, both Charlotte and Nashville have some incredible schools.

8. Common Crimes and Avoidable Areas

Nashville and Charlotte were ranked the 15th and 20th best cities to live in the United
States, respectively, by U.S. World Report and News. However, based on 2,017 statistics,
Nashville was deemed to have a higher-than-average crime rate for cities in comparable size,
while Charlotte was deemed to have a lower-than-average crime rate for cities in comparable
size. Interestingly enough though, Nashville had 625 incidents of violent crime per 100,000
people and 2,560 incidents of property crime per 100,000 people, where Charlotte had 416
incidents of violent crime per 100,000 people and 2,730 incidents of property crime per
100,000 people (View the Best). In regard to avoidable areas, it is advised to avoid both
downtown areas at night. There are of course bad areas of each city, but as long as you stay
in the most populated areas, then it is generally safe.

I was a bit surprised to see Nashville have the crime statistics that it did. I knew that there
was crime in the city and that I needed to always be careful, but it’s still jarring to see the
actual numbers. Charlotte appears to be a slightly safer area, but not by an incredibly wide
margin. Each place has their “no-go” areas, but each city has a pretty bad problem with the
homeless congregating in the city centers and downtown areas during the night. I’m not too
worried about either city or its crime rates.

9. Expected Rent

From my research, I have found that most decent apartments in either Nashville or
Charlotte will cost anywhere from $900 to $1,200 a month. I have found two locations in
both cities that I find to be suitable living arrangements.
This first location is for Nashville is Almaville Farms at Seven Oaks in Smyrna, Tennessee. It’s a 30-minute commute into Nashville, but it is in a less crowded, suburban area, and is closer to my family. The expected rent is as seen in the provided picture, which is around $1,200/month.
The second location for Nashville is The Flatts at Waldon Grove in downtown area. It’s located very close to Trevecca Nazarene University. This is my option for if I wanted to live in the city of Nashville. It has a very comparable price to Almaville Farms at around the same price of $1,200/month.
The first location for Charlotte is the Ashton Reserve at Northlake. It’s located 25 minutes outside of the city to the north in a more suburban area and is very comparable to the Almaville Farms location in Smyrna, Tennessee. The rent is a bit cheaper at closer to $1,000/month, which was a nice surprise.
The second location for Charlotte is 6129 Heathstone Ln APT B, Charlotte, NC 28210. It’s been listed as an “apartment” on Zillow.com, even though it is within the Heathstead Condominium Community. It is also located 25 minutes outside of the city, but to the south instead of the north. The rent here is closer to the Nashville locations at around $1100, and is being leased by an individual person, rather than an apartment complex.

I was not expecting rent to be $1,000+/month across the board no matter where I looked. It’s also incredibly frustrating that utilities are not included in the rent, but I understand it. Most every place I looked at, including these choices I’ve provided, are going to run me approximately the same price, regardless if it’s in Nashville or Charlotte, so I’m not swayed one way or the other.

10. **Typical Mode of Commuting**

I believe that I would be able to commute into work via car every day in any of the four locations that I have provided as examples. They all have parking accommodations very close to housing unit. I am very accustomed to driving wherever I need to go and very rarely like to rely on any sort of public transit to get me from one place to another, especially my work.

11. **Grocery Shopping**

If I lived at Almaville Farms in Smyrna, there is a Publix less than five minutes from the apartment complex. If I lived at The Flatts at Waldon Grove in Nashville, there is both a Kroger and a Walmart 12 minutes from the apartment. If I lived at the Ashton Reserve at Northlake, there’s a Food Lion three minutes away and a Harris Teeter an extra nine minutes out of the way. Finally, if I were to live at the Heathstead Condo/Apartment, I would have a Whole Foods Market seven minutes to my north and a Harris Teeter six minutes to my south.
None of my proposed locations are too far away from a grocery store. In any situation I was in, picking up groceries wouldn’t be an incredibly difficult or strenuous task due to the close proximity of my living arrangements to the appropriate stores.

12. Laundry

All of the properties I have provided have laundry units provided either in the unit or on the premises. Thankfully, neither city would require me having to go to a Laundromat to clean my clothes.

13. 3 Civic, Religious, or Charitable Organizations I would like to be active in

In Nashville, I’d like to be involved in musical theater with the Arts Center of Cannon County, a church in my local area, and Operation Saving Life (a local organization that provides financial support to women who have chosen to deliver their child and spurned abortion). In Charlotte, I’d like to be involved with Theater Charlotte (a community theater organization), a church in my local area, and Pro-Life Charlotte (another local pro-life organization).

If I end up in either Nashville or Charlotte, I know that there are three types of organizations I would like to be a part of. While I will be working a lot, I also understand that I will need to have a social life that extends past work and sporting events. Because of this, I selected one type of each organization in each city that I would like to take part in: community theater, church, and pro-life advocacy. I have a strong interest in continuing my participation in the theater, I am a very devout Christian, and I feel very strongly about advocating for the saving of unborn lives. I feel like I will be able to pursue all three of those interests and desires of mine regardless of the city I settle in.
14. **Sports, Entertainment, or Recreational Activities I would be most likely to engage in**

Nashville is mainly known for its music, but it has plenty of other entertainment options to offer. Not only are there numerous, top-notch music venues, such as Bridgestone Arena, Ascend Amphitheater, Marathon Music Works, and the Schermerhorn Symphony Center, but there are also three professional sports teams in the Tennessee Titans (NFL), Nashville Predators (NHL), and the Nashville Sounds (AAA Baseball). Nashville is also home to Vanderbilt University, one of the schools that Ole Miss always plays during football season, which would give me the opportunity to see my eventual alma mater in my new home city.

Charlotte’s offerings are nothing to sneeze at either. They also boast three professional sports teams in the Carolina Panthers (NFL), Charlotte Hornets (NBA), and the Charlotte Knights (AAA Baseball). Charlotte also has numerous popular music venues like Ovens Auditorium, PNC Music Pavilion, and Belk Theater, while also leveraging a NASCAR track and the NASCAR Hall of Fame. In regard to Ole Miss Football, Charlotte is an hour and a half away from the University of South Carolina, who they also play every couple of years.

I think either city would provide me with an adequate number of things to do. I’ve never really been to a lot of NBA games before, so if I were to live in Charlotte, I’d have the opportunity to do so with the Hornets. But both cities have NFL teams, AAA baseball teams, plenty of music venues, and more than enough outdoor adventures to keep me entertained. I would be happy with the entertainment options of either city.

15. **Transportation back Home**

If I were to live in Nashville, in either of the two locations I have provided, I would have a half an hour to an hour long commute back home. It would cost me around a fourth or a
third of a tank of gas to drive back home and then back to my apartment. Charlotte, however, would be a different story. Charlotte is six and a half hours away with a travel distance of 409 miles. My car can generally go for 330 miles on a full tank of gas. This means I would have to fill up approximately three times over the course of a round trip. Also, I would more than likely have to miss a day or two of work in order to go home, if I wanted to make it back before 10 or 11 pm.

There is a part of me that doesn’t want to live so close to my parents and family this early in my career. However, I cannot deny the benefits and support that close family can provide. Living six and a half hours away from home in Charlotte, completely on my own, would be tough. I would be paying for everything on my own and would have little to no local support, compared to being within 30 minutes of immediate help and assistance. The cost and distance of the travel doesn’t bother me, but missing work and the fact that I would be so far separated from my parents does.
16. Monthly Operating Budgets

<table>
<thead>
<tr>
<th>Monthly Operating Budgets</th>
<th>Charlotte, NC</th>
<th>Nashville, TN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Location</td>
<td>Ashton Reserve</td>
<td>6129 Hearthstone Ln</td>
</tr>
<tr>
<td>Gross Pay</td>
<td>$5,000.00</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Social Security and Medicaid Taxes (7.65%)</td>
<td>($382.50)</td>
<td>($382.50)</td>
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<tr>
<td>Federal Withholdings (Single; Paid Monthly)</td>
<td>($462.00)</td>
<td>($462.00)</td>
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<tr>
<td>State Income Tax (5.5% NC)</td>
<td>($275.00)</td>
<td>($275.00)</td>
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<tr>
<td>Net Pay</td>
<td>$3,880.50</td>
<td>$3,880.50</td>
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<tr>
<td>Rent</td>
<td>($975.00)</td>
<td>($1,075.00)</td>
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<tr>
<td>Utilities** (Water, energy, trash, internet)</td>
<td>($228.00)</td>
<td>($228.00)</td>
</tr>
<tr>
<td>Health Insurance Premium*</td>
<td>($100.00)</td>
<td>($100.00)</td>
</tr>
<tr>
<td>Cell Phone Bill</td>
<td>($100.00)</td>
<td>($100.00)</td>
</tr>
<tr>
<td>Gas***</td>
<td>($65.00)</td>
<td>($65.00)</td>
</tr>
<tr>
<td>Car Insurance*</td>
<td>($100.00)</td>
<td>($100.00)</td>
</tr>
<tr>
<td>Groceries*</td>
<td>($500.00)</td>
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</tr>
<tr>
<td>Max 401k contribution (Savings)</td>
<td>($1,583.00)</td>
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</tr>
<tr>
<td>Left over for Entertainment/Extra Savings</td>
<td>$229.50</td>
<td>$129.50</td>
</tr>
</tbody>
</table>

*estimation
**found on SmartAsset.com, assumes a 915 sq. ft. apt.
***assuming $2.5/gallon, 330 miles per tank, 13 gallons per tank, 21 trips (to and from) work a month

The main difference between the four different scenarios is that living in Nashville would net me about $150 more compared to Charlotte, with the main factor being the North Carolina state income tax. However, in either city, I will be living quite frugally after paying for all of my required expenditures. I’ll have a little extra money on hand to go see a movie, or go out to eat on occasion, but nothing incredibly crazy. I realize now why we are required to complete this activity; simply for the fact that it puts our expectations of the life we’re planning to live in check.

17. My Preferred City

Nashville is my preferred city. For me, the biggest factor is staying around my parents and family in the area. It’s familiar to me, it’s continuing to grow at a rapid pace, and it’s an area where I could easily see myself starting my family, just like my parents did with my brother and I. However, I understand that Nashville is an incredibly competitive destination
for other Accounting majors, like myself. Not only from the University of Mississippi, but from local universities, such as Vanderbilt, Tennessee, and Middle Tennessee State. Because of this, I still view Charlotte as more than an ideal landing spot for the beginning of my career. It boasts an incredible number of similarities to Nashville in climate, population, and expected living expenses. There are many things to do, communities to get involved in, and places to explore, all at a reasonable price.
Bibliography


Case 2: Excel Certification Case

Wes Duffield
University of Mississippi
Accounting 420
Dr. Dickinson
27 September 2019

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 2. – Wes Duffield
The Board of Directors of the Corporate Finance Institute® have conferred on

Wes Duffield

who has pursued studies and completed all the requirements for the certificate of

Excel Crash Course

with all the rights and privileges pertaining to this certificate.

Certificate number 13823320

Chair of the Board

Director

Director

Sep 27, 2019
Case 3: “Brexit” Documentary Case

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

3 October 2019

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 3. – Wes Duffield
Introduction

The “Brexit” Documentary Case is the third case assigned to me as a part of the Accounting 420: Honors Professional Research and Speaker Series class that I will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is a practice in the research, study, and analyzing of international business and its related events. As the name of the case implies, the source material for the given case was a documentary, watched in class, detailing the reasons why Britain’s exit from the European Union, aptly nicknamed “Brexit,” became an actuality. The documentary, named “Brexit: The Movie” was a crowd-funded project created by Martin Durkin, an English television producer and director. Durkin’s documentary makes the argument as to why Britain should leave the EU, citing loss of democracy and individual freedoms, as well as a lack of economic prosperity. At the time of writing this case, Great Britain’s official exit from the EU is set to take place at the end of the month on October 31st, 2019. We have been instructed to provide three sections for this case: (1) a summary of the side of the argument that wants to leave the EU, (2) a summary of the side of the argument that wants to stay in the EU, and (3) a synopsis of upcoming events leading to the current “Brexit” date of October 31st, 2019.

This case has allowed me the opportunity to further understand one of, arguably, the largest international events of my generation. Generally, we here in the US tend to ignore what happens abroad unless it directly affects us. So, to delve into one of our greatest allies’ latest issues has been incredibly interesting. Not only have I learned about the political issues surrounding Brexit, but I’ve also learned about business dealings within the UK, including some of their major industries and beliefs about how their economy should be run.
1. **The Argument of the “Leavers”**

Martin Durkin narrates “Brexit: The Movie” from the point of view of British citizens who want their country to leave the European Union. This group can be referred to as the “Leavers,” those wanting to “leave” the EU. As stated in the introduction, Durkin cites the loss of democracy and individual freedoms, as well as economic prosperity, as reasons why the UK should leave the EU. Durkin claims that Brexit is about the “fight for independence” from a tyrannical government, which in this case is the European Union. He calls the EU “a monster of a bureaucracy” and likens them to a dictatorship. He sees ballooning regulation and continued loss of transparency and believes the future of the UK is in serious danger if they don’t leave EU as soon as possible.

The EU is a “unified trade and monetary body” that is made up of 28 member countries (Amadeo). It provides “the free flow of goods and people” as well as “environmental protection, research and development, and energy” to its member nations (Amadeo). The EU also creates policies and laws that affect all aspects of life, with the largest portion of the said laws being those relating to trade (Amadeo). However, while the EU says “the people” elect its governing bodies, according to Durkin, this isn’t the case at all. Durkin points out that while the “the people” elect their representatives to the European Parliament every five years, the European Parliament has no real power. He claims that the bureaucracies of the EU are the people with the real power in the EU government and that those people aren’t beholden to anyone since they’re simply appointed by other groups within the EU instead of being democratically elected. Generally, they’re former politicians from member nations who had been very pro-EU during their terms that no longer have to worry about re-election because there’s no way to democratically remove them from their posts (Durkin). Durkin also claims
that there is an incredible lack of transparency within these bureaucratic agencies. The transcripts and voice recordings of each agency’s meetings are not publicly available and the processes by which they draft rules, laws, and regulations are not easily apparent (Durkin). These bureaucratic officials have also given themselves advantageous financial benefits in the form of “allowances” and low tax rates (Durkin). Plus, the EU funds (with taxpayer dollars) Arts Centers, charities, and NGOs (Non-governmental organizations) who speak positively about the EU, which creates a positive EU bias being proliferated about the member nations by “educated” and “important” people (Durkin). All of these facts complied by Durkin leads him and other Leavers to believe and claim that the EU violates basic democratic principles and is, at best, an oligarchy, and, at worst, a totalitarian regime. Durkin and the Leavers see these bureaucrats as “elites” who believe they know what’s best for everyone, trying to micromanage the everyday lives of the average citizens in the EU.

Because of this micromanaging, people are not only losing their democratic ways of life, but they’re also losing their individual freedoms and sovereignty as well. Durkin argues that by leaving the EU, Britain can regain these essential qualities of a free and powerful nation in the 21st century.

The other issue that Durkin attacks in his documentary is that of economic meddling and regulation by the European Union. Initially, the EU was created as a “Common Market” in 1957 to help the nations of Europe compete with the giant, booming, economies of the United States and Soviet Russia in a Post-World War II era. However, as time wore on, the Common Market began to gain more and more regulatory power over the economies of Europe (Durkin). They began to engage in protectionist trade policies, including tariffs and quotas. Soon, even basic food and drink became very expensive for the average citizen
throughout member nations. France even encountered ridiculous surpluses of grapes and butter due to the quotas, affectionately dubbed “wine lakes” and “butter mountains.” Durkin sees the past 50 years of EU history and sees an incredible amount of harmful overreach and a destroyed national identity. One specific example is the loss of native fishing grounds in the UK due to EU economic regulations. The fishing rights of each coastal nation were divvied up and given to other member states (Durkin). In the case of the UK, British fishermen could no longer fish in waters they had fished in for generations because the EU had given their rights away to other countries. So instead of a thriving fishing industry that was once the pride of the country, Britain now has to import tons and tons of fish every year from other member nations of the EU (Durkin). While the economy of the EU hasn’t been exceptionally stellar in Durkin’s and the Leaver’s eyes, there are fears that if the UK does, in fact, leave the EU, there will be dire economic consequences that Britain will never recover from. Durkin believes otherwise, however, using Post-World War II Germany and modern-day Switzerland as examples of economic progress without the harsh restraints of regulation. He cites the deregulated states of the economies at each given period in time and suggests that if the UK uses the same concept, they will be able to thrive as an economic power on their own. For those worried about the UK trying to make trade deals with other major world players, Durkin says that if Switzerland can create trade agreements, as small of a market as they are, then Britain should be able to as well. Durkin and the Leavers believe that Britain will not just be fine economically once they leave the EU, but that the UK will thrive and become a financial powerhouse on its own in due time.

Overall, Durkin and the Leavers believe the EU is a regulatory mess that has severely harmed their personal and democratic freedoms, as well as their economic well-being and
identity. They believe and hope that once Britain is able to leave the European Union, the UK will once again regain their national identity and their place among today’s global powers.

2. The Argument of the “Remainers”

While there is a strong sect of people within the UK that believe their country should leave the EU, there is another group that thinks leaving the EU will do great harm to the UK. This group can be referred to as the “Remainers,” those want to “remain” in the European Union. Not only do they believe staying in the EU is in the best interest of the British economy, but they also believe that the EU gives the UK a voice in an ever more globalized society that it could never have on its own.

The major area of disagreement between the Leavers and Remainers is with trade and investment and how much the EU helps with both. The EU provides exemptions from tariffs and other taxes when trading between member states as well as freedom of restriction when offering financial services across the continent (The Pros). Britain is also able to take advantage of trade deals between the EU and other large economies, such as Canada and Japan (The Pros). Outside of the confines of the EU, UK firms would have to fend for themselves, especially since more than 50% of the country’s exports go to other EU countries (The Pros). In regard to investment, Remainers argue that some of the world’s biggest financial centers in London will no longer be seen as a “gateway” to the EU for banks from other countries such as the United States (The Pros). Not only have some of these major banks and financial firms been setting up EU locations, but car manufacturers, such as BMW, have also been touting the “significant benefit” EU membership provides (The Pros). Essentially, those who want the UK to remain in the EU believe that the EU actually
provides the economic benefits and stability it says it does to the business and individuals of its member nations.

The one area where Remainers and Leavers tend to agree is in regard to the sovereignty of the United Kingdom. They both agree that EU membership drains sovereignty and national identity due to the “pooled sovereignty” from all member nations (The Pros). However, where Leavers believe that exiting the EU would allow Britain to become a truly independent nation and a world influencer again, the Remainers believe the exact opposite. To them, they see it as “the country giving up its influence in Europe, turning back the clock and retreating from the global power networks of the 21st century” (The Pros). Remainers see EU membership as a necessary trade off of sovereignty for influence and the ability for their voice to be amplified around the world.

The Remainers view the EU as their ticket to world influence and power, believing that the idea of Britain becoming a superpower on its own again is nothing more than wishful thinking. They see an incredible number of economic benefits and world influence through the EU with no reason for Britain to leave and attempt to do it all on its own. Not only has the EU has provided Britain with the ability to fill gaps in their skilled labor force because of the ability to freely move about member states, it has also given Britain incredible access to one of the largest markets in the world of 500 million people and is responsible for 44% of all UK exports and 53% of all UK imports (98 Reasons). To the Remainers, these examples are just the most noticeable benefits to the UK being a part of the EU. They truly believe that staying in the EU is the best course of action for the future of Britain.
3. **Schedule of Events Leading up to Brexit Date**

The current Prime Minister, Boris Johnson, has set a hard and fast deadline of when the United Kingdom will leave the European Union. His goal is for the UK to leave the EU, with or without a withdrawal agreement, on October 31\(^{st}\), 2019. The UK government is meeting at the EU summit on October 17\(^{th}\) to, hopefully, get a new exit deal signed before the 31\(^{st}\). The deal would cover a multitude of issues, including the rights of EU citizens in the UK and British citizens in the EU, how much the UK has to pay the EU, and the border situation between Northern Ireland and the Republic of Ireland (Brexit).

However, due to a law passed by Parliament (known as the Benn Act), if the two sides aren’t able to come to an understanding, there is deadline of October 19\(^{th}\) for Prime Minister Johnson to ask for yet another Brexit delay (Brexit). This would set the new Brexit date for January 31\(^{st}\), 2020. There is a common belief that if the UK leaves the EU without a deal it would cause some sort of economic damage and potentially lead to a recession due to delays at ports, disruption of supply routes, and the drop in price of the pound. It remains to be seen if Brexit will actually occur on October 31\(^{st}\) and the affect it would have on the UK and the EU, as well as the rest of the world.
Bibliography

“98 Reasons To Stay In The EU: Benefits Of Membership For The UK.” Small Business Prices UK, smallbusinessprices.co.uk/remain-eu/.


Case 4: Company 10-K Research

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

23 October 2019

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 4. – Wes Duffield
Introduction

The Company 10-K Research Case is the 4th case assigned to me as a part of the Accounting 420: Honors Professional Research and Speaker Series class that I will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is an exercise in group work and research of public, official, financial documents presented submitted to, and presented by, the Securities and Exchanges Commission (SEC). At the beginning of the class, everyone was divided into teams of four and assigned to dissect and answer nine questions about the 10-K of one of the largest 15 companies in the United States. A 10-K is a comprehensive summary of a publically traded company and their operations that is filed with the SEC. The research group I was a part of was comprised of Grant Falkenheiner, Courtney Schaeffer, Dalton Gibson, and myself. The company that we were tasked with was HCA Healthcare, the largest hospital operator in the U.S. and the third ranking firm in the healthcare sector. All of us went through the assignment question-by-question searching the 10-K for the information needed to answer each one. Once we had found the necessary information, we discussed and decided on a suitable answer that we would all use in our individual write-ups.

This case has given me a better idea of how I might be worth with co-workers in a professional setting. Working in the field of accounting isn’t an individual experience. I will have to collaborate with co-workers, managers, and even partners to complete my assigned work for a firm. While there were some difficulties in working together, I believe that I, as well as each of my teammates, figured out solutions and completed the work we needed to get done. We will be working together on future cases as well. Because of this positive experience, I am looking forward to the next time we are assigned a group work case.
1. **Summary of HCA Healthcare’s Business**

HCA Healthcare Inc. is a healthcare services company that primarily operates within the United States. Their primary objective is to “provide a comprehensive array of quality health care services in the most cost-effective manner possible.” HCA operates 179 hospitals (175 general, acute care hospitals, three psychiatric hospitals, and one rehabilitation hospital) and 123 freestanding surgery centers. These facilities are located in 20 states and England, with the largest amounts established in Florida and Tennessee.

HCA generates profit by providing a “full range of services” to patients that include internal medicine, general surgery, cardiology, oncology, neurosurgery, orthopedics, as well as diagnostic and emergency services. They also provide outpatient and ancillary health care services at most all of their hospitals and freestanding surgery centers.

The address of the Principal Executive Offices (a.k.a. headquarters) of HCA Healthcare Inc. is One Park Plaza, Nashville, TN 37203. HCA’s fiscal year end is December 31st.

2. **HCA’s Auditors**

The Nashville office of Ernst & Young LLC completed the 2018 audit of HCA Healthcare and has done so since 1994.

3. **Descriptions of Balance Sheet Accounts**

*Assets*

*Cash and Cash Equivalents*

Cash and Cash Equivalents is an account reported on the balance sheet that gives the value of a company’s assets that are cash or can be converted to cash immediately. Cash Equivalents consist of bank accounts and marketable securities, which are debts that are
being sold or cashed in within the next three months. Anything that can be used to pay anything in the immediate short term is included in this line item.

*Accounts Receivable*

Accounts Receivable is an account that records the amount of money due to a company for goods or services delivered or used but not yet paid for by the customer. Any amount of money that is owed by a customer to a company for purchases made on credit are recorded within Accounts Receivable. In the case of HCA, most of their receivables come from federal and state agencies, managed care health plans, insurances companies, employers, and patients.

*Inventories*

The Inventories account refers to the goods available for sale and raw materials used to produce goods available for sale for a company’s products. In the case of HCA, being a health care provider, they have many products that are needed for patients in their day-to-day operations.

HCA reports their inventories at the lower of cost or market (the company values its inventory at the lower of either what they purchased the product for or what the product is currently valued on the market at) with a cost assumption of “First-in, first-out” (a company “uses” its oldest products in inventory before it uses the newest).

*Other Current Assets*

This is a category where a company will place items that are of value, but uncommon or insignificant. These items can be converted into cash within one business cycle.
Property & Equipment

This account consists of long-term assets vital to the business operations such as property, plants, or equipment. These assets are not easily converted into cash and are considered to be tangible. However, the number reported is net of depreciation expense, which is the expense assigned to the devaluing of a long-term asset over time. HCA uses what is called the “straight-line” method, meaning they use an assigned rate to calculate the value that is decreased on a year-to-year basis.

Investments of Insurance Subsidiaries

This line item is specific to HCA and contains the investments of their 100% owned insurance subsidiaries. All of these investments, as of the end of 2018, were classified as “available-for-sale” and were recorded at fair market value.

Investments in and advances to Affiliates

This account is made up of total investments in 1) an entity in which entity has significant influence, but does not have control, 2) subsidiaries that are not required to be consolidated and are accounted for using the equity and or cost method, and 3) an entity in which the reporting entity shares control of the entity with another party or group. It also includes long-term advances receivable from a party that is affiliated with the reporting entity by means of direct or indirect ownership.

Goodwill and other Intangible Assets

Goodwill is an account that is associated with the purchase of one company by another. When a company pays more for a business than the sum of that business’ fair value of all of its tangible and intangible assets, the difference is recorded as Goodwill. Intangible
assets are items of value that cannot be physically touched. For a business, that generally consists of things such as patents and contracts.

The Goodwill for HCA is subject to annual impairment tests, which determines whether or not Goodwill has devalued or not.

**Liabilities**

**Accounts Payable**

Accounts payable is an account that represents a company’s obligation to pay off a short-term debt to its creditors or suppliers.

**Accrued Salaries**

This account totals the amount of liability that a company has remaining at the end of a reporting period for salaries that have been earned by employees but that have not yet been paid to them.

**Other Accrued Expenses**

An accrued expense is an accounting terms that refers to an expense that is recognized on the books before it has been paid. Since the expense generally has been incurred during the reporting period, these are considered to be current liabilities and should be paid off within the next year. The “other” in Other Accrued Expenses, just means a summation of all other expenses that weren’t important enough to get their own line.

**Long-Term Debt due in One Year**

This account can also be called “Current Portion of Long-Term Debt.” CPLTD refers to the total amount of long-term debt that must be paid within the current year. This generally includes any installments on a loan and the necessary interest expense that is associated.
Professional Liability Risks

The Professional Liability Risks account holds an estimated amount of reserves to pay out in the case of legal claims against the company. This amount is set aside as a provision in the case of a loss related to professional liability risks. The provision, for HCA, is an estimate based on “the receipt of updated actuarial information.” (A portion of HCA’s professional liability risks is insured through a 100% owned insurance subsidiary.)

Income Taxes

Income taxes are pretty self-explanatory. This account holds the total amount of income taxes that a company needs to pay to the federal and state governments it operates within.

Equity

Common Stock

Common Stock is a security that represents ownership in a corporation. Generally, on a balance sheet, a company will provide information on how many shares of a certain stock have been authorized and how much they’re worth individually. The total in the account represents the money, or equity, that a company has received from people who have purchased stock of that said company.

Retained Earnings/Deficit

Retained Earnings is the amount of net income left over for the business after it has paid out dividends to its shareholders (the people who have purchased the stock of the company). A business generates earnings that can be positive (profits/earnings) or negative (losses/deficits).
Stockholders’ Equity/Deficit attributable to HCA Healthcare, Inc.

This account refers to the amount of Stockholder’s Equity/Deficit that is because of the operations of the main company. Other income or deficits could come from subsidiaries or other sources, so it is important to separate out what the main company’s results are from other sources.

Non-controlling Interests

Non-controlling interest is the portion of equity ownership in a subsidiary not attributable to the parent company, which has a controlling interest (greater than 50%, but less than 100%) and consolidates the subsidiary’s financial results with its own. This is the leftover amount of total Stockholder’s Equity/Deficit since the other part was placed in the “Stockholder’s Equity/Deficit attributable to the Main Company” account. Non-controlling interests can also be referred to as “minority interests.”

4. HCA Healthcare’s Customer Base

As HCA is in the business of operating hospitals and providing medical care, their customer base is extraordinarily vast, consisting of people of all ages, races, and genders. HCA’s customers use services as needed, generally instigated by a medical emergency or surgery. Customers also can use HCA facilities for rehabilitation therapy and psychiatric services. HCA has facilities in 20 states, with their heaviest presence being in Florida and Tennessee (they’re headquartered in Nashville, TN). They also operate six hospitals overseas in England.

HCA’s revenue streams are most related to “contracts with patients in which [their] performance obligations are to provide health care services to the patients.” Most of the contracts entered into with patients involve a third-party payer, generally Medicare,
Medicaid, managed health care plans and commercial insurance companies. HCA recognizes revenues mainly from the estimated amounts they expect to be entitled to receive from patients and these third-party payers. Their highest risk of collection falls upon the uninsured patients they treat, where their lowest risk of collection are the receivables from Medicare, Medicaid, and other state health insurance plans that are due as compensation. HCA also recently adopted a new revenue recognition method, effective January 1, 2018. This method is called the “full retrospective method” and simplifies the presentation of revenues on the consolidated income statement, removing the “Provision for doubtful accounts” line item and displaying revenues at “net of estimated implicit price concession revenue deductions.” The “Allowances for doubtful accounts” has also been removed from the balance sheet as a result of the adoption of the full retrospective method. The adoption of this new standard did not have any effect on net revenues in any prior periods.

Based on the foreign currency translation from HCA’s Consolidated Comprehensive Income Statement, they received a net loss of $71 million from overseas operations in 2018. To put this in perspective however, they received a net gain of $97 million from foreign operations in 2017 and a net loss of $224 million in 2016.

5. **HCA Healthcare’s Suppliers**

HCA does not note any specific suppliers of their medical operations, saying that they receive supplies from “third parties.” However, HCA receives medical devices, pharmacy supplies, as well as general medical and surgical items based on their specific mention when describing total supplies as a percentage of revenues.
6. **Description of “Other” Operating Expenses**

There is only one line item of “other operating expenses” on HCA’s income statement. Their other operating expenses are comprised of contract services, professional fees, repairs and maintenance, rents and leases, utilities, insurance (including professional liability insurance) and non-income taxes. These expenses contribute to the generation of revenues in a multitude of ways. For repairs, maintenance, rents, utilities, and the like, they help the hospitals and outpatient facilities continue to run smoothly, which provides customers and clients with a quality service. Without these simple operating expenses, HCA facilities simply could not function properly. For professional fees, HCA is able to seek advice on new medical practices, call on specialists for specific patients, as well as other highly specified obligations. This helps keep HCA in a position of professionalism that signals to patients that they are in the hands of a top health services organization.

7. **Explanation of Revenue & Expense Trends**


The increase in both revenues and expenses over the past three years can be attributed to HCA’s purchase of new hospitals and health care facilities. According to HealthCareDive.com, back at the end of 2018, HCA finalized a deal that would have them purchasing the North Carolina-based health care services system, Mission Health. Back in 2017, HCA published a press release that they had purchased three hospitals in the Houston,
TX area from Tenet Healthcare. Essentially, due to HCA’s consistent manufactured growth through buyouts and purchases over the past three years, they are growing their revenues through these new facilities, while also simultaneously taking on these new facilities numerous expenses.

8. **HCA’s Net Income vs. Cash Flows from Operations**

Looking specifically at 2018, HCA’s net income was $4.389 billion while its net cash provided by operating activities was $6.761 billion. This difference is accounted for by changes in a multitude of accounts, such as Accounts Receivable, Inventories, Accounts Payable, Depreciation and Amortization, Income Taxes, Gains and Losses, as well as other items that provided or dispensed compensation through means outside of cash. The biggest culprits in the difference between net income and net cash provided by operating activities were Depreciation and Amortization, totaling $2.278 billion.

9. **Accounts on the Balance Sheet that contain Estimates or Judgments**

There are numerous accounts on HCA’s Balance Sheet that require estimates or judgments in reporting their amounts. I will be going down the balance sheet pointing out the accounts that fall into this category:

*Accounts Receivable*

While HCA does not believe there are substantial risks to the flow of their receivables recognized as revenues, they do acknowledge that changes in economic conditions could affect the collection of receivables and require them to make estimates based on what they believe they will collect.

*Inventories*
HCA’s inventories are stated at the lower-of-cost-or-market using the first in-first out cost flow assumption. Any cost flow assumption that isn’t specific carries an inherent level of estimation and judgment.

*Property and Equipment*

HCA uses the straight-line method of depreciation on their property and equipment. The straight-line method is an estimation method in how certain objects devalue over time.

*Professional Liability Claims*

HCA had reserves for professional liability risks of $1.741 billion on December 31, 2018. HCA has essentially allotted this amount of money to be set aside in case of required payout. Since HCA is not certain of the amount of money needed to pay all of the potential claims, there are estimations and judgments being made on how much they should place in the reserves for professional liability risks.
Case 5: No Case [IN-CLASS ACTIVITY]

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

30 October 2019

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 5. – Wes Duffield
Case 6: Thomas Sowell Interview

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

6 November 2019

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 6. – Wes Duffield
Introduction

The Thomas Sowell Interview case is the 6th case assigned to me as a part of the Accounting 420: Honors Professional Research and Speaker Series class that I will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is one of the more unique assignments given to us this semester. While similar to our Brexit Documentary Case where we watched a video on the Brexit scenario and were required to write up a summary on the topic, this case had us writing down our notes and impressions of the esteemed economist Thomas Sowell based on an interview with “Uncommon Knowledge” that was conducted by Peter Robinson of the Hoover Institute at Stanford University. The Hoover Institute is a conservative American public policy think tank and research institution, and “Uncommon Knowledge” is a interview video series hosted by the Hoover Institute at Stanford University that is used to interview scholars, journalists, political figures, and other “big thinkers” in order to learn more about their personal views of the world. Some of their most esteemed guests have been the recent former speaker of the House of Representatives Paul Ryan, the speaker of the House of Representatives before the turn of the century Newt Gingrich, and former Supreme Court Justice Antonin Scalia.

This case has exposed me to what appears to be an extraordinarily intelligent economist in Thomas Sowell. I had heard of him before the case and knew that he was responsible for writing some truly massive economics books, but I hadn’t done any in depth research on my own. Listening to his thoughts on some of today’s most pressing social and economic issues was fascinating and gave me some questions that I am very much interested in learning the answers to. To say that I am glad to have learned more about Thomas Sowell and his arguments would be a gross understatement.
Notes & Impressions

Thomas Sowell is a thinker and scholar who has studied and taught economics, intellectual history, and social policy at institutions such as Cornell, UCLA, and Amherst, as well as published a number of acclaimed books. He is currently a senior fellow at the Hoover Institution at Stanford University. Sowell grew up in Harlem and was a high school dropout at the age of 16, immediately picking up a full-time job and working until he joined the Army during the Korean War. A curious fact about Sowell was that he spent his 20s as a self-proclaimed “Marxist” and completely and utterly disavowed Capitalism. To Sowell, the ideology made sense to him, that the wealthy only got wealthy by stealing from the poor. This idealism was entrenched within his psyche because of the unbelievable disparity he saw in New York City as a young man. However, his “watershed” moment was when he was a graduate student interning for the U.S. Department of Labor and came up with a more than adequate solution to solve a problem but was essentially ignored by his superiors. Sowell realized that the people running his department had personal interests that didn’t pertain to the “general will” of the country and, from then on, became staunchly anti-big government in both his career and his life.

What makes Thomas Sowell so fascinating to me is how the great majority of his ideas are ones that aren’t heard of too much from popular culture or news sources. To put it frankly, it is surprising to me (and to many others) that an African American man like Sowell is a avowed conservative when most like him tend to lean the center or left of the proverbial isle. A lot of his thoughts and conclusions make a lot of sense to me, specifically his stance on how “big government” is a problem for those who desire individual liberty and how the government seemingly incentivized single motherhood, which has been shown statistically to
be detrimental in the development of children. I believe that if more people had a chance to listen to him speak, they would find his conservative-leaning arguments to be well-thought out and convincing.
On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 7. – Wes Duffield
Introduction

The Regulation Fair Disclosure Case is the seventh case that I, as part of the Accounting 420 – Honors Professional Research and Speaker Series class, will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is a practice in discovery and application of a topic that we did not have any previous experience with. We have been tasked with researching and giving analysis on Regulation Fair Disclosure, a rule put into place by the Securities and Exchange Commission, the government agency that regulates the stock market. The instructions provide a set of tasks that must be answered in chronological order, one through four. Not only are we required to give a simplistic definition of Regulation Fair Disclosure, but we must also provide context as to why it was necessary in the first place. Once finished with those two steps, we must give our informed opinion on whether or not Regulation Fair Disclosure has been violated, based upon a given set of circumstances.

Outside of a brief chapter covered in one of my previous classes regarding accounting standards and ethics, I have not been exposed to many individual rules and regulations that companies are bound by and forced to comply with. Regulation Fair Disclosure seems to be an effective and necessary rule that helps protect not only the integrity of American markets, but also individuals looking to be involved in investing who are not part of a larger trading conglomerate. This new knowledge of Regulation Fair Disclosure will seemingly help me in my future career as an accountant in helping advise clients on when and how they need to specifically disclose information, as well as how their disclosures and announcements will after their company as a whole.
1. **What is Regulation Fair Disclosure? How does it affect reporting actions?**

Regulation Fair Disclosure, also known simply as “Reg FD,” is a rule that was passed by the Securities and Exchange Commission (SEC) in 2000 with the primary goal of preventing “selective disclosure by public companies to market professionals and certain shareholders.” In simpler terms, when a publicly traded company (or issuer of stock) releases any important information about itself to a group of professional investors, it must simultaneously make a public release of the same information. Basically, Reg FD helps to level the playing field for all investors and shareholders, not just the professional investors and analysts on Wall Street. It makes sure that any time a company reports information in a conference call with its Board Members regarding its stock, such as earnings reports, and financial statements, it must do so publicly as well so that individual investors outside of the call can have that information too.

2. **Why does the Regulation Fair Disclosure exist?**

Reg FD exists to protect individual investors from being forced to compete on an uneven playing field with professional Wall Street investors and analysts. Back in 2000, when the SEC voted Reg FD into existence, a Wall Street-centric organization named the Security Industry Association (SIA) was strongly against the rule, even implying in official statements that individual investors couldn’t handle the truth about public companies and needed protection from them by Wall Street analysts. Interestingly enough, thousands and thousands of individual investors sent in emails and letters of support for Reg FD to the SEC, arguably playing a large part in the SEC voting in favor of the measure.
One example of how Reg FD has proven its effectiveness is in the case of Jack Grubman and his scandal with WorldCom. Back in 2002, Grubman, a Wall Street analyst employed by the investment bank Salomon Smith Barney, attended three board meetings for WorldCom in which he came across information that was not distributed outside of the company. With that information, he allegedly boosted WorldCom’s stock price, which allowed people to sell their overpriced stock to the unwitting public, who did not know about Grubman’s insider information, for a ridiculous profit. WorldCom’s failure to comply with Reg FD was punished with fines by the SEC. This set an example for future companies who might have previously thought they could get away with the same violations.

3. **Did the client violate Regulation Fair Disclosure with his actions?**

   From what I understand, the client has not violated Reg FD yet. However, if the CEO of their company does not release the nonfinancial performance metrics in a public statement from the company, Reg FD will be violated. This is because while company information that is purposefully chosen to be shared with people on the outside must be simultaneously available to anyone who wants it, company information that is accidentally shared with people on the outside must be released publicly in a “prompt” manner.
4. Did new information change my previous answer?

The new information provides regarding Elon Musk’s recent actions and the “Reed Hastings Rule” did not and will not change my previous answer. Both Hastings and Musk posted financial and nonfinancial information onto social media (Twitter to be exact) without proper communication to investors. While the client did not post the nonfinancial data regarding totals of customer orders and magnitudes of web traffic onto Twitter specifically, they posted the information onto Facebook, where people who aren’t directly involved with the company can see the information and who could potentially make investments based on that information. This, therefore, creates an uneven playing field and violates Reg FD.
Case 8: Is It Taxable? Case

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

16 February 2020

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 8. – Wes Duffield
Introduction:

The “Is it Taxable?” Case is the eighth case that I and Ryan Rodgers, as part of the Accounting 420 – Honors Professional Research and Speaker Series class, will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is a practice in research and application of tax regulations for an individual who has not paid their taxes for multiple years on substantial amounts of income. We have been put into the shoes of a tax professional who has suddenly realized that one of his very important clients has a daughter who is in this exact situation. She has been earning a substantial amount of revenues from YouTube as a creator for the past four years. The problem is that neither the client nor his daughter have paid taxes on his daughter’s earnings. The deliverables for this case are as follows: 1) a memo written to the partner group of the CPA firm our tax professional works for, disclosing the issues of unpaid taxes by one of the firm’s largest clients and 2) an email drafted to the aforementioned client informing him about the potential ramifications of the unpaid taxes.

After researching this case, we realized that there is a lot more that goes into taxes than we could have ever imagined. We learned that filing taxes can be a very difficult process for a child earning more income than 50% of the United States. We have also learned that anyone who is under the age of 65 and makes more than $12,200 per year must file their own tax return. Additionally, when someone under the age of 18 has what is deemed “unearned income,” it is subject to the “Kiddie Tax.” Unearned income includes gifts, merchandise, and potential dividends from estates and trusts and is taxed using a bracket system, just like with earned income. Doing this case really helped us understand the importance of knowing when to pay taxes and exactly what is subject to tax.
Memo to Partner Group

To the Partner Group of Dickinson, Shaw, and Wilder CPAs:

Some rather new and potentially unfortunate information has been presented to me while I was at lunch with one of our more important clients. David Smith informed me today that he has a daughter, Emma, who has been earning revenue from YouTube for the past four years. David told me she has been making $10,000 to $15,000 a month in advertising revenue from YouTube. He also mentioned how she has also been receiving free merchandise from companies across the world in hopes that she may mention their products in her videos. Up until this point, I have not been aware of this situation and think that there’s a good chance taxes have not been paid on Emma’s revenues. What follows are some of the issues we need to take into consideration:

The first thing I had to figure out was if David can still claim her as a dependent on his own return, or if she would have to start filing her own. According to dependent rules, not only is Emma below the age of 65, but she is also earning more than $12,200 a year. Therefore, she will have to begin filing her own return. Due to Emma having to file her own return, she now owes taxes on all of her earned income, as well as her unearned income, from the past four years. She has made around $180,000 per year in earned income and anywhere from $13,000 to $30,000 per year in unearned income. Her earned income will be subject to the highest tax bracket of 37%, plus a 15.3% Self Employment Tax for all four years. Her unearned income (comprised of interest income from her savings of around 3% per year plus approximately $10,000 in gifts from companies per year) will be subject to the highest
percentage of the “Kiddie Tax,” which happens to be 37% as well. Unfortunately for David, he and his wife will not be able to take any of unearned income on their return as a deduction due to it eclipsing the $12,200 threshold for all four years. On top of all this, Emma will also be required to pay severe penalties on her unpaid taxes. Because neither David nor Emma realized they had to pay taxes on the revenue from YouTube or on the gifts from the companies, they aren’t subject to the extra penalty for “fraudulently failing to file,” meaning that Emma will only have to pay an additional penalty of 5% per month on her due balance up to 25%.

