



# Fountainhead Forum

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September 2009

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## Trivia

What actress changed her name from Edda van Heemstra for Hollywood?

- a) Estelle Getty
- b) Mia Kirshner
- c) Audrey Hepburn
- d) Mila Kunis

What product used Bobby Darin's 1958 hit song "Splish Splash" in its commercials?



**Dear Nina,**

September kicks off the autumn hiring and job-hunting season and the good news is that after all the cutting and trimming, new initiatives and new growth areas are beginning to pop up. Perhaps we have passed the worst of the recession and hiring will begin a (slow) upswing for the rest of the year. It's time to get geared up for fall and we have just the right resources for your hiring or job search needs!

## When Auditors Say "No," Don't Do It!

*Seems Obvious - Right?*

General Electric broke rules to meet or beat earnings expectations, in two cases intentionally defrauding investors. With their (GE) stock price falling to new lows, managers at GE's Transportation Systems pretended they had sold more than 100 locomotives that were actually running at idle on GE property in the December cold of 2002. Last month, the Securities and Exchange Commission fined GE \$50M for accounting misdeeds.

The scheme was among **four sets of accounting misdeeds** by GE in 2002 and 2003 that the SEC described in a lawsuit it made public as part of a settlement in which the conglomerate agreed to pay \$50 million in fines. **The suit alleged that two sets of transactions were intentionally designed to defraud investors.** While GE has already corrected its financial reports in a series of restatements it made during the SEC's multiyear investigation, the details of the manipulations are new and add another black mark to GE's once-sterling reputation. **The revelations would seem to confirm suspicions many investors had developed about how the company beat or met analysts' earnings estimates every single quarter for a decade** from 1995 through 2004.

### "Bridge Financing" Sped Sales Dates

In the case of the locomotives, the SEC said it found that in 2002 and again in 2003 **managers had concocted ways to book sales before the end of December even though their customers were unwilling to buy the equipment until the new calendar year was under way.** Each time GE managers arranged so-called "bridge financing" transactions in which financial firms agreed to purportedly "purchase" the locomotives and then resell them to GE's customers in the next quarter. **Accounting rules generally say that companies cannot count sales unless customers have taken title to products and assumed the risks and rewards of owning them.**

In December 2002, GE stored the locomotives and kept them fueled and idling to protect them against the cold, the SEC said. In one case, GE went so far as to promise a customer that it would cover as much as \$4 million of tax liabilities that might result from

- a) Dial Soap
- b) Drano
- c) K2r
- d) Ajax

What is the average life expectancy of a toilet?

- a) 50 years
- b) 20 years
- c) 200 years
- d) 10 years

Who appeared as a character named "Alias" in the 1973 Sam Peckinpah film Pat Garrett and Billy the Kid?

- a) Bob Dylan
- b) Elton John
- c) James Blunt
- d) Bruce Pearson

(answers below)



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using the financial intermediary. The 2002 transactions covered 131 of the 191 locomotives GE originally said it sold in that fourth quarter and **overstated the business unit's revenues and profits** by more than 39%. **The next year, managers used essentially the same scheme, overstating the unit's revenues and profits** by more than 16%.

## GE Shed a \$200 Million Pretax Charge

The three additional sets of breaches involve hiding losses from interest-rate derivatives, improper accounting for hedging transactions, and a complex effort to offset the consequences of accounting that had distorted profit margins that GE reported from selling aircraft engines. The SEC did not charge GE with deliberately breaking rules on the hedging and aircraft engine transactions.

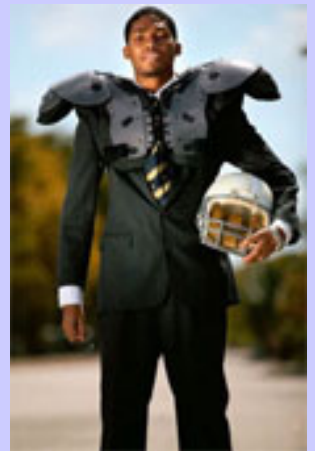
That was not the case with the **interest-rate derivatives**. The lawsuit described internal e-mails in which a GE accountant worried about the "extraordinarily big deal" of possibly losing the right to use a loophole that sometimes allows companies to ignore losses in the fair value of assets. "We've got to fix this," the accountant declared. The problem stemmed from the fact that GE had **effectively made bets on interest rates by writing more derivatives contracts than it needed to fix its interest expense from borrowing at floating rates. To remedy the accounting problem, a plan was proposed to retroactively change how the company accounted for derivatives.**

When auditors said "no," GE personnel altered the plan and then held a meeting, complete with a PowerPoint presentation reviewing the risks they were taking. They went ahead with the retroactive change, which allowed GE to avoid reporting a \$200 million pretax charge that would have caused it to miss its expected earnings by 1.5¢ in the final quarter of 2002, the SEC said.

GE shares are down 51% over the past 12 months.

David Henry at [BusinessWeek](#)

Poke around in [here](#) a bit when the boss isn't looking. You might even learn something.



## National Football League

Arizona Cardinals -  
*"With Warner, Fitz and "Q" back, the Cards will finish the post-season with a win this year!"*  
R.B., Revenue Manager at Swift Transportation

N.E. Patriots -  
*"Brady is back and the Patriots' dynasty will rise to total domination again."*

N.C., Director at Fountainhead Staffing

Chicago Bears -

Featured Business -

## InVision Technology Solutions



InVision Technology Solutions is a complete provider of technology services for small, medium and large businesses. As a Microsoft Certified Partner and a Cisco Select Partner, we provide a comprehensive offering of technology solutions. Our services are flexible and customized to tailor the needs of each individual business. Our clients range from small businesses with as few as 3-4 employees to large businesses with over 400 employees. We deliver high-level technical services by employing technical talent that is well educated and industry certified.

### Services Offered:

- IT consulting services, on-going IT support, hardware and software sales, network design and implementation, security analysis, disaster recovery, and data backup solutions.
- Managed Services.
- Project based work - including server virtualization, Exchange migration, VoIP system solutions, Unified Communication, IT department audit, and PCI compliance.

### Highlights of Recent Projects:

- Complete IT infrastructure turnkey solution including network design and system configuration for a new 20 user law firm opening up. Project included all hardware (servers and desktops), software, Cisco VoIP phone system solution, anti-virus and backup solution, and proprietary software integration, etc.)

*"With Cutler in place and Hester as a wide receiver, I believe that the pieces are in place to return to the Super Bowl this year and bring the trophy back to Chicago."*

R.B., Senior Financial Analyst at PetSmart



Dallas Cowboys - *"With T.O. gone, the focus can now be on the real stars of the team."*

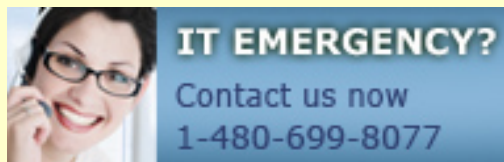
K.W., Accountant at Spellbinders

Pitt. Steelers - *"I'm looking forward to the chance of winning a 7th Super Bowl for the 2009 season. Black & Gold - Big & Bold - Go Steelers!"*

- Complete audit of an IT department for a 300 employee company with headquarters in the Phoenix Metro area. Re-design of network infrastructure and virtualization of 50+ servers.
- Implementation of Cisco UC500 system in a small business with 7 employees, which replaced a poor quality hosted VoIP solution which cost the business owner thousands of dollars in lost revenue due to dropped calls.

Every company, regardless of size and industry, relies on their computer systems as a backbone of their business infrastructure. Exponential data growth, backup and disaster recovery, along with continued up-time demands could be some of the challenges your business is facing. Managing this infrastructure can be a daunting task. Depending on the size of your company, you may be faced with cost issues of not being able to afford full-time technical personnel or if you do employ technical staff, managing them or ensuring they are doing the best job possible may be a challenge. The answer is simple - a customized solution that fits every business, their size, industry and budget.

For more information and a complimentary 1 hour on-site consultation, please contact Sandra Juarez at 480-699-8077 or [Sandra.Juarez@InVisionaz.com](mailto:Sandra.Juarez@InVisionaz.com).



## Setting Priorities When Finding Your Next Job

Job hunting is in itself a job. Often, it can be a daily struggle that may last longer than expected. There are so many concerns for a job hunter that sometimes it's hard to focus on what is important and urgent and what is "busy work." The question for the job hunter is "What do I do first, what do I do second, and what can I ignore?"

There are so many different details such as the resume, job boards, LinkedIn and other online networking websites, person to person networking, telephone calling - it can be and often is overwhelming. The worst part is that you never know what the single thing is that will make the difference in the job hunt until you land the job and you are done looking!

While the goal of job hunting is clear (to get a great job that you are happy with), it's how to divide your time that is difficult. