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HONORS ACCOUNTING THESIS: AN INVESTIGATION OF SPECIFIC ISSUES IN
VARIOUS ACCOUNTING METHODS AND THEIR OUTLOOK FOR THE FUTURE
THROUGH CASE STUDIES

By
Flint G. Christian

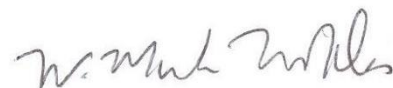
A thesis submitted to the faculty of The University of Mississippi in partial fulfillment of the
requirements of the Sally McDonnell Barksdale Honors College.

Oxford, MS
May 2021

Approved By



Advisor: Professor Victoria
Dickinson



Reader: Dean W. Mark Wilder

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DEDICATION

This thesis is dedicated to my family: Cindy, Andrew, and Philip. Thank y'all for everything.

ACKNOWLEDGEMENTS

Thank you to Dr. Dickinson and Dean Wilder for their help through the year in preparing me academically and professionally beyond this undergraduate program. I would like to acknowledge the support of my close friends as well. I would like to give a special thank you to the professors who have supported me through my four years, including but not limited to Dr. Alexander, Dr. Lyles, Dr. McKee, Dr. Neff, Dr. Parsons, Dr. Lechler, Dr. Drew, Dr. Harriell, Dr. Raber, Dr. Dickinson, Dr. Stocks, Dean Wilder, and Dr. Cantrell. Most of all, thank you to Dr. Buskes. Finally, I would also like to extend my gratitude to the Honors College Faculty and Staff. Thank you.

ABSTRACT

FLINT GRAHAM CHRISTIAN: An Investigation into Specific Issues in Various Accounting Methods and Their Future Outlook Through Case Studies (Under the direction of Victoria Dickinson)

This thesis focuses on broad topics concerning the field of accountancy. Primarily, the topics involve an analysis demonstrating an understanding on innovative technological developments, political changes, financial planning, professional preparation, and their effects on the accounting field, including possible changes. Information was found through online search engines, database analysis, and interviews and discussions with key informants from the accounting field. This thesis was performed in conjunction with the Honors Accountancy 420 class, where I also experienced case studies, interviews, and presentations with public accounting firms. Our methodology and methods were developed throughout the year in groups, as well as with Dr. Dickinson and suggestions from professional accounting firms. Each case study came to its own contained conclusion on its topic of focus.

PREFACE

This thesis is an investigation of various accounting techniques and issues and their outlook for the future through case studies. These case studies took place on a weekly basis from August 2019 to May 2020. In that time period, I also dedicated dozens of hours to two case competitions as a requirement of the thesis. These were rigorous, intense processes that required presentations to partners at KPMG and PwC, two of the largest global public accounting firms. I can only begin to describe how beneficial these case competitions were to my personal and professional development. These case studies have also been challenging, practical application of professional judgement and critical thinking through the lens of accounting research.

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Case #1 – City Selection Case

Flint Christian

Dr. Dickinson

Accountancy 420: Honors Thesis

September 25th, 2019

I. Introduction

The City Selection Case is an in-depth evaluation of the basic elements, quality of life, and financial obligations of two cities of the student's choice. The case requires sourced information on topics from population to rent prices to commute for a total of 16 pieces of information followed by a final analysis of my preferred city. The purpose of the City Selection Case is to begin to evaluate and decide on the city where I'll begin my professional career. I originally chose New York City, New York, and Houston, Texas, as the two cities I would prefer to begin my career in. I chose New York City because of my desire to live in a large, busy, and culturally significant place. I chose Houston because of my familial connections there and my knowledge of the quality of life in the city. After finishing the case, I became more informed on the expensive and uncomfortable nature of life in New York City. I also learned about the incredible opportunities in New York City to work, serve, and experience a life I have never had before. I also learned about Houston and the cultural diversity and recreational activities it holds. It is a very stable, well-developed city that would satisfy many of my interests and career pursuits. Most importantly, I analyzed the expenses of both cities, which demonstrated the difference in free cash potentially available to me in the near future, which could have a large impact upon my future plans for careers and families.

1. The population of New York City, New York, is approximately 8,398,748 ("Population"). This makes it one of the largest cities by population in the world, and also one of the most culturally diverse, especially in the United States. I would love to live in the center of a

worldwide cultural hub, where I would have a common connection with the millions of people who live there.

The population of Houston, Texas is approximately 2,325,502 (“U.S. Census”). This is another large city that I would like to live in.

2. New York City is located in the Northeast United States, and is generally grouped into the humid continental climate of the northeastern United States. This means it experiences four seasons, but most dramatically experiences hot summers that can reach greater than 90 °F and cold winters that can consistently dip below and stay below 32 °F (“THE CLIMATE”). Winters can be challenging, especially for someone who has lived in Mississippi their entire life like myself. I believe the cold, windy, and snowy weather would be a minor adjustment.

Houston has a humid, hot climate, like much of the southeastern United States. While all four seasons are apparent, with annual highs over 100 °F and annual lows occasionally dipping below 30 °F, the city is located in a swamp, which makes the humidity high for much of the year (“Houston/Galveston, TX”). I don’t think it would be much different from living in Mississippi, where I’ve lived my whole life.

3. New York City is located on the Hudson River and the New York Bay as it juts into the Atlantic Ocean. Almost all of the natural scenery has been covered by urban development, including 5 unique boroughs and hundreds of neighborhoods (“New York City: A City of Neighborhoods”). I believe I would enjoy the urban aspect of the topography of New York.

Houston is located very close to Galveston, Texas, and Galveston Bay. It is a very flat, swampy area with little natural formations besides the smaller bayous which run into the eastern side of the city (“Texas Topographic Maps”). Flooding can be a serious issue in Houston because of its topography, so I would probably have to invest in a hefty flood insurance policy.

4. Individual tax rates vary based on income (Moreno). Assuming a starting salary of \$55,000, the estimated taxes in New York City are as follows (“New York City Income Tax Calculator”):

- Federal (Marginal Tax of 22 percent): \$5,400
- FICA (Marginal Tax of 7.65 percent): \$4,208
- State (Marginal Tax of 6.33 percent): \$2,662
- Local (Marginal Tax of 3.82 percent): \$1,699

The total income taxes, assuming single and independent, would be \$13,968 in New York City, which would more than a fifth of my income. New York also has a sales tax of 4 percent.

Individual tax rates vary based on income. Assuming a starting salary of \$55,000, the estimated taxes in Houston are as follows (“Houston Income Tax Calculator”):

- Federal (Marginal Tax of 22 percent): \$5,400
- FICA (Marginal Tax of 7.65 percent): \$4,208
- State (Marginal Tax of 0 percent): \$0.00
- Local (Marginal Tax of 0 percent): \$0.00

The total income taxes I would pay in Houston are \$9,608, plus the Texas sales tax of 6.25 percent. This would end up being approximately a fifth of my income.

5. The New York City Transit Authority, a subsidiary of the Metropolitan Transportation Authority, better known as the Subway or the Metro, is an important method of transportation around New York City. Along with walking, the Metro is one of the most popular sources of transportation, with over 1 billion riders annually and more than 5 million on daily (“Introduction”). I have been to New York on multiple occasions and enjoyed the ease and convenience the Metro provides, especially in comparison to the traffic found in the streets. Houston offers a METRORail system to get around downtown, as well as a bus system. There are also taxis and ride-sharing services like Uber and Lyft, as well as an extensive highway service (“Getting”). I think if I were to live downtown, getting around the city would not be too difficult, and if I were to live farther away, I could use my car on the highways around town.

6. New York City is famous for its financial industry, with Wall Street and the financial services based there leading many individual income surveys (Ross). With more than 8 million people there, healthcare, professional and technical services, retail, manufacturing, and education all have a significant portion in the industrial scene (“Significant”). Deloitte, one of the largest public accounting firms in the world, is headquartered there. The five largest companies based in New York City based upon revenues are JPMorgan Chase, Verizon Communications, Citigroup, MetLife, and Pfizer (“Fortune”). I would love to work with some of the largest companies in the world and have experience with their accounts. Also, the National Football League and the National Basketball Association are headquartered in New York City.

Houston's main industry is the oil and gas industry, but the city also has medical research, petroleum refining, and petrochemical production ("Economy and Trade"). Based on revenues, the five largest companies in Houston are Phillips 66, Sysco, ConocoPhillips, Enterprise Products Partners, and Plains GP Holdings. All five of these companies are in the Fortune 100 ("Fortune 500"). I think the oil and gas industry has some serious issues to contend with in the political sphere, and I am interested to see how the financials of these companies and their massive revenues could play into those issues.

7. NYC has some of the best hospitals in the world. Three of the top 20 hospitals in the nation according to the U.S. News and World Report are located in New York City (Quinn). While the federal government's rating system occasionally considers the average healthcare of NYC below the national average, many researchers have noted serious issues with their methodology. The federal government considers factors such as waiting time for pain medication and lower patient satisfaction due to noise. In hospitals that serve as many people as the ones in NYC, especially with a large disenfranchised population who tends to be more sick more often, it can be difficult to focus on these less vital measures (Quinn). I think I would be completely comfortable with the NYC healthcare system for myself and a possible family. The public education in New York is also stellar. They have 11 public schools in the top 100 nationally, as well as multitudes of private schools with specific focuses ("New York"). I have also visited Avenues, the World School, in New York before because my friend's father is an administrator there, and I would be

thrilled to make enough money to send my children there. In general though, I believe in public education and would want to send them there.

Houston has excellent healthcare. The University of Texas MD Anderson Cancer Center is considered the top adult cancer care clinic in the United States, and the Menninger Clinic was ranked fifth for adult psychiatry care by U.S. News and World Report (McAshan). Houston also has excellent public education. Two of the top 25 public high schools nationally are located in the Houston Independent School District, which placed 44 schools in the top 17,000 nationally (Rahman). I would absolutely send my kids to public school.

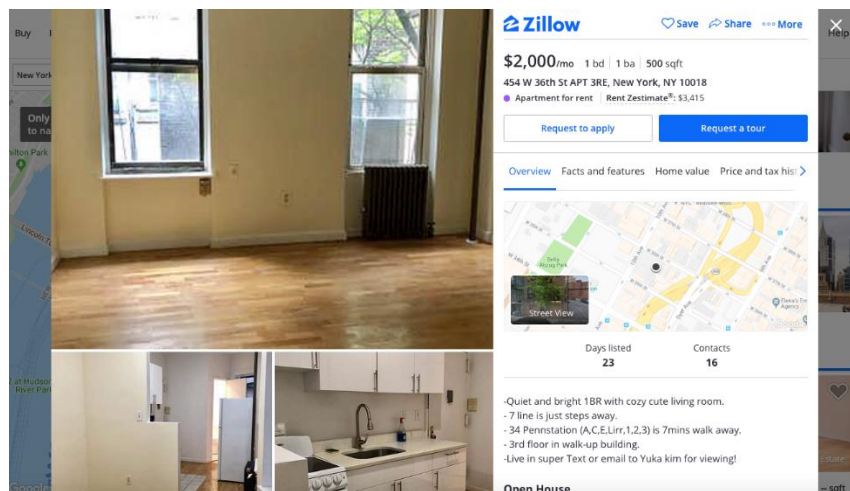
8. The rate of violent crime in NYC is 329.0 per 100,000 people. The rate of property crime in NYC is 1337.0 per 100,000 people. They have both been steadily falling since 1990. Violent crimes such as mugging and assault is still a serious issue (“How Safe”). North Manhattan and Harlem are considered the most dangerous areas, as well as the Lower East Side of Manhattan (“Manhattan Safety”). I honestly thought the crime rate might be worse, although the violent crime rate is still relatively high in comparison to where I grew up.

The overall crime rates in Houston are lower than in New York. Its murder rate is 5.9 per 100,000 people, while its robbery rate is 233 per 100,000 people, which has increased in recent years (“Solomon”). While Houston is relatively dangerous compared to the quiet suburb I grew up in, in comparison to many big cities, it is a safe haven from crime, although the increase in robberies is a bit worrisome.

9. According to currently listed properties on zillow.com, the absolute cheapest a 1-bedroom runs is \$2,000 per month, which means that over 3 years, I would pay \$72,000. The property I found on zillow.com is 454 W 36th St APT 3RE, and it looks like this:

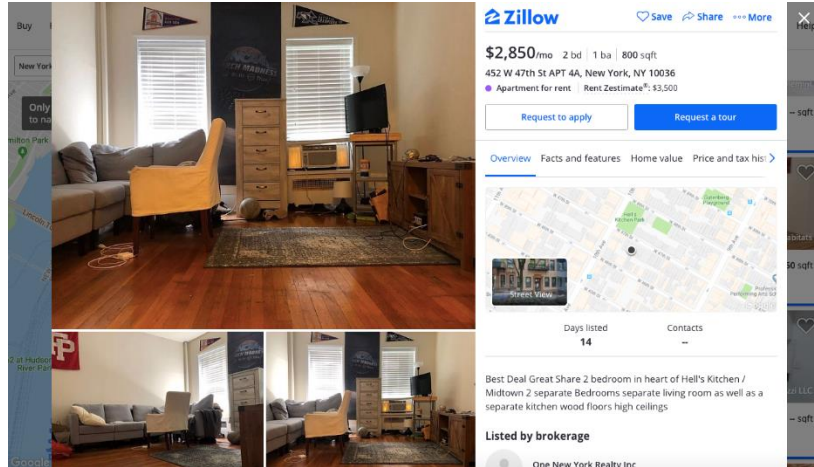
It is very small. It's in the middle of one of the largest cities in the world. There is one bedroom,

FIGURE 1:



one bathroom, and a kitchen separated by a short wall from a small living area. It is 500 square feet. It does not have heating and cooling at the moment (“454”). I think it’s perfect. If I were to get a roommate, there are more opportunities to cheapen rent by small amounts, but there is little to suggest that I should be budgeting less than \$2,000 per month (“452”). Properties are abundant in New York City, but the bottom line of rent is pretty set.

FIGURE 2:

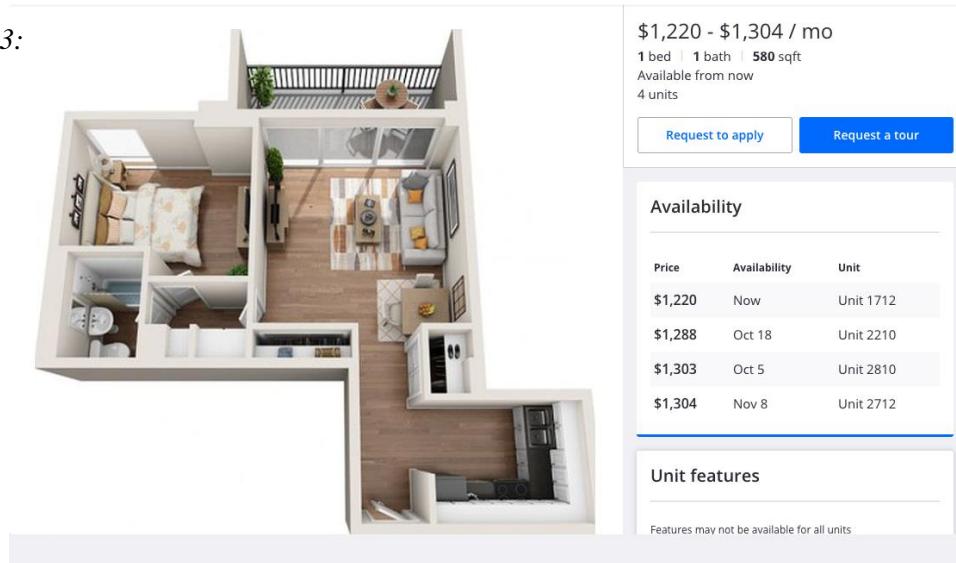


Studio apartments in downtown Houston look to run between \$1100.00 and \$1600.00 a month. Using the upper side of the sample property, which has one bedroom, one bathroom, and is 580 square feet, I would pay \$46,944 over three years.

There is shared laundry in the building, a fitness center, a basketball court, and a pool. It also it very close to the METRORail and has bikes available for rent because driving can be difficult in downtown (“Houston House”).

[Back](#)

FIGURE 3:



10. Generally, people commute in Manhattan, which is where I would be working, through the Metro. According to the New York Post, the average commute time in New York City is 57.92 minutes round-trip. This is a long daily commute, but it also is considered one of the more relaxed. New York City was ranked ninth in the survey of the most stressful commutes compared to fourth in the survey on the longest commutes (Zwirn). I don't believe this commute time would bother me too much, although I think it would line up to be around an hour round trip.

Many more people drive in Houston. The average roundtrip commute time was 54.60 minutes in 2018 (Hethcock). While this can be tough coming from the suburbs, I have been told by my aunt and uncle who both work there that living downtown saves a lot of this time, so I think my commute would be much better if I decided to pay to live downtown.

11. New York City has a Trader Joe's ("Top 10"), otherwise dubbed "Heaven on Earth" by the collective masses. There are also guides to the best grocery stores in each neighborhood, such as the Garden of Eden in Chelsea or Food Bazaar Supermarket in Bushwick (Picht). I would be able to shop in these stores, as well as in pharmacies and other chains, for basic necessities.

Houston also has Trader Joe's, as well as Kroger and H-E-B (Cook), which I am more familiar with from living in Mississippi and having family in Texas.

12. Many New Yorkers, even in high-end places, use laundromats for their laundry, although they often use this time productively for relaxation or errands (Goicochea). I think this is a little annoying, although I am not grossed out by this idea or uncomfortable with the slight extra logistical issues it causes.

Meanwhile, in Houston, most apartment complexes, including the sample property, have their own shared laundry (“Houston House”).

13. I’m passionate about education, and New York’s population provides for many opportunities for civic and charitable engagement in the educational avenue. The New York Public Library is one of the most beautiful and expansive public libraries in the world. They host free English tutoring classes for non-English speakers, facilitate massive amounts of research and provide classes and events for schoolchildren. They have opportunities to volunteer with Homework Help and as an Event Volunteer, as well as with the Community Oral History Project, a project used to train volunteers to interview local community members about NYC and its history through their eyes (“The New York Public Library”). I would love to work with the Public Library in any spare time I would have. Columbia University also focuses on community outreach and engagement. They are one of the most important partner organizations for public schools in the Manhattan area in providing volunteers to help with after-school programs in under-resourced public schools, especially with the Read Ahead initiative (“Campus Initiatives”). The Harlem Educational Activities Fund is a nonprofit devoted to providing opportunities for students in the Harlem area (“Testimonials”), which looks a lot like the work I did this past summer for the Sunflower County Freedom Project, which I loved.

Houston Justice is a civic organization who looks to register eligible inmates to vote, where many are awaiting trial or are unaware they have that right. BakerRipley is a massive nonprofit organization that has eight community centers and specifically has a division focused

on tax-preparation for low-income people. The Beacon is a nonprofit that provides aid such as pro bono legal services for homeless people in the Houston area (Kinney). I would love to become involved with any of these organizations and help in any way possible.

14. Beyond charitable activities, New York City has an abundance of sports, which I love, and other entertainment activities. As a big fan of basketball, the Brooklyn Nets are going to be stellar in the upcoming years, while the New York Knicks and Madison Square Garden are legendary parts of basketball in America. Broadway is another option. The largest shows in the world are located in Manhattan, from Dear Evan Hansen to Hamilton. As a competitive tennis player, I also would love to be in New York for the U.S. Open, which is the final major of the year and comes to Flushing Meadows every August. I enjoy playing tennis and basketball recreationally too, where courts and classes can be found at local YMCAs (“Adult Sports”). Central Park is also a massive place open to running and relaxing. Many of the most famous art museums in the world are also located there, from the Museum of Modern Art to the Metropolitan Museum of Art to the Guggenheim (Halle).

Houston is home to the Astros, Rockets, and Texans, three teams in the three largest sports leagues in the United States. I am a huge basketball fan and would love to be able to regularly attend Rockets games. The Music Box Theatre also hosts plays often, including many off-Broadway. The Miller Outdoor Theatre is another exciting and unique opportunity for cultural expression through performance. Houston also has TopGolf, which is a super relaxing and fun version of a driving range (“25”). There are also many hiking trails and relaxing natural

spots away from the city to provide a respite from the hustle and bustle of the city (“Best Hiking Trails”). I think Houston’s entertainment and recreational activities pale in comparison to the excitement that New York would provide.

15. Travel from New York City to my hometown of Flowood, Mississippi, would be more difficult than a simple drive. Going from New York City to Jackson, Mississippi, the results from an Expedia search for roundtrip flights departing on a Friday and returning on a Monday show that the cheapest flights are \$483.00 before baggage, while the higher end at the bottom of the first page of searches can run from \$784.00 to \$1,125.00 (“LGA to JAN Flights”). In general, I believe the approximate cost of a trip home including baggage and travel to the airport would be around \$1,200.00 to \$1,400.00, which is an expensive trip. It would also take between six and seven hours to return to Mississippi. While I think it could be difficult being far away, my parents are relatively young and healthy, and I see them only occasionally throughout the school year and summer in my current situation.

Houston is approximately a seven-hour drive from my hometown and my nuclear family. I also have an aunt and an uncle who live in Cypress, which is a suburb of Houston. Driving home would cost me about \$100.00 in gas depending on prices, as well as the time and food. While this would most likely be the easiest way to travel, a weekend flight is also not terribly expensive, ranging from \$445.00 on the low end to \$960.00 on the high end. The flight is also only an hour and a half (“IAH to JAN Flights”). I also would have the chance to get a ride home

from my parents, meaning a ride from the airport wouldn't be a problem. Flying would probably cost around \$550.00 round-trip.

16. *TABLE 1:*

Monthly Budget	New York	Houston
Gross Salary	5000	5000
Est. Income & Sales Tax	-1250	-900
Commute/Gas Exp.	-127	-60
Groceries	-200	-200
Rent/Utilities	-2100	-1200
Car Insurance	0	-50
Phone Bill	-50	-50
Laundry	-15	-15
Dining Out	-100	-75
Fun	-150	-100
Income After Exp.	1,008	2,350

17. After examining the two cities closely, I would rather go to New York City. I think I can be happy anywhere, and I know I only achieve my full potential when I have someone to challenge me. I think New York City as a whole would do that. There are pros and cons to both cities, and I would love to live life in both, but with the option there, New York City would be my choice.

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Case #2 – Brexit Analysis

Flint Christian

Dr. Dickinson

Accy. 420

October 9, 2019

I. Introduction

In 2016, Great Britain proposed a referendum to its citizens to leave the European Union, otherwise known as the EU. The referendum caused a massive amount of controversy around the world, sparking discussions on economic blocs, free trade, global markets, immigration, and political influence. In order to further understanding of the now-passed referendum, the Accy. 420 class watched the movie *Brexit: The Movie*, which presents a different side to the general agenda pushed by large media corporations. The movie explores the structure of the EU, economic benefits, and British identity while really supporting the departure of Britain from the EU. It presents the vote as a once-in-a-lifetime opportunity for the British people. After viewing the movie, the class performed outside research on Brexit. The outside research consisted of further opinions on the Brexit referendum, including more information on the economic impacts, a better understanding of the EU, and the role of immigration in British politics. The outside research also contained an examination of what lays ahead for Britain and the final steps the country must take in order to separate from the EU. In all, I learned a tremendous amount about the intertwinement of global markets and the inability of the media to accurately and efficiently portray such a complex topic. I also learned more about British history, culture, and thought as they begin to assert their independence and British identity on a worldwide stage away from Europe. The exploration left me more informed, thoughtful, and inspired to examine global economics and the complex interactions it contains.

II. *Brexit: The Movie*

Brexit: The Movie is a documentary directed and presented by Martin Durkin about the 2016 referendum. The movie takes a very pro-severance stance, presenting the EU as an incompetent, irrational

attempt at bureaucracy that does not act in the best interests of the British people. The agenda of the movie considers the EU a serious threat to the British economy, national identity, and democracy as a whole, describing the entity as “power without accountability” and a “dictatorship.” The movie begins by highlighting structural issues of the EU and the general lack of specific knowledge about the practical function of its hundreds of ministries and committees. There are more than 90 buildings alone in Brussels which are said to the house the EU. They have four presidents, as well as seven main institutions. The movie focused in more on the inner workings of the EU, exploring the nature of leadership in the EU. Many of the interviewers in the movie, such as influential media members James Delingpole and Simon Heffer, questioned the secretive deliberations of powerful committees. They claim that the EU’s bureaucracy does not ideologically follow democracy and that EU officials’ freedom to act without being held to the personal standards of tax-paying citizens is problematic. The movie describes the lack of Britain’s power in the EU by citing 72 oppositional British opinions to proposals, which were defeated each time. The movie describes the interruption of global trade by EU regulations and the destruction of local markets, such as fishing, by quotas and other measures. The movie then dives into the history of Britain, its industry, and the stagnant period the EU will inevitably lead Britain towards. It proposes a positive example of independence by drawing parallels between Britain and Switzerland, a country who has maintained independence from the EU. Finally, it ends by appealing to capitalist ethos and British nationalism.

III. Dissenting Opinions

While *Brexit: The Movie* presents the departure of Britain from the EU as an obvious conclusion, there is significant uncertainty involved in Britain’s departure. *Brexit: The Movie* presented an independent Britain facing unimaginable prosperity; however, Deloitte has issued a quarterly survey of

Chief Financial Officers for corporations in the United Kingdom since the Brexit announcement. The survey states, “Brexit remains the top concern for CFOs, with 83% believing it will lead to a worsening in the economic environment in the long term” (Stewart). The National Institute Economic Review released a study by Monique Ebell and James Warren which says, “We find that by 2030, GDP is projected to be between 1.5 per cent and 3.7 per cent lower than in the baseline forecast in which the UK remains in the EU. Real wages fall somewhat more, by between 2.2 per cent and 6.3 per cent. Consumption is...falling by between 2.4 and 5.4 per cent.” Many also claim the Brexit move was triggered by the free movement of immigration and refugees the EU allows. In 2013 elections, the United Kingdom Independence Party, known as UKIP, gained significant traction in the British Parliament. Members of the UKIP are much more concerned about immigration than other major political parties, as Will Somerville of the Migration Policy Institute pointed out in May 2016: “For instance 70 percent of UKIP supporters identify immigration as the most important issue facing the United Kingdom, compared to 45 percent of Conservative voters and just above 25 percent of Labour voters.” Nearly 50 percent of British people surveyed in April 2016 identified immigration as their first concern for Britain; however, many do state that penalties against businesses and the British economy due to departure from the EU would influence their overall position on migration (Somerville). The overall lack of mention of immigration in *Brexit: The Movie* is slightly concerning, but the focus on theoretical economic benefits would have had the ability to sway moderates who approved of the departure’s immigration platform but were unsure of the effect it may have on businesses. John Oliver also specifically references the lack of thorough explanation of EU procedures in *Brexit: The Movie*. He shows that the astronomical number of regulations the movie presents may be much less extreme than it appears by demonstrating the very broad umbrella Harkin used to apply any regulation to a specific household object (“Brexit”). Overall, the dissenting case for Brexit, while seemingly a lost cause now, has merit by some studies and opinions.

IV. What happens next?

Looking forward, the economic uncertainty involved in the potential Brexit move has seriously complicated the practical process of leaving the EU. Article 50 is the clause that begins the process of leaving that allows for a negotiation period of up to two years between British Parliament and the Council of the European Union (Pruitt). The Institute of Chartered Accountants in England and Wales, or the ICAEW, reported that in January James Stewart, head of Brexit at KPMG UK, said, ““Many of the businesses we’re speaking to are praying for an extension to Article 50”” (Doherty) due to the uncertainty involved in predicting the economic consequences of the departure. Multiple times there have been extensions to Article 50. Very recently the extension wishes were granted again, and on October 4, Prime Minister Boris Johnson requested an extension to Article 50, possibly allowing businesses even more time to prepare for the move (Carrell). Many of these extensions have been caused by the lack of a trade deal with the EU. The trade deal would enable Britain to maintain its trade with Europe, which makes up nearly half of Britain’s total trade. However, it would also probably require Britain to reaccept some of the policies and regulations it fought in the first place. Overall, the situation is a complex and uncertain one, but Britain, in order to support the ideals of democracy, cannot delay their departure much longer.

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Case No. 3

SYSCO Company Exploration Case

GRACE ANNE WHITE

FLINT CHRISTIAN

MAGGIE HERRING

JOSEPH HARRIS

DR. DICKINSON

HONORS ACCOUNTING 420

30 OCTOBER 2019

Executive Summary

The company case was an exploration of a specific company and their annual report, otherwise known as 10-k. To complete this case, we utilized the company's search feature of the securities and exchange website. In order to analyze their publicly filed documentation. The company we explored was Sysco Corporation, which is a global distributor of food and related products. We discussed the nature of their business which includes shipping a variety of food products and related goods and services, as well as how this drives their profits and revenues. Sysco is headquartered in Houston, Texas, where it is audited by Ernst & Young.

By completing this case, we developed an in-depth view and understanding of Sysco Corporation's balance sheet and financial position. We also explored how this financial position relates to their business operations and transactions. Their customer base spreads worldwide, and almost a fifth of their revenues come from international operations. They use thousands of suppliers, and none of their purchases from any suppliers are more than 10% of their total, meaning they have a complex and widespread network of operations. They generate extremely large revenues, but they also use a large number of expenses, which cuts into their overall net earnings. However, their net earnings are consistently positive and hold steady growth. Sysco Corporations also disclosed their use of various accounting estimates. Overall, we had the opportunity to dig through financial statements and analyze the official numbers of the firm.

- 1.** Sysco is the largest global distributor of food and related products primarily to the foodservice or food-away-from-home industry. Sysco distributes food and related products to restaurants, healthcare, and educational facilities, lodging establishments and other foodservice customers. The

company is headquartered in Houston, Texas. Sysco's fiscal year ends on the Saturday nearest to each June 30th. Previous fiscal year-end dates are June 29, 2019, June 30, 2018, and July 1, 2017. This year will end on June 27, 2020. Sysco's fiscal year ends in June because restaurant industries tend to reflect relatively flat sales in June. Sysco currently operates in the Bahamas, Belgium, Costa Rica, Canada, France, Ireland, Mexico, Panama, Spain, Sweden, United Kingdom, and the United States and its territories. Their primary operations occur in North America and Europe.

2. Ernst & Young LLP. has served as the auditor for Sysco Corporation since 2002. The Houston office completed this 10-K, or yearly report, on August 23, 2019.

3. **Balance Sheet**

Relevant Accounting policies related to these accounts:

1. U.S. GAAP

2. In accordance with U.S. GAAP, management is required to use estimates.

3. Fair Market Value

Many of Sysco's assets, liabilities and equity are measured at "fair value," which means they are measured at the best current estimate of their value. The estimate is generally an agreed price between two orderly market participants.

I - Assets

Cash and Cash Equivalents

- Cash includes cash equivalents such as cash deposits, time deposits, certificates of deposit, commercial paper, high-quality money market funds and all highly liquid instruments with original maturities of three months or less, which are recorded at fair value.

Marketable Securities

- All derivatives are recognized as assets or liabilities within the consolidated balance sheets at fair value at their gross values.

Allowance for Doubtful Accounts

- The companies' allowance for credit losses.

Property, Plant, and Expenses

- Capital additions, improvements and major replacements are classified as plant and equipment and are carried at cost. For Sysco, these include Building and Improvements, Fleet and Equipment, and Hardware and Software.

Land

- This is the value of Sysco's land.

Accounts Receivable

- Accounts receivable consist primarily of trade receivables from customers and receivables from suppliers for marketing or incentive programs. They are selling food and products to customers and receiving promised cash in return.

Note Receivable

- These are short-term, written iterations of Accounts Receivable.

Inventories

- Primarily finished goods; use FIFO Inventories consisting primarily of finished goods include food and related products and lodging products held for resale and are valued at the lower of cost (first-in, first-out method) and net realizable value.

Prepaid Expenses

- Future expenses that have been paid in advance.

Long-Term Assets

- Management reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections on an undiscounted basis. For assets held for use, Sysco groups assets and liabilities at the lowest level for which cash flows are separately identifiable.

Income Tax Receivable

- Money a company expects from the Internal Revenue Service as well as state, county, and municipal revenue agencies. Cash the government owes a corporate or individual taxpayer who has remitted more money than due.

Accumulated Depreciation: Straight-Line

- It is calculated by dividing the difference between an asset's cost and its expected salvage value by the number of years it is expected to be used.

Deferred Income Taxes

- A Liability recorded on a balance sheet resulting from a difference in income recognition between tax laws and the company's accounting methods. For this reason, the company's payable income tax may not equate to the total tax expense reported.

Other Assets

- A catch-all for any other non-current assets.

Goodwill and Intangible Assets

- Goodwill represents the excess of cost over the fair value of net assets acquired. Goodwill and intangibles with indefinite lives are not amortized. For fiscal 2019, the company utilized a qualitative assessment for certain reporting units. For the remaining reporting units, Sysco performed a quantitative test using a combination of the income and market approaches. The company does not believe the estimates used in the analysis are reasonably likely to change materially in the future, but Sysco will continue to assess the estimates in the future based on the expectations of the reporting units.

II-Liabilities

Notes Payable

- A written promissory note. Under this agreement, a borrower obtains a specific amount of money from a lender and promises to pay it back with interest over a predetermined time period

Accounts Payable

- Money owed by a company to its creditors

Accrued Expenses

- An expense that is recognized before it has been paid

Accrued Income Taxes

- Sysco recognizes deferred tax assets and liabilities based on the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases

Current Maturities of L-T Debt

- refers to the portion of a company's liabilities that are coming due in the next 12 months

Long Term Debt

- Any amount of outstanding debt a company holds that has a maturity of 12 months or longer

Deferred Income Taxes

- Amount, after deferred tax asset, of deferred tax liability attributable to taxable differences with jurisdictional netting.

Other L-T Liabilities

Commitments and Contingencies

- Commitments are the obligation to the external parties of the company which arises with respect to any legal contract made by the company with those external

parties whereas the contingencies are the obligations of the company whose occurrence is dependent on the outcome of specific future events.

Noncontrolling Interest

- As of the reporting date, the aggregate carrying amount of all noncontrolling interests which are redeemable by the (parent) entity (1) at a fixed or determinable price on a fixed or determinable date, (2) at the option of the holder of the noncontrolling interest, or (3) upon occurrence of an event that is not solely within the control of the (parent) entity.

III- Stockholder Equity

Preferred Stock

- Aggregate par or stated value of issued nonredeemable preferred stock (or preferred stock redeemable solely at the option of the issuer).

Common Stock

- Aggregate par or stated value of issued nonredeemable common stock (or common stock redeemable solely at the option of the issuer).

Paid In Capital

- Value received from shareholders in common stock-related transactions that are in excess of par value or stated value and amounts received from other stock-related transactions.

Retained Earnings

- Earnings not paid out as dividends but instead reinvested in the core business or used to pay off debt.

Accumulated Other Comprehensive Loss

- Accumulated change in equity from transactions and other events and circumstances from non-owner sources, net of tax effect

Treasury Stock

- The company records treasury stock purchases at cost. Shares removed from the treasury are valued at cost using the average cost method.

- 4.** Sysco's customers in the foodservice industry include restaurants, hospitals, and nursing homes, schools and colleges, hotels and motels, industrial caterers, and other similar venues where foodservice products are served. The federal government is also a customer of Sysco. Sysco provides numerous products including: a full line of frozen foods, canned foods, dry foods, fresh meat, fresh seafood, dairy products, beverage products, imported specialties, and fresh produce. Sysco's non-food items include paper products, tableware and silverware, cookware, restaurant/kitchen equipment and supplies, and cleaning supplies. Sysco recognizes revenue when the performance obligation is satisfied. Sales tax collected from customers is not held in revenue, but instead as a liability due to tax authorities. Sysco recognizes revenue when the product is delivered to the customer. Sysco generates revenue primarily from the distribution and sale of food and related products to its customers. Of their total sales of \$60,113,922 (in thousands) for the 52-week period ending June 29, 2019, \$11,493,040 (in thousands) is attributed to their International Foodservice Operations. The international sector makes up 19.1% of the total sales.

- 5.** Sysco purchases from thousands of suppliers, both domestically and internationally, with none of those individual purchases amounting to over 10% of their overall purchases. These suppliers sell mainly brand name merchandise. Substantial portions of their foodservice and related products are obtained from third-party suppliers. Cash discounts are generally taken, the time frame for which range from weekly to about 45 days. Costs of Sales was 81% of total sales for 2019 Year-End. Cost of sales primarily includes our product costs, net of vendor consideration, and includes inbound freight. Sales within the U.S. generally amount in a lower gross profit for the company.
- 6.** Other Operating Expenses include:
- Impact of Restructuring and Transformational Project Costs - This operating expense account represents the company's expenses resulting from major company projects. This expense will help improve company infrastructure and image, indirectly resulting in revenues.
- Impact of Acquisition-Related Costs - This operating expense account represents the costs Sysco incurs from acquisition and other related business events. These expenses allow the company to acquire other companies in order to expand their business and ultimately generate revenues.
- Impact of MEPP Charge - This operating expense account represents costs incurred from Multi-Employer Pension Plans. This operating expense pays employees pension plans. This helps improve customer and former employee loyalty, which will result in higher company value and eventual revenues.

- 7.** Revenues have grown steadily each of the past three years, from \$55,371,139 in 2017 to \$58,727,324 in 2018 to \$60,113,922 in 2019. Meanwhile, expenses have also grown, from \$44,813,632 in 2017 to \$47,641,933 in 2018 to \$48,704,935. On Seeking Alpha, Valuentum analyzes Sysco and describes their positive ability to generate returns and revenues off of invested capital (Valuentum). Their steady growth is also reflected in a MarketWatch article by Philip Van Doorn where he lists Sysco as one of the least volatile stocks in the S&P 500 (Van Doorn).
- 8.** Sysco's net earnings in 2019 was \$1,674,271,000. Net cash provided by operating activities was \$2,411,207,000. Sysco added back(In \$ Millions): 763 in Depreciation, 21 in Amortization, 246 in Increases in Accounts Payable. Sysco lost cash on various expenses including the Impact of Gain of the Sale of Iowa Premium; the Tax Impact of Reconstruction and Special Projects; the Tax impact of Acquisition-Related Costs; and the Impact of Foreign Tax Credit Benefit, which combines to \$262,651,000 dollars in expenses. At the end of 2019, Sysco had \$606,908,000 cash on hand.
- 9.** Sysco notes that estimates affect their assets, liabilities, and equities sections. Allowances, Cash flows expected to be generated from long-lived assets, goodwill, and income, and non-income tax expenses are some of the balance sheet categories stated to be presented off of an estimation.

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Case #4 - Analysis of the Arguments of Thomas Sowell

Flint Christian

Dr. Dickinson

Accy. 420

December 4, 2019

I. Introduction

In light of recent developments in the United States, the Accy. 420 Honors Thesis class examined multiple issues in the American consciousness today. The first issue the class discussed was the abolition of the Electoral College. The Electoral College has become a heated topic of debate as it disproportionately gives political power to geographic area rather than pure population. Many say the disproportion, while originally meant to protect the interests of rural populations with little access to cities or ability to find information, protects the interests of rural states whose relatively small populations are disproportionately white and land-owning. In the maps below, one can see that the interests of highly concentrated areas of racial minorities, such as Black people in the Southeast who vote overwhelmingly Democratic, are not represented on a national scale due to the structure of the electoral college:

FIGURE 4:

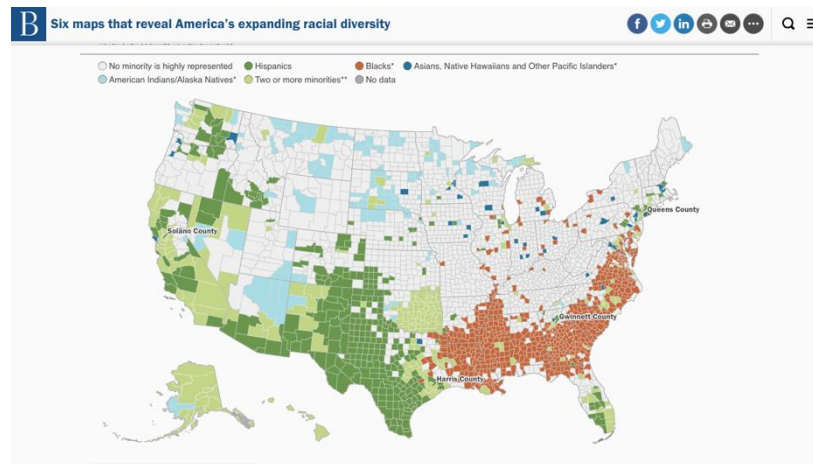
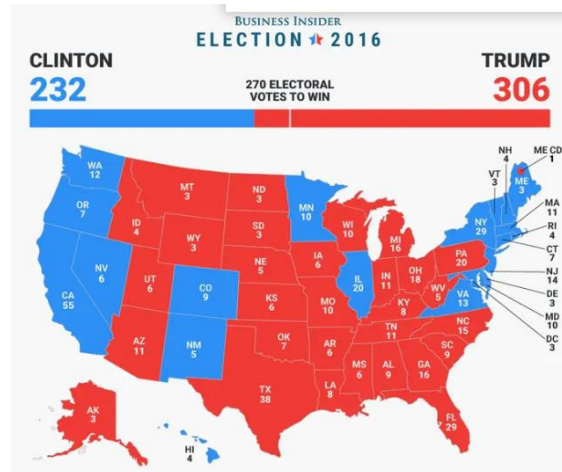


FIGURE 5:



Many others say that a move from the electoral college to a pure popular vote would place too much power in the hands of masses of voters who are often easily swayed. They also say that it forces national candidates to consider and address the problems facing the rural communities that the Electoral College gives power to. After a class discussion on the benefits and issues with the Electoral College, the class moved on to discussions about Universal Basic Income. Universal Basic Income has become a hot topic due to Andrew Yang's candidacy emerging into the mainstream media. Yang is a proponent of Universal Basic Income, which would provide each citizen with a set, livable wage each month. The plan has come under fire from many, who believe it would place too much power in the government's hands and would lead to absurd inflation. After talking about this as a class, we watched a video from the University of Stanford's Hoover Institution on the Myths of Economic Inequality with Dr. Thomas Sowell, who is a free-market economist. In the video, Sowell expands upon his philosophy of human nature, wealth

inequality in America, the flaws in governmental functions, and the media's role in perpetuating myths about racism and discrimination.

From the video and discussions, I gained a lot to think about in terms of the government's function and the American political sphere. With the 2020 presidential election on our doorstep, I am excited to have the opportunity to vote and take part in a historic moment in our country's history. I found Sowell's reflections on the constrained and unconstrained views of the natural world fascinating, and I felt his explanations of these views helped me decipher the continued schism between the Democratic and Republican parties in today's world. I enjoyed his thoughts on the economy, personal responsibility, hard work, and the shift in American consciousness that worries him. I also felt there were significant lapses in his holistic consideration of American society that led him to his conclusions, which I expand upon more later in the summary of the video. Overall though, I learned about economic thought, the free market, and the position of our generation to shape the future for the better.

In the video the Accy. 420 class watched, Peter Robinson and Dr. Thomas Sowell discuss the myths of economic inequality. The video begins with a recap of Sowell's life, which is an incredible testament to hard work and intelligent thought. He dropped out of high school to work as at Western Union, and he became a Marxist in his late teens. He eventually graduated from Harvard, Columbia, and the University of Chicago, and he afterwards worked for the Department of Labor in Puerto Rico, where his vision of government became cynical. He noticed the Department of Labor's staff's denial of the factual number of sugarcane crops, and he realized the people in the department were simply running studies and advocating for higher wages to keep their jobs and up their pay. He then parlayed this realization into the development of his "constrained" vision. From there, he discussed many people's growing disillusionment with Western society in comparison to their vision of society and their ongoing

attempts to deny facts and irrationalize themselves. He points out the growth in poverty and crime rates in minority communities after the Civil Rights era, as well as Affirmative Action and educational opportunity. He rejects the idea of reparations, and he calls out the dissolution of family structure as a vital flaw in many communities. The video then moves into the current state of American politics, where Sowell commends Trump's domestic economic policies while critiquing his rhetoric. Sowell also emphasizes the importance of education and the success of charter schools.

I do think that some of Sowell's statements were incredibly irresponsible. He dismisses egalitarian philosophy as leading people to resent others good fortune. I believe this statement can be true, but I also believe that a level of egalitarian philosophy is necessary to avoid the atrocities committed in the past. In America, we have only our short past to look at, where the very literal dehumanization of a race of people was the root of the economic prosperity of half of our country. I think that without a philosophy considering each person's life as valuable, then one ends up with statements that Sowell makes towards the end of the video. He supports charter schools because of their success. He claims there is the need for a decent education as a baseline for success, and he supports the natural progression of charter schools as a superior option. However, he also supports the removal of children from public schools due to behavior. It terrifies me that he thinks this way. Children's actions are almost always a product of their environment, and if their actions at school are terrible, I would hate to force them to spend all of their time in the negative environment that is causing them to act that way in the first place. Sowell specifically mentions the massive waiting lists at charter schools, and I think that he ignores the reality that less than 10 percent of students in America attend charter schools. It would take decades to develop a large-scale system of charter schools, and on a large scale, they would very much resemble the public school system, which already exists as a stable structure for each and every student. Early

development and education is vital to creating a positive, productive member of society, which Sowell recognizes, and it should be available to each member of our society, even if for the reason that those left out may grow up to resent and reject the law and order of the society that rejected them in the first place.

I also believe that there are also serious issues with his analysis of poverty rates and crime rates. He compares them against each other, and he considers them a serious representation of economic success or failure. I also have no idea where he is pulling these numbers from because according to the U.S Bureau of the Census, the poverty rate has cycled relatively evenly between approximately 16 percent and 19 percent throughout the past 50 years. The real outliers are from 60 years ago, when the poverty rate steadily dropped from 31 percent in 1959 to 20 percent in 1967. Even for the minority communities Sowell talks about, the poverty rate has fallen as we have moved into the 21st century. He also fails to describe the effect the expanded War on Drugs and the Reagan Administration had on incarceration and crime rates in the 1980s, which legislated minor offences to require harsher sentences, further disrupting the family structure Sowell cherishes.

I believe Sowell is correct in a vast majority of his thinking and his beliefs. However, I think it is incredibly dangerous to subscribe so willingly to the will of the free market, and I think it is important to consider different viewpoints from an unbiased perspective and truly understand them before dismissing them with evidence.

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Case #5 – Regulation Fair Disclosure

Flint Christian

Dr. Dickinson

Accy. 420: Honors Thesis

January 29, 2020

I. Introduction

The Regulation Fair Disclosure Case asked us to explain the Regulation Fair Disclosure act, explore its conception and use, and apply it to a theoretical situation while using real-world examples to provide evidence for our reasoning. The case began with a basic explanation of Regulation Fair Disclosure, which was created after the WorldCom scandal and Jack Grubman's role in it. While it has led to clunky, less insightful public information at times, it has also helped level the playing field for the average investor. The theoretical CEO would need to be sure to disclose any important information in a public manner to avoid violating the rule. In the theoretical situation, the CEO posted performance numbers on his personal Facebook page, which raised the question of the public nature of Facebook, social media in general, and a personal page at that. Overall, it appears Facebook and social media are an acceptable avenue of public disclosure if conditions are met.

Through this case, I learned about the blurred lines that can severely effect stock prices and the overall economy. I was disappointed to learn about the dishonest representation by Jack Grubman and the possibilities of other analysts doing the same. I was also exposed to thoughts about the difficulties that do lie in policing a rule like Regulation Fair Disclosure, which focuses on "material" information, and the judgement required by high-ranking analysts, CEOs, and accountants in public companies. In the future and in my career, I think I will be able to better grasp the nature of communication in the financial world, and if I were to hold a position that is required to abide by Regulation Fair Disclosure, I would have the knowledge and ability to maintain open, trustworthy communication.

II. Regulation Fair Disclosure Explanation

Regulation Fair Disclosure is rule that was passed by the United States Securities and Exchange Commission in October 2000. It requires any material and important information about a public company

disclosed to private individuals to also be disclosed to the public (“Fair”). Its primary goal is to force public companies to share financial information with the overall public equally as they may with a select group of individuals or investors in order to create a fair, trustworthy market environment. Regulation Fair Disclosure’s goals especially apply to the issue of select market investors having early access to private information from the company, allowing them profit off their unfair knowledge and the ignorance of the public (Kenton). For the CEO and client, the rule means they cannot share privy information with select individuals, analysts, and groups and must instead provide information publicly. Even if they are friends with a certain analyst, there ought to be an arms-length arrangement when it comes to specific information.

III. Regulation Fair Disclosure Purpose

The purpose of Regulation Fair Disclosure is to put equal power into each investor’s hands. Ideally, the market value of a publicly traded company is maintained due to the trust in the accuracy and pertinence of financial information. However, in the 1990s and before, many high-level bankers and analysts could rely on their early access to insider information to eventually profit off of the future rise or fall of stock prices. Often, some Wall Street analysts would take on the perspective of investment bankers when performing their job, as their power allowed them to maintain continuous, positive conditions for insiders by inaccurately reporting the conditions of certain companies. For example, Jack Grubman of Salomon Smith Barney inflated the price of WorldCom’s stock with his public reports while privately acknowledging the issues they faced. His optimistic reporting combined with his high-level position and the trust that came with put the public at an extreme disadvantage when attempting to make sense of the WorldCom crisis (Sommar). They had little to no opportunity to avoid WorldCom’s crash to a penny-stock, unlike some insiders. Regulation Fair Disclosure does make it difficult to maintain some of the

trusting, open relationship many analysts had with public companies before the rule passed, which could often be a huge benefit to the public if analysts reported the information in a correct and timely manner (Smith). However, it also helps the individual investor gain power and avoid the unjust, extremely profitable strategies many Wall Street investors employed with insider information (Lomax).

IV. Initial Response to CEO's Social Media Sharing

I believe the client's post does violate Regulation Fair Disclosure. Facebook's relative access over the internet makes it difficult to determine exactly where to draw the line on public and private information, but the nature of Facebook makes it an illogical place for the presentation of important information. If the CEO's Facebook is private, then there are serious issues with the selective sharing of important information to friends and family who the CEO has hand-picked. If the CEO's Facebook is public, it might be public in the sense of shouting at the corner of a neighborhood or posting flyers around a small town. The invested, interested public may not generally turn to Facebook for important investing information, and if they do, their interest would be in the public company's Facebook page, rather than a social media page that is, in theory, devoted to the person and identity of the CEO. If there are consistent examples of important information being shared on the Facebook page which have been thoroughly and holistically alerted to investors through another source, then there could be a reasonable case for the CEO's sharing of information through their personal page.

V. Final Response to CEO's Social Media Sharing

The information from the article does change my answer. While I originally stated that the CEO's sharing of important information on their personal page was a violation of Regulation Fair Disclosure, due to the precedent set by the Securities and Exchange Commission's response to Netflix CEO Reed Hastings' post

on his own personal Facebook (Bloomberg), the CEO's sharing would probably fall under similar circumstances. I did identify a set conditions to be met which would have made a reasonable case for the CEO's sharing to be acceptable, and it appears Hastings' own post met the same conditions of alerting investors and being entirely public. Looking back, it would've probably been safe to assume that the CEO of a public company would have enough knowledge of the SEC and its rules to meet these conditions, but all told, it appears the CEO is free to share information in this manner, especially if it isn't financial. Elon Musk was fined \$20 million in 2018 for sharing important financial information on Twitter (Matousek), so it appears there is a specific issue with sharing (or misrepresenting specifically) financial information on social media at random times.

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Case #6 – YouTube Taxes

Flint Christian and Shelby D'Amico

Dr. Dickinson

Accy. 420: Honors Thesis

February 19, 2020

I. Introduction

In the YouTube Tax Evasion Case, an open-ended situation was laid out about a Fortune 500 CEO and his daughter's YouTube career. With the recent development of Youtube and social media and the access it provides, many people have been able to monetize themselves fairly quickly and easily through online videos and posts. In the case of Mr. Buckingham, the Fortune 500 CEO, his 13-year old daughter, Emma, is a YouTube star who makes more than \$100,000 annually by posting dance and lip-sync videos to her account with millions of subscribers. While Mr. Buckingham is proud of his daughter and her entrepreneurial success, the firm that helps handle his taxes was unaware of the extra income Emma provides. They are now fearful of the financial repercussions from the past four years. As students, our role was to research the nature of taxes in relation to online earnings, dependent earnings, fines, investments, and the other details of the case.

Through the case, we learned a lot about the complex nature of tax law and tax payments. Because of Emma's age, our initial reaction was to basically liken her YouTube account to an extremely successful lemonade stand. However, we discovered that her age matters very little, and she is actually considered a self-employed income earner. We dove deep into the federal income tax rate and the changes that came about in 2018. We approximated her earnings each year as well as researching how advertiser's gifts could be taxed. We also looked at her self-employed tax, as well as how her income status affected her dependent relationship with her father and his own tax returns. Overall, the case was eye-opening to the possibilities in the tax world and the amount of personal awareness needed to responsibly and accurately handle taxes.

The conflation of the government and the private sector was extremely interesting too in our research.

II. Partner Group Deposition and Summary

To the D'Amico-Christian Partner Group:

It has been brought to our attention that our client William Buckingham, CEO of a Fortune 500 corporation, has a potential tax violation which requires immediate action. His daughter, Emma, maintains a highly successful YouTube account which has generated a material amount of revenue in the past four years. The revenue most likely amounts to more than \$600,000 in total. This does not include the unearned income she has generated from interest after investing most, if not all, of this income. Our firm has worked closely with Mr. Buckingham for many years, and we were only recently informed of the possible violation.

In current tax law, his daughter's YouTube revenue is considered taxable income (Papadakis), and at the level of income she receives, she should have been filing her own tax return at a federal rate ("What"). Her status as a YouTube "star" began in 2016, and in the subsequent two years Mr. Buckingham approximates that she brought in at least \$120,000 each year. At the federal tax rate in those years of 28 percent, this would mean a total of \$67,200 in missed tax payments (Frankel). As her following has grown and with it advertising, her income has elevated to approximately \$180,000 annually, her federal tax expense at 32 percent would arrive at a total of \$115,200 (Frankel). This means a total of approximately \$182,400 in missed federal income taxes. Mr. Buckingham also stated that the income has generally been invested in Certificates of Deposit earning 3 percent. Taxed at 10 percent, Mr. Buckingham's daughter might

have missed nearly \$20,000 in unearned income tax payments (Fishman). The nature of Mr. Buckingham's daughter's YouTube career is also considered self-employed ("Tax"). Due to this, she is responsible for a self-employment tax of 15.3 percent that covers both employer and employee Social Security and Medicare tax, which would total to between \$90,000 and \$100,000 over the four years depending on the exact amount and timing of her income (Silva). She also receives many packages and gifts from companies wishing to advertise their products on her channel, but generally the recipient of gifts do not have to pay taxes on them (H&R Block) Her status as a dependent is not violated due to the affluent lifestyle of Mr. Buckingham and his financial support of his daughter, which includes living expenses, food, and other various activities. As long as these annual expenses are twice the amount of her annual income, then we correctly identified her as a dependent ("Should").

Overall, this situation has the potential to develop into a very serious issue for our firm and our client. As the CEO of a major Fortune 500 company, Mr. Buckingham's public image is vital to his success as well as his shareholders' trust. Any mention of his name with tax fraud could have major implications. Accordingly, our firm relies on our relationship with Mr. Buckingham not only for financial support, but also for the reputation it provides us in the financial world, especially with smaller clients. Our firm and our client could also be on the hook for hundreds of thousands of dollars of missed taxes, as well as the hefty fines that often come with missed taxes. However, we are still investigating. We hope to maintain complete control over the situation and work through any possible collateral damage quickly and easily. Please contact me soon about Mr. Buckingham's position. Thank you.

Sincerely,

Shelby D'Amico and Flint Christian

III. CEO Email and Explanation

To Mr. William Buckingham:

Upon concluding our lunch this afternoon, we were interested to discover information about your daughter's Youtube success. As she has likely made approximately \$600,000 within the past four years, we were concerned that the exclusion of this information within your financial information may result in a tax violation and or penalties to you and your company. Because of this concern, we immediately began researching the issue in order to ensure that no future penalties will be assessed to you. The information is as follows.

Due to the amount of your daughter's current revenue, she should be filling out her own tax form at the federal rate (Turbo Tax). As the failure to disclose this information may not seem to affect you at the moment, it is imperative that you are informed of this information in order to aid your daughter in doing so to avoid future negligence. Also, you are affected by not including this information and will more than likely be penalized by paying 20% on each year's returns that Emma was generating Youtube revenue. If this negligence is instead deemed to be considered purposeful tax fraud, then you could be facing a penalty 75% civil penalty by the IRS (Nolo). We are hopeful that this will not be considered intentionally fraudulent and that you will not be penalized greatly for the omission. On the other hand, we have determined that even

though Emma's revenue is grand, there is no issue with her remaining as a dependent on your tax forms as long as she also files her own returns.

In light of this news, we would like to express our willingness to work through this with you. In doing so, we aim to provide confidence and help to ensure that an omission or negligence of this scale does not occur again. Please let us know what questions you may have on this issue if we have not helped you understand it fully.

Sincerely,

Flint Christian and Shelby D'Amico

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Case #7 – Monopoly Meets Blockchain

Flint Christian

Dr. Dickinson

Accy. 420: Honors Thesis

March 6th, 2020

I. Introduction

The third case of the semester that our class participated in is “Monopoly meets Blockchain.” The exercise was an exploration in blockchain, which is a new recordkeeping technology that has taken much of the world, including the accounting field, by storm. While the potential use for blockchain seems almost limitless, many are skeptical of the newly developed technology. The incredibly speculative and mysterious nature of cryptocurrencies like Bitcoin and Ethereum has caused many to doubt their future capacity to deliver blockchain in a widespread manner. The volatility and fluctuation of these cryptocurrencies' prices reflects the struggles of the world to forecast the exact future of transactional technology. However, blockchain technology itself isn't a cryptocurrency, and it would be irresponsible to not explore and try to understand the possibilities of changes in this technology. The “Monopoly meets Blockchain” case gave our class the opportunity to break down and conceptualize the capabilities of blockchain.

In the case, we spread out in four different “states.” Each state was given a Monopoly board, and each was to report their transactions from the game to multiple runners, who each reported to the other states, as well as “Big Mama” and “Big Papa.” The Big Mama and Big Papa figures served as the overall ledger checking each transaction and adding the information in the way blockchain does. They used the help of three auditors to report this information to the “cloud,” which was another group of students compiling the information in an organized manner to help build the “blocks” of information that build up blockchain. While the game was very difficult to organize at first, we eventually sifted through the chaos and understood how a similar effect might be achieved digitally. While the game really emphasized the importance of social

skills and communication in a large group setting, it also provided a solid grasp of the basics of blockchain technology moving forward.

II. Case Results

FIGURE 6:

MONOPOLY meets BLOCKCHAIN		ACCY 420
BUSINESS MANAGER TRANSACTION LISTING: 07 Code, State #1		
TURN #	DESCRIPTION OF EVENT	AMOUNT
0	Contributed DIGITAL CASH to start business.	\$1,500
1	Comm. Ust → No effect	(0)
1	Paid Rent on Com Ave (Eq)	(8)
2	Bought Electre Company (Property)	(150)
3	Paid Rent ^{to} of Same Place	(14)
A 4	Paid Rent ^{Eq} on Indiana Ave.	(18)
5	Went to jail	—
6	Rec Rent ^(Rent) for Electre Company	44
	Freed from jail with Pables	—
7	Rec Rent ^(Rent) for Electre Company	<u>40</u>

FIGURE 7:

- 10. Notice that you will always have a CASH effect for each of these transactions (mentioned above) at the same time (we call this double entry bookkeeping). The exception to this rule is the "Get Out of Jail Free" card, this is a non-accounting transaction. On the other hand, if you pay \$50 of (DIGITAL) CASH to get out of jail, this is LEGAL EXPENSE.

11. You must present your digital key to a Blockchain Consultant to complete any transaction.

- 12. After the game is completed, make sure to note your total digital cash in the space below. Also, list each property (along with the number of houses and/or hotels on it) here:

Digital Cash at End of Game: \$1394

Properties Owned	# of Houses	# of Hotels
<u>Electra Company</u>	<u>0</u>	<u>0</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

FIGURE 8:

Now you're ready to complete your final financial statement of the assignment, the Balance Sheet. The Balance Sheet is a "snapshot" in time of the accounting equation. In other words, it will list all of the ASSETS, LIABILITIES and EQUITY of the business. The key is this: ASSETS must equal LIABILITIES + EQUITY in the end or you made a mistake. In other words, the accounting equation must be **in balance**.

YOUR NAME: Flint Christian

Balance Sheet

TODAY'S DATE: 2/26/20

ASSETS:

Cash 1,394

Properties 150

Buildings 0

Total ASSETS: 1,544 ← Total of CASH, PROPERTIES and BUILDINGS

LIABILITIES 0

EQUITY:

Stock 1,500 → assume original transaction:

Ending Retained Earnings 44.00 ← Enter amount from ENDING RETAINED EARNINGS from Statement of Retained Earnings here

Cash
CIS

Total LIABILITIES PLUS EQUITY: 1,544.00 ← Total of LIABILITIES, STOCK AND ENDING RETAINED EARNINGS

Are the numbers on the two bold lines the same? If so, congratulations, your Balance Sheet is **in balance**. If not, then you must find out where you went wrong and try again. Do your totals from your ledger make the Accounting Equation balance? If not, then check each individual posted transaction to make sure each line has the Accounting Equation in balance. If that doesn't work, you might want to try re-totaling your columns at the bottom of the ledger. If you still can't find the problem, see if you can get a classmate to be your "auditor" – sometimes "fresh eyes" can spot the problem.

FIGURE 9:

Now you're ready to prepare financial statements. You must prepare them in the following order: 1) Income Statement, 2) Statement of Retained Earnings, and 3) Balance Sheet. (There is also a fourth financial statement called the Statement of Cash Flows but we'll save that for another day).

The Income Statement reports the REVENUES and EXPENSES and a summary number, NET INCOME or NET LOSS. If REVENUES > EXPENSES, you will have NET INCOME. This is a good thing. Conversely, if REVENUES < EXPENSES, you will have a NET LOSS and likely won't be in business for much longer. We also start every financial statement with some important identifying information: 1) Name of the Business, 2) Name of the Financial Statement) and 3) Date. Let's see how you did in your operations for the first period of business.

YOUR NAME: Flint Christian

Income Statement
For the First Period of Operations

REVENUES	<u>\$84.00</u>	
<i>minus</i>		
EXPENSES	<u>(\$40.00)</u>	
<i>equals</i>		
NET INCOME	<u>\$44.00</u>	(If this number is negative, you have a NET LOSS)

FIGURE 10:

Now it's time to do the second statement, the Statement of Retained Earnings. Retained Earnings is the sum of all the net income earned over the life of the business minus all the dividends paid out to owners over the life of the business. We need to make a couple of important points. First, since this is the first period of operation, your **beginning** retained earnings will be zero. Second, we didn't pay ourselves a dividend yet, so DIVIDENDS will be zero (we'll get to that later in the class). So the statement will go as follows:

YOUR NAME: Flint Christa

**Statement of Retained Earnings
For the First Period of Operations**

Beginning Retained Earnings	\$0	
plus		
NET INCOME	<u>\$ 44.00</u>	← Enter amount from INCOME STATEMENT here
minus		
Dividends	\$0	
Equals		
Ending Retained Earnings	<u>\$44.00</u>	

NOTE: If you had a NET LOSS instead of NET INCOME, then you would subtract the amount of the NET LOSS on the NET INCOME line. This means that your ENDING RETAINED EARNINGS will be **negative**.

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III. Article

To further our understanding of blockchain, the second part of the case involved performing individual research to determine the exact nature of blockchain technology and its relationship to the game we played. To do so, I visited the website of IBM, one of the most trusted leaders in technology in the public sector. IBM has actually developed its own blockchain, and they have an entire page dedicated to helping people understand its function and usage. They break down the key elements to blockchain in short videos such as “What is Blockchain?” and “Blockchain Expanded.”

IBM presents and explains the concept of blockchain as a decentralized, multiplied spreadsheet shared across multiple computers and systems anywhere in the world. Using security measures, internet identification and constant updates and verification, blockchain creates an inherent trust in the data and information in its ledger. Transactions are synchronized perfectly and are publicly agreed upon by all members of the blockchain so they may appear in the chain. They use the newly developed IBM Food Trust as an example for the application of many of the blockchain technologies. IBM Food Trust is a blockchain technology that gives the information history behind groceries, so that a consumer can know everything from tests to farms to logistics involved in getting that item to that place. They also have a fascinating article on the ability of financial services like accounting to work to improve the security and capabilities of blockchain. Financial services have begun to think of blockchain as another evolvement in their line of work, rather than a competitor which will eventually

take them out of business. Financial services could build upon their established trust with blockchain's emphasis on trust very soon ("What").

IV. Personal Thoughts

I personally believe blockchain holds a ton of potential for recordkeeping and verification. While I was not very successful during the Monopoly game as a businessman, I was more struck by how badly I fell into the obvious confusion involved in implementing a different system to a familiar game. However, after realigning expectations and working through some kinks, I really understood what was going on and how it could be beneficial to people looking for information in the future. I also kept thinking about the benefits of doing all the transactions digitally. Starting a Google Sheets and sharing it with the class would have been by far the easiest way to communicate and record all the different transactions happening. It would have taken the responsibility of the runners and the slowness of verbal communication and immediately put it in the hands of quick, easy technology. From my understanding, that is what blockchain technology does, which sounds like an ideal system for tracking and recording information. However, I do believe that the main issue with blockchain technology is security. While each transaction in the blockchain seems like a very secure, true statement currently, I worry about the possible development of digital fraud that changes the way blockchain is used. For many people too, the idea of blockchain is difficult to be fully confident in. The complicated nature of the technology already lends itself to putting power in the hands of a minority of very informed, intelligent people. It may be conjecture, but I worry about their ability to hack and manipulate the system within the ignorance of the public. I think with each new system, people find creative and frankly astounding ways to take advantage of them, and the quick implementation of blockchain could

leave many vulnerable to that. However, I do see blockchain as an important development in the future of accounting technology.

Works Cited

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Case #8 – Professional Interview

Flint Christian

Dr. Dickinson

Accy. 420: Honors Thesis

April 1st, 2020

I. Introduction

In the Interview Case, students were charged with finding an established person in the business community to interview, whether that be a friend, a relative, or a stranger they hoped to connect with. While some of the suggested questions were specific to accounting industries and the business world, many more referenced more general thoughts and values. Seeing the underlying, fundamental values which motivate a current leader in the business world can be very important for students to think about in their own lives. Accounting students are learning specific skills and knowledge in classes such as Systems and Intermediate Accounting, but understanding the broad scope of a person's life, regrets, and passions helps a student look forward to the future with a better understanding of how they can make a living, provide for others, and be happy.

I interviewed my father, Andrew Christian, for this case. My dad is the Chief Financial Officer at Forestry Suppliers in Jackson, Mississippi. Forestry Suppliers is a merchandising company that specializes in forestry, engineering, and environmental science equipment. Before his work at Forestry Suppliers, he was a Vice President and a manager at Trustmark Bank in Jackson. Based upon his financial and business knowledge, I wanted to get a fuller picture of his thoughts and ideas. While it was strange to interview a person, I feel like I know very well, I will say I learned a lot about his life and his beliefs. He emphasized the importance of communication, flexibility, and social and emotional intelligence in surviving and thriving in the business world. He also described his workday, his responsibilities, and the value of real, pragmatic knowledge to his line of work. He imparted as much as wisdom as he could. Overall, I had the opportunity to sit down, talk, and really connect with someone I admire and look up to.

II. Interview Write-Up

In order to connect with a person currently working in the business world, understand more about their industry, and gain some valuable wisdom about life, I interviewed my dad, Andrew Christian, for this case. It might be easy to think that I have infinite access to my dad's infinite knowledge, but like many 20-year-olds, I still suffer from the small voice that entered my head as a teenager that too often says, "Hey. Your parents, despite having lived through many of the same things you have and being real, awesome, and successful people, have no idea what's going on." Truly though, I was grateful to get rid of that voice for a bit and talk to my dad about his job and his life. It gave me the chance to listen to Andrew Christian fully and intently, and now I can write down a sliver about the legend of the man who taught me to spell by writing with bar soap on the window, taught me to back up a trailer, taught me how to play tennis, and taught me that pizza cools faster when you separate it.

My dad was born and raised in Laurel, Mississippi, as the last of 6 children. As the pinnacle of athleticism for those around Laurel, he grew up outside, always fishing, running, and playing sports. His dad worked in the auto parts business after his own dad, who started Christian Auto Supply in the late 1920s. His mom, an avid reader and tough-as-nails woman, was my dad's partner in his first business venture. She dropped him off and picked him up as the always-entrepreneurial 13-year-old Andrew mowed lawns around Laurel. My dad continued doing yardwork for money until he was a junior in college. My dad said college was a great time where he had a bunch of free time to study his interests, hang out, relax, exercise, and love life. He decided he wanted more experience in order to get a job eventually though, so he began asking around town about jobs until Sunburst Bank hired him as a teller. After a few months, he went to

Great Southern National Bank, where he worked full-time after graduating from the University of Southern Mississippi in December of 1993. He left Laurel to move to Tupelo to work for Bank of Mississippi, where he met his wife, Cindy, a senior at Ole Miss who was more than impressed by the “hot bod” Andrew had built up after years of lawncare, yard football, and triathlon championships. After almost 5 years there, he and his expecting wife packed up and moved to Jackson for an opportunity at Deposit Guaranty. Eventually, my dad ended up at Trustmark Bank, where he stayed for 17 years before moving to Forestry Suppliers, where he currently serves as the Chief Financial Officer. He holds a lot of responsibilities connected to the subjects we learn in the Patterson School’s curriculum today, such as overseeing financial information; reviewing daily sales and gross profit margins; ensuring the company is on pace to meet budget; signing off on vendor invoices and freight bills; and protecting the integrity of the company through dual internal controls. He maintains a hard-working, steady attitude towards his job and his career. He also emphasized the value of multiple income streams in building wealth, and he has entered into some side ventures in real estate, which my brother and I are more familiar with from helping him cut grass and weed-eat at some of the properties.

While I know my dad’s financial acumen, business knowledge, and job experience make him a productive, high-performing employee, he didn’t really talk about that too much in reference to being successful and happy. He did talk about being a good, friendly person. He emphasized the importance of social skills, communication, and integrity. In this interview, he also specifically said to “never be a jerk, especially to an auditor.” He talked about coaching our youth baseball teams for 10 years and the people skills he gained from that. He has always said that nothing is crazier than baseball parents about their kids. He said that learning to deal with

them taught him some valuable lessons that he took to work with him at Trustmark as a manager. Despite quitting baseball as a very young kid too, he eventually won a championship while coaching my brother in his last year, proving his excellence as one of the top youth baseball coaches Rankin County has ever seen.

My dad talked about his family. My dad is a family man who has provided for his wife and kids for his entire life. He talked about maintaining a work-life balance and enjoying what you do in life. He said, “Nobody LOVES their job, but you need to enjoy what you do,” and that life is meant to be lived. He thinks that if you’re straight up miserable, then life is too short to waste years away. After mentioning the importance of living life fully, he told some stories. He talked about his favorite vacation spot, Mexico Beach, Florida, where we went as a family each year for 10 years before Hurricane Michael destroyed much of the town. As he does with many things in life, he always went all out and brought real shovels to the beach to dig massive holes and trenches to bury people in and build castles with. He also said he really enjoyed Key West, Florida, where he almost got a tattoo of his wife’s name across his chest. He talked about the time he went and cut down a “real” tree from the forest to put in our living room, only to have it fall, legitimately, the entire room. He talked about the way technology and automation have rendered certain “invaluable” skills more useless, such as spelling. My dad has never been able to spell (one time he put down “tortia” on the grocery list, attempting to spell “tortilla”). However, spell-check has saved his life. He compared self-driving cars and automatic cashiers to the spelling scenario, and he said he was concerned with how that could affect my generation’s employment options. Outside of work, he has been an active part of church and local basketball games with at-

risk youth of Flowood, Mississippi. He talked about how life has been busy because of his wife and kids, but he also said he is most proud of them.

III. Nuggets of Wisdom

One piece of his life that my dad was sure to share with me was the Nuggets of Wisdom that he has collected over the years. The small sayings and thoughts that my dad considers valuable to remember are below.

1. It all belongs to God. We are just trustees like the parable of the talents.
2. Spend less than you make is rule number one of wealth building.
3. Leave your kids enough money to do anything they want in life, but not enough to do nothing. Warren Buffett.
4. I can teach the skills. I can't teach personality, work ethic, attitude. Hal Williams.
5. Many doctors have gone broke because they could not tell their wife the one word, "no." John Lewis.
6. Albert Einstein famously said that compound interest is the most powerful force in the universe. He said, "Compound interest is the 8th wonder of the world. He who understands it, earns it; he who doesn't, pays it." Whether he actually said that is factually contested, but it is still true.
7. Don't get out of college. Robert Christian.
8. Don't worry about being the embarrassing one.

Pretty good advice if I do say so myself. The older I get, the more I realize my dad really is the coolest person, husband, caretaker, and boss. And to finish this case off, I'll tell another

story about Andrew Christian. When I was probably 10 years old, I was walking out of Vaught-Hemingway Stadium with my family after an Ole Miss win. We were all thrilled. Andrew, being the crazy, wonderful person he is, was basically dancing in the street, high-fiving everybody and yelling, “WOOO!” about as loud as he could. I was walking a few feet in front of him with my mom, and a guy with sunglasses, an Ole Miss polo, and a cup in his hand looked at me while he passed us and said, “Hey kid, that’s what happens when you drink too much.” I told him very matter of fact, “That’s my dad.” The guy shook his head and gave me a look that said, “Good luck kid,” but he didn’t know. I still stand by that statement, and I’ll always be proud, and I’ll always be happy to be able to say, “That’s my dad.”

Case #9 – Mentor Interview

Flint Christian

Dr. Dickinson

Accy. 420: Honors Thesis

April 17, 2020

I. Introduction

Due to the COVID-19 pandemic, the Accountancy Honors Thesis class had its second remote case of the semester. This remote case was an online interview with a young person, or mentor, whose current location, industry, and firm matched up closely with students' own interests and plans. The goal was to form a connection with a young professional whose personal experiences may soon reflect students' own reality. The structure of the interview was friendly and informal, which allowed both parties to talk freely and honestly about themselves and their experiences. Most of the mentors that were interviewed are current students who have returned from internships with large accounting firms or other former accounting students who have taken their interests in a different direction. My interview followed more closely with the second option. I interviewed Griffin Clark, a current 1st-year law student at the University of Chicago. I am planning on pursuing a career in the legal field, and Griffin, a 2019 graduate of the University of Mississippi with double majors in Accounting and Finance, was the perfect person to sit down and Zoom chat with.

I gained a lot of perspective from my conversation with Griffin, and he helped me better understand the law school admissions process. He also gave me a more solidified idea of the day-to-day life of a law student and lawyer. He was a very relaxed, friendly person, which made it easy to talk and get to know him. Like myself, Griffin is also from the Jackson, Mississippi area, where he attended St. Andrew's High School. We were able to chat about that, how we liked Ole Miss, and what our eventual goals in our careers were. Overall, the mentor interview provided me with a chance to think through my future as the coming year approaches. It was very helpful to talk to someone who has recently gone through the same process and pressures.

II. Interview

For the Mentor Interview case, I interviewed Griffin Clark to learn more about a future career in law, connect with a recent graduate about their experiences, and really get to know him better. Griffin is a 1L student at the University of Chicago and a former Accounting and Finance major who graduated from the University of Mississippi in 2019. Griffin is from Jackson, Mississippi, and he went to St. Andrew's Episcopal School, which is right around where I grew up. He is currently back in Jackson due to the COVID-19 epidemic, where he is working in his sister's old room and Zooming in for law classes every day. "It's not ideal for sure," he said. We talked about being stuck inside with our families for a second and how it sometimes drives a person insane. However, his stories of law professors cold calling over Zoom made me grateful for the workload I have in all of this. Similar to my experiences with researching for English papers, Griffin realized he might be interested in law while practicing more writing and analytical thinking on a case from Dr. Cantrell. "I really enjoyed that. That whole critical thinking part and being able to present your argument and how there wasn't necessarily a right answer, and that was just a lot different from a lot of the accounting stuff I had done up until that point," he said. He talked about the grind of law school, and he succinctly broke down the possibilities and opportunities law schools provide. His description of his interests and thoughts provided some reassurance to me that I am making a good decision because I could relate to many.

Griffin also had a ton of experience with the law school admissions process that really helped me plan out the coming months. Basically, he emphasized that it's go time. He said he started studying for the LSAT in September of his senior year, took the test in November, and then worked incredibly hard over the next couple months to improve when he took the test again

in January. "It was a sad Christmas holiday," he said. When I asked him if there was anything he wished he had done in the past or any regrets he had, his workload was really what he emphasized. "[The whole process of applying to law school] was a substantial chunk of my senior year of college, and having that added onto all the classes and still wanting to go out and have fun and enjoy my last year in college was a lot to put on my plate," he said. "I think I made it harder on myself." I think for me personally, that's a super important thing to think about. A lot of times, even starting from early in high school, I have an issue with getting caught up trying to achieve a vision I have of the future rather than taking in the present situation. I hope I can take the extra free time I have now and enjoy my close friends and family around me while still working diligently to achieve my future goals. I appreciate Griffin emphasizing that idea and taking the time to give me more direction when working towards law school. To finish our conversation, Griffin offered to be a backboard for ideas, questions, and support any time, and I hope to reach out again sometime in the future.

*Case #10 – 2008 Financial Crisis and Reflections in
COVID-19 Crisis*

Flint Christian

Dr. Dickinson

Accy. 420: Honors Thesis

April 27, 2020

I. Introduction

For the final case of the Accountancy 420: Honors Thesis Class, the class received a remote case about analyzing the 2008 Financial Crisis in retrospect. The case materials contained a short YouTube video about crony capitalism; the movie *Inside Job*, a documentary on the 2008 Financial Crisis and the lack of true reform that was directed by Charles Ferguson and narrated by Matt Damon; a *Wired* article on David Li's correlation-based formula that helped lead to the crisis; a *Rolling Stone* article on Goldman Sachs historical inflation of market bubbles, their rapid, unhinged search for profits in the 21st century, and their hold over the law; and finally, a *Vanity Fair* article on Wall Street's dislike of the Donald Trump economy, as well as Trump himself. The articles, movie, and video combined together to paint a picture of disheartening corruption in the American economy and government. After reading the articles and watching the video and movie, each student in the class was required to answer a few questions about their beliefs, their thoughts, and the way the given information influenced them. Students were then asked to tie in the current COVID-19 crisis' possible effect on the economic and political climate.

During this case, I learned a lot about the planned, knowledgeable, and profitable corruption of the American economy and politics. I felt the emphasis on the power of money to control people and actions, and the lack of reform after what looked like clear fraud blew my mind. I specifically latched on to the *Rolling Stone* article. Goldman Sachs self-serving tactics, lack of responsibility, and pure amount of concentrated capital astonished me. I also better understood the appeal of Donald Trump, whose election strategy doesn't tie him to outside forces nearly as much as the typical politician. My future career, whether it be in law, accounting,

business, finance, or teaching, will require the highest level of integrity, honesty, and goodwill to be truly successful, and the information here confirmed that. Overall, the greed apparent in all the articles and the movie angered me. I grew up in an upper middle-class home, and I cannot imagine really needing or desiring more in my life, let alone billions. I also know so many who work long and hard every day but simply don't have access to the capital to improve the material conditions of their lives.

II. Questions

a). How did the materials watched/read change your beliefs and what do you think this knowledge means for the future?

During my junior year of high school, I watched *The Big Short*, a movie about three groups of investors who discover the housing bubble early and short the market, only to be forced to reconcile their profits from the crash with the devastation they begin to witness. After researching to understand what CDOs were, I grew interested in the market and the possibilities for investment. Since then, I have been skeptical of Wall Street control and the ability of the public or even designed entities to control and monitor such massive enterprises.

The materials helped emphasize that one serious issue lies in an ability to separate control. I have generally trusted in the theoretical ability of the federal government to monitor, create, and enforce laws to protect the American people. The *Rolling Stone* article showed me that the confluence of interests from politicians, lobbyists, and executives has degraded the government's ability to avoid the influence of Wall Street and big money. The Clinton, Bush, and Obama administrations have all struggled (or completely failed) to shake the campaign promises and compromises they felt were necessary to make to reach the political level they achieved. I

was bearish on the idea of crony capitalism presented in the first video, which seemed simplistic. However, the complex social network of commitments, promises, and profits apparent in the *Rolling Stone* article, as well as Wall Street's dislike of Trump, seems to support that notion. Looking forward, I'm not sure what exactly this knowledge will lead to. The deregulation of the financial markets seems to have been a serious issue in leading to the inflation of bubbles and the market crisis. Regulations appear to save investors from intentional fraud and ignorant, profit-driven decisions (such as the ones made entirely based on Li's formula). However, the value of the financial industry in general may be a bubble that, when regulated, could pop. The free market has also been positively regulated in the past due to social pressures. Regulations also aren't even enforced if those who would enforce them are in debt to the rulebreakers in the first place. I think reforming the massive money in politics could be a step in the right direction. However, it would be also be a big step for politicians themselves to agree to give up the millions of dollars they have access to. In general, solving these problems appears to be a serious undertaking. It may change the way we fundamentally think about government and the financial industry in general.

b). How did the materials watched/read change your beliefs about your role in society, both professionally and personally?

I generally believe my personal role in society is to serve and help others. I have been blessed throughout my life with an understanding brain, a supportive family, and a caring community. Because of those three things, I have developed a habit of hard work, achieved a full scholarship to college, and strived to get into a good, meaningful career coming out of college.

The materials changed little about my general vision for myself. However, professionally, they hedged my hopes of making change. If I truly wanted to make a fundamental difference for the betterment of a huge mass of people, it feels like I would need hundreds of millions of dollars. In order to get those hundreds of millions of dollars, I might have to sell my soul to compete with people much more committed to devoting their life to accumulating wealth and power than I am. I think emphasizing the importance of integrity and positive morals in my role in society, whatever it ends up being, is more vital than ever.

I have wanted to pursue a career in law for a few months now. I gained conviction towards doing this after studying and researching literature on the unjust ways the criminal justice system predicated itself with punitive, dehumanizing practices. I have recently become more interested in labor and tax law too. Professionally, I think these case materials helped add perspective and new thoughts into my psyche. It is easy to get caught into a narrative and try to extend that narrative, but I hope to simply do the best possible thing. I still believe the biggest issue in the country today is the unequal distribution of wealth, and these materials emphasized how corruption and greed at the top of a nation can maintain a select group's wealth and power despite criminal activity. Professionally, the materials also emphasized the scope of the issues, and I think the scope emphasized the importance of patience, planning, and critical questioning in anything I do.

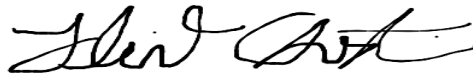
c). How, if at all, will the current virus crisis change the economic / political climate in the United States? Are there any lessons to be learned from our recent financial history? Is this a chance to unwind the status quo?

I don't think the current virus will change much. I think it has emphasized what we deem "essential," and I think the virus has illustrated the lack of national unity that America has, the distrust of government that America has, and the fragility in certain economic conditions and debts that wasn't as apparent before. However, I don't know if those will really change anything. I do think we can see with the current oil situation how big banks manipulated stated value away from basic economic laws. I think this was a chance to unwind the status quo and expose so many of the issues in America, but I also can already see people striving to return to life as it was. I think we will return to the status quo and little will be done to change it without serious conviction in the coming years.

Honor Code

“On my honor, I pledge that I have neither given, received, nor witnessed any unauthorized help on this thesis.

Signed

A handwritten signature in black ink, appearing to read "Alan J. ...".

X _____