All of this being said, David’s return will be minimally altered due to him losing Emma as a dependent. However, he now has a daughter who owes a large amount of unpaid taxes at an unusually young age. He will now have to pay us more than he was expecting due to us now having to file not only his return, but his daughter’s as well. I will continue to keep you all updated after I let David know of this situation.

Sincerely,

Cael Baker
Email to Client

David,

I have some rather new and potentially unfortunate information I need to tell you about. While we were at lunch today, you mentioned in passing that your daughter Emma has been thriving as a YouTube star with her channel “Emma’s Lip Sync n Makeup!” earning anywhere from $10,000 to $15,000 a month from ad revenue. You also mentioned to me that she has been receiving copious amounts of products from companies across the world in hopes that they may receive a shoutout from Emma in one of her videos. Up until today, I had not been aware of this situation and think that, based on what you have told me, there’s a good chance taxes have not been paid on Emma’s revenues. What follows are some of the issues we will need to take into consideration in order to fix this potential issue:

The first thing I had to figure out was if you could still claim Emma as a dependent on your return, or if she would have to start filing her own. According to dependent rules, not only is Emma below the age of 65, but she is also earning more than $12,200 a year. Therefore, she will have to begin filing her own return. Due to Emma having to file her own return, she now owes taxes on all of her earned income, as well as her unearned income, from the past four years. She has made around $180,000 per year in earned income and anywhere from $13,000 to $30,000 per year in unearned income. Her earned income will be subject to the highest tax bracket of 37%, plus a 15.3% Self Employment Tax for all four years. Her unearned income (comprised of interest income from her savings of around 3% per year plus approximately $10,000 in gifts from companies per year) will be subject to the highest percentage of the “Kiddie Tax,” which happens to be 37% as well. Unfortunately for you and
your wife, you all will not be able to take any of unearned income on your own return as a
deduction due to it eclipsing the $12,200 threshold for all four years. On top of all this,
Emma will also be required to pay severe penalties on her unpaid taxes. Because neither you
nor Emma realized you had to pay taxes on the revenue from YouTube or on the gifts from
the companies, Emma will not be subject to the extra penalty for “fraudulently failing to
file,” meaning that she will only have to pay an additional penalty of 5% per month on her
due balance up to 25%.

All of this being said, your return will be minimally altered due to losing Emma as a
dependent. However, Emma now needs to file her own return, which we will gladly do. I
have informed the partners of the firm of this situation and will let you know of any
developments they provide me with. If you have any questions for me, please don’t hesitate
to reach out to me and let me know.

Cael Baker
Works Cited

“Five Reasons Self-Employed People Should File Back Tax Returns -- Now: H&R Block.”


Case 9: “Monopoly Meets Blockchain” Case

Wes Duffield
University of Mississippi
Accounting 420
Dr. Dickinson
29 February 2020

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 9. – Wes Duffield
Introduction:

The “Monopoly Meets Blockchain” Case is the ninth case that I and Shelby D’Amico, as part of the Accounting 420 – Honors Professional Research and Speaker Series class, will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is a summary of an in-class simulation and exercise of “Blockchain” and what it encompasses. The in-class exercise involved combining multiple games of Monopoly while simultaneously recording specific information about each transaction, whether it be a property purchase, earning of rent revenue, or even the receiving of funds through a Chance Card. Shelby and I were “The Cloud” in the system. Our job was to receive information on the transactions being made in the game and then to sort all of it into one master ledger. The write up for this case will include a definition of what Blockchain actually is, an explanation of the role we played in the simulation, and a full description of our experience.

After participating in the system of Monopoly and Blockchain, as well as researching what Blockchain is for ourselves, we have realized just how massive and complex the idea and implementation of Blockchain is. We learned that not only is their only one master ledger for the entirety of a Blockchain system, but that none of the information can be retroactively edited.

Blockchain is an emerging technology and concept that will only become more relevant and popular in the years to come. As future accounting professionals, we will only become more and more intertwined with Blockchain as more and more of our client’s desire to take part in it and reap its potential financial benefits. Taking part in the in-class activity and writing up this case really has really cleared up the confusion we had as to what exactly Blockchain is, as well as helped us understand the importance of it now and in the future.
**What is Blockchain?**

Blockchain has become well known due to its involvement with Bitcoin. It is the digital currency’s main record-keeping technology and is described as a “distributed, decentralized, public ledger.” Blockchain, at its simplest, can be explained as a series of “blocks” and “chains.” Blocks are stores of digital information, which are stored in chains, or public databases. Blocks store three main types of data: 1) basic transaction information, such as date, time, and dollar amount, 2) information on who is participating in a given transaction, and 3) information on the store involved with that same transaction. In order for a Blockchain transaction to occur, a few things need to happen. First, there needs to be an actual transaction. Once the transaction has been completed, it is entered into the system and must be verified by the network of computers running the system. From there, the transaction is stored in a block and that block is given a hash. Once all of these things have occurred, the block can be added to the Blockchain.

What makes Blockchain unique is that each individual or store that uses Blockchain is given a unique identifier, called a “hash,” that is unique to them, but doesn’t give away specific user information, providing some semblance of privacy. The decentralized aspect of Blockchain is the ability for users to opt in to being “nodes' that receive a copy of a Blockchain ledger. Essentially, every node is constantly given updated copies of the ledger, which makes the ledger a lot more difficult to manipulate. All of these factors lead to the system of Blockchain being a very secure process.
Our Role in the System

In the class activity, Wes Duffield and I were tasked with serving as “The Cloud” in our blockchain system’s makeup. In this role, we were in charge of ensuring that there was a ledger in which all transactions made throughout the process of the game were recorded onto a master ledger. As the game players made transactions, they gave the required information to the runners, who then brought the information to the ledger to be recorded. We were tasked with ensuring that the information was transferred and recorded accurately in order to create the blockchain. In order for a blockchain to work effectively, four things must happen: a transaction must occur; the transaction must be verified; the transaction has to be stored in a block; and the block must be given a hash. Our role as the “keepers” of the ledger within the cloud was imperative to this role in terms of both verifying the transaction and storing the action. When the runners (who were also a part of the cloud) would bring us a transaction, we made sure to check its accuracy with the security key given to each game player. If the key was inaccurate or did not exist, we knew that the transaction was not to be recorded in the ledger. On the other hand, after a transaction was verified, we were directly responsible for storing the information in a block, which in our case, was recording it into the ledger. Without the transcription of the transaction, it would not have been placed into a block, which also means that our class project would not have been a mirror of a blockchain without every moving part. If we were to fail to record the information into our ledger, then it would ultimately fail to reach the requirements of a blockchain, meaning that our project would have failed.
Description of Our Experience

When we discovered that we were in charge of the ledger that acted as the Blockchain in “The Cloud,” we first had to decide to design what our ledger was going to look like. In doing so, we gathered notebook paper and formed four different columns that were labeled as follows: security key, turn number, description of transaction, and price of transaction (which included rent price of the property if it was a property purchase). It was important for us in this role to ensure communication was clear and effective between the runners between the game room and the cloud. In order for our ledger to be as accurate as possible, we had to explain the makeup of the ledger to the runners so that our information was unified across the board. This process was strenuous as there was tedious information for us to copy down by hand as transactions were happening quickly. There were many times throughout the game that the runners were forced to wait in a line as we merged their information from their packets onto the ledger we were creating. When this happened, it not only made runners frustrated as they were forced to miss out on transactions or feel as if their time was being wasted, it also heightened stress as we were transferring the information as quickly as we possibly could. As the process we took to creating the ledger was handwritten, it proved to slow the growth of the ledger and ultimately caused us to rush. Due to our rush to record the purchasing and selling information as quickly as possible, there were likely errors in our recording methods. The human error of our process could impact the blockchain process greatly as in an accurate blockchain system none of the information can be retroactively edited. In our scenario, we did not go back and check or correct our errors, but we were greatly aware of the implications our errors could have on the blockchain. There were also auditors who were positioned in the cloud for a great amount of time to ensure that our
efforts to transcribe the ledger were accurate and flaw free, though there was no way to account for the transfer all of the information from the game players, to the runners, to the cloud and our ledger.

**Article Read for Case:** [https://www.investopedia.com/terms/b/blockchain.asp](https://www.investopedia.com/terms/b/blockchain.asp)
Case 10: Interview Case

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

30 March 2020

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 10. – Wes Duffield
Introduction:

The Interview Case is the tenth case that I, as part of the Accounting 420 – Honors Professional Research and Speaker Series class, will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is based around interviewing a business professional I know within my local community and then writing a detailed biography on them. The case is a practice in multitudes of professional skills, from proper verbal and electronic communication, to excellent note taking, to even preparation of a summary report. While I was conducting the interview, I was required to take exceptional notes for my write up. Once the interview was completed, I had to reference my notes in order to properly describe my interviewee’s life and career. The write up for this case will include the biography of the business professional I interviewed, as well as the personal lessons I was able to take away from this experience.

After conducting the interview with the business professional from my local community, as well as providing the personal lessons I learned from the entire process, I now have a better understanding of what a career in business is like, even if it isn’t centered on accounting. No one will have the same path through their careers as someone else, and this is a great example of just that. In regard to my own career as a future business professional, this interview processes has shown me it is imperative that I continuously improve my communication skills in order to build meaningful relationships within clients, as well as my coworkers and other import people in my life. Conducting an interview and writing a biography and my thoughts of my interviewee’s life and career has been an incredibly interesting and fulfilling experience and I am glad that I have been able to do so.
Biography

Kevin Fehr grew up in Reading, Pennsylvania, where he played baseball, football, and basketball, while also developing a strong affinity for academics. At four years old, he was diagnosed with juvenile diabetes. While he could have used the disease as an excuse, his parents helped him understand that he could still do anything he put his mind to, whether it be in athletics or academics. He credits the disease and his parents with helping him learn how to deal with adversity at a young age.

After high school, Kevin chose to attend Grove City College where he played baseball and earned a biochemical degree. Following his undergraduate degree, he set his sights on attending medical school at the University of Pennsylvania. However, after one year, he realized that path might not be for him. Feeling burnt out, Kevin decided to change tracks for a career as a pharmaceutical representative. His first job was with Pfizer, one of the largest pharmaceutical companies in the world.

For the first five years of his career, Kevin worked as a drug representative, collaborating with doctors to promote medicines, and becoming an expert on the products he was assigned to sell. Using his expertise, he transitioned to another big Pharma, Merck, to become a corporate trainer, where he was tasked with training new hires. Kevin credits this point in his career to teaching him how to interact and build relationships with his coworkers in a corporate environment. He spent two years as a trainer before being promoted to a District Sales Manager, where he managed a team of 12-15 drug representatives. Not only did this position instill important leadership skills, but it also taught Kevin how to deal with some of the hardest situations in business, such as firing workers and dealing with human resources and policy violations. Eventually, Kevin was called back to the corporate offices at
Merck to become the Director of Sales Training where was led a team of trainers responsible for setting sales trends for the entire company.

After 16 years in the industry, Kevin became disillusioned with corporate policies which at one point required him to lay off 20% of his best salespeople so that the company could hire younger talent and pay them cheaper salaries, all in an effort for the company to increase their bottom line. Driven by a desire to be his own boss, Kevin began forming a business plan and looking for a way out. He waited for the next downsizing period at Merck and took the opportunity to leave. Once Kevin received his severance package, he and his wife, Kelly, put their savings into his business plan and founded Amada Senior Care on March 25th, 2015.

Kevin Fehr is currently the President and CEO of Amada Senior Care in Nashville, Tennessee, a home health care franchise. After 5 years of successful operation in the Middle Tennessee area, Kevin and Kelly recently expanded their operation to include locations in Pennsylvania near where Kevin grew up.

In addition to the contributions he makes to the local economy, Kevin is an active member of the chamber of commerce and devotes time to serving veterans. In spite of his success in business, Kevin is most proud of is his family and the caliber of adults his children are becoming. He and his wife live in Murfreesboro, Tennessee and are parents to three children: Jordan, Madison, and McKenzie
My Lessons Learned

Getting a chance to listen to Kevin talk about his life was an awesome experience. I have always enjoyed listening to adults tell their stories. It gives me an opportunity to potentially learn something new, which was certainly the case during my interview. What really stood out to me about Kevin’s path through life was his independence and ability to create his own paths. There were times in his life that he knew exactly what he wanted and followed the path set for him, such as through college and the majority of his career in pharmaceuticals. But he also showed that he could pivot and made decisions for himself, such as when he taught high school chemistry for a year after dropping out of medical school or when he decided to take a leap of faith and become an entrepreneur. The other takeaway from listening to Kevin is his outlook on life. He attributes a lot of his successes and drive to the fact that he doesn’t ever view himself as a victim and that he always tries to find a positive outlook on life. His view on life is incredible admirable and something that I strive for in my own everyday life. I was absolutely fascinated by Kevin’s story and I am very glad I had the opportunity to interview him.
Case 11: Peer Interview Case

Wes Duffield
University of Mississippi
Accounting 420
Dr. Dickinson
10 April 2020

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 11. – Wes Duffield
Introduction:

The Peer Interview Case is the eleventh case that I, as part of the Accounting 420 – Honors Professional Research and Speaker Series class, will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is based around interviewing a senior within the School of Accountancy and then writing a detailed description and biography on them. The case is a practice in multitudes of professional skills, from proper verbal and electronic communication, to excellent note taking, to even preparation of a summary report. While I was conducting the interview, I was required to take exceptional notes for my write up. Once the interview was completed, I had to reference my notes in order to properly describe my interviewee’s experiences and advice. The write up for this case will include the biography of the peer I interviewed, as well a summary of what I took away from the interview and how I can apply it to my future professional career.

After conducting the interview with the senior from the School of Accountancy, as well as providing my personal lessons I took away from the entire process, I now have a better understanding of what the accounting internship process and experience is like, even if it isn’t exactly what I had pictured. Just because you are participating in a tax internship doesn’t mean that you will be working strictly on tax returns. You might end up working with an audit team and helping them out with provisions that go to help the tax people who are preparing the returns. Just because you’ve chose one path doesn’t mean you don’t get the opportunity to experience another. Conducting an interview with a fellow accounting student has been an incredibly interesting and fulfilling experience and I am glad that I had the opportunity to do so.
Biography

Ian Ulmer is a Senior Accountancy Major here at the University of Mississippi. He’s from Vicksburg, Mississippi and has recently completed a Tax Internship with PwC in their Raleigh, North Carolina office. He is also a member of the Sally McDonnell Barksdale Honors College and the Beta Alpha Psi Honor Society. Ian started his college career as an undeclared business major. However, after he found success in his introductory accounting classes, he decided to make the switch over to the School of Accountancy, citing the school’s top 10 national ranking and high levels of job placement after graduation. He believed that a degree in accounting would provide him with the most opportunities after college.

During the beginning of the internship application process, Ian had decided to apply for a position in audit. However, after attending a Beta Alpha Psi meeting that highlighted the pros and cons of both audit and tax, Ian switched over to tax. Ian chose to apply to firms in Raleigh because of his desire to work in a city where the firms would be big, but not big enough to where he would get lost in the shuffle. During his time at PwC, he was a part of a 16-person tax group that was working on tax provisions for an audit team. He was under the assumption he would be helping fill out tax returns the whole time but was exposed to another segment of the firm and the tax process. Ian’s biggest piece of advice regarding internships was to ask questions. He said that the firms expect you to know nothing and for you to ask questions. He suggested that an intern should work on an assignment until they can’t progress and that once that happens, they should take their list of questions to someone who can answer them. Ian is looking forward to graduating this May and is excited to start with PwC after the completion of master’s degree.
**My Lessons Learned**

I really enjoyed my conversation with Ian regarding his time at Ole Miss and at his winter internship. Not only was it extremely informative, but it was very comforting as well. What Ian told me confirms what the firms and our professors have been telling my classmates and I all along about our internships: we aren’t expected to know anything when we start and as long as we come to work with an open mind and a good work ethic, we will be successful and asked back for a full-time position. Hearing about his experiences as a tax intern was also incredibly helpful as well. I had no idea that a tax intern would be partaking in audit activities instead of helping prepare tax returns. Overall, I am very glad I had the chance to interview and talk to Ian and I believe his advice to me will be a big help once I arrive at my tax internship next winter.
Case 12: Financial Crisis Case

Wes Duffield

University of Mississippi

Accounting 420

Dr. Dickinson

26 April 2020

On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on Case 12. – Wes Duffield
**Introduction:**

The Financial Crisis Case is the twelfth, and final, case that I, as part of the Accounting 420 – Honors Professional Research and Speaker Series class, will be completing in compliance with the Sally McDonnell Barksdale Honors College Thesis. This case is a process in learning about the 2008 Financial Crisis and expressing our reflections on the material about how our beliefs and ideas have been potentially affected. While watching and reading the assigned materials about the Crisis, I was required to take detailed notes that I could reference for my write up. After I was finished, I had to reference those notes in order to thoroughly communicate my thoughts and conclusions. The write up for this case will include the answering of three questions involving the discussion of how the given materials may (or may not have) changed my beliefs on a multitude of issues.

After I completed the preliminary part of the case, I realized the extent to which the 2008 Financial Crisis affected the economy on a global scale. I always knew that the main culprits of the disaster were on Wall Street, but I had no idea that the deregulation that caused the crisis occurred in other countries too, such as Iceland’s. I also learned about the outrageous amounts of taxpayer money that had been lost, as well as the ridiculous compensation packages the heads of top companies on Wall Street were receiving. I was impressed by *Inside Job*’s avoidance of political leanings. While most of the deregulation in the financial sector that led to 08’ crisis happened under Republican presidents like Regan and W. Bush, the film didn’t play favorites and equally condemned both sides of the isle, criticizing Presidents Clinton and Obama for appointing people responsible for the corruption in the financial sector to important seats in their administrations. This case was incredibly
interesting and informative and I’m glad I received the chance to study this part of history with this amount of depth.

1. **How have my beliefs changed and what do I think this knowledge means for the future?**

   To preface, I believe that capitalism is the single best economic systems when it comes to improving quality of life factors and lifting people out of poverty. In all of human history, there has never been a country with the levels of economic and individual success like the United States of America. The U.S.’s achievements are due in part to its radical ideas of individual freedom and private ownership derived from Judeo-Christian beliefs that give people the ability to pursue “Life, Liberty, and the Pursuit of Happiness.” The key idea behind the success of the free-market economy is “choice.” Without individual choice and the freedom of thought, innovation and creativity are severely hampered. That leads to fewer improvements in technology, which leads to slower economic growth, which leads to a lower standard of living. Capitalism and the free market promote economic, political, and religious freedoms that we are lucky to still be enjoying in our country today.

   With all of that being said, the given material for the case, specifically *Inside Job*, have changed my stance on deregulation. In the context of the free-market economy and transactional business, I still hold firm on my belief that the less the government is involved, except for basic safety regulations, the more prosperous a business can become and the more it can benefit its community and/or society. Yes, there will be people who suffer because there are greedy, selfish people who only think about themselves and the money they can make, but I think it is much crueler to limit people’s ability to make a living based on a twisted notion of economic equality simply because of a few bad actors. PragerU’s video on
“Crony Capitalism” perfectly describes this thought process. The free market is bogged down and corrupted by people who are only worried about lining their own pockets and then lobbying politicians to make sure they can stack the deck in their favor. But just because the financial industry has swung power in their favor does not mean capitalism is an inherently bad system. However, after seeing the damage caused to the American public and the entire world by the deregulation of the financial industry, I have softened my stance when it comes to deregulation.

Having said that, I think that the only industry that should be bogged down with heavy restrictions and regulations is the financial industry, specifically banks and Wall Street firms. It has been shown that ever since regulations have been lifted, investors have been unable to control their greed and lust for power, which has led to numerous financial crashes and the destruction of millions of people’s lives and life savings. The only way to protect the American public from such a disaster is the limit the ability of the financial industry to invest their money in risky investments. Unfortunately, I don’t think much changed after the 08’ Crisis. President Obama’s administration did little to crack down on the irresponsible individuals who caused the devastation in the first place, and I doubt that President Trump’s administration has done much of anything based on his self-congratulatory tweets about the constant success of Wall Street during his first three years in the White House. It would not surprise me if we are faced with another economic collapse caused by careless traders and investors here in the next twenty years. Although, at the moment, we are currently in the midst of a self-imposed financial crisis that has no end in sight for the foreseeable future. So, for the time being, out economic downfall is not being caused by reckless home loans, it is being cause by an invisible enemy and the fear associated with it.
2. **How have my beliefs about my role in society changed? Professionally and personally?**

   I can’t say that any of my beliefs about my role in society have changed, professionally or personally. Professionally, my beliefs about my role in society were not changed. The 2008 Financial Crisis was engineered by a bunch of incredibly selfish people whose only goal was to accumulate as much wealth and power as humanly possible, without any regard for the well-being of the people’s lives they were gambling with. *Inside Job* mentioned how KPMG was the firm responsible for auditing one of the major culprits of the market crash and didn’t alert anyone to the fact that the growth of the business was unsustainable. Based on other materials I’ve read, the rest of the “Big 4” accounting firms also were potentially complicit in signing off on over optimistic revenues and assets. As an eventual employee of the accounting industry, I want to make sure that I am always conducting business with the utmost integrity with the goal of providing immense value to clients, but without the harming of unintended parties. I don’t want to be complicit in another financial crisis due to naivety or purposeful foul actions. It is my responsibility to protect the integrity of the profession of accounting by working hard and refusing to engage in any behavior, illegal or otherwise, that might put people in harm’s way financially.

   Similarly, my beliefs about my personal role in society have not been changed. I still believe that my ultimate goal is to work hard so as to earn my own keep, start a family, and to raise trustworthy, hardworking, moral children that will hopefully contribute to and benefit society at large. However, I can say that my convictions have been fortified and my sense of responsibility in carrying out my roles in society have been cemented. It is now more
important than ever that I practice integrity in my classes and in my personal life so that those habits will eventually carry over into my professional career and future family.

3. **How will the current virus crisis change the economic and political climate in the U.S.?**

I think that both the economic and political climates in the United States are going to shift in major ways due to the current situation surrounding the outbreak of COVID-19. Here as of late, more and more members of society have begun to question the necessity of the voluntary shutdown of our economy and the subsequent “stay-at-home” orders that followed. A lot of people feel as if their 1st Amendment rights, such as the freedom of assembly and religion, are being unjustly stripped from them in the face of what they believe to be a threat that is not as serious as medical professionals and politicians believe it to be. Some states are claiming they will be shut down for the entire summer (i.e. Governor Whitmer in Michigan), while others are saying the school system won’t reopen for another two years (i.e. Governor Northam in Virginia). There are even some constituencies that are using drones to spot and identify people breaking quarantine in order to discourage their residents from leaving their homes. While I don’t think that there will be a large shift in people leaving a political party for another one, I do think there will be a serious movement against the encroaching actions of government, both at the state and local level, as well as the federal level. A lot of American’s don’t like being told what to do, especially at gun point, even if it officials are telling them they could threaten their communities with a sickness. Those same Americans feel as if their ability to work has been stripped from them unnecessarily in the name of “public health.” Regardless of the seriousness of COVID-19, I think that there will be enough of an outrage against state lockdowns that a large number of American’s will begin to not
take their freedoms for granted and speak out against government overreach more in the future.

Economically, there also appears to be a growing distrust for China and a growing movement to relocate certain sectors of manufacturing back to America. Due to their authoritarian campaign of disinformation about the novel coronavirus and their history of intellectual property theft and currency manipulation, many Americans, as well as people across the globe, are thinking it may be wise to move segments of production out of the country. People are afraid that America’s self-sustainable is close to, if not already, being a relic of the past. What happens if China decides to prevent exports to United States that include medicines and military equipment? What would the United States do in a situation like that? There may be a huge shift in the world economy if rising levels of distrust in China and their government reach a breaking point that leads to a max exodus of foreign investment.

In regard to the financial sector, I don’t think this is an opportunity to “unwind the status quo.” Due to the unique circumstances surrounding this most recent economic collapse, I’m not sure what could be done to enforce stricter regulations regarding the carelessness of Wall Street. The COVID-19 crisis has been self-imposed, whereas the 08’ crisis was caused by risky and unintelligent business decisions. Because of this, we may not be able to apply the lessons learned from our recent financial history. The two crises were caused by two completely separate issues, which leads me to believe that the problem of the deregulation of the financial industry will not have a chance to be fixed for the foreseeable future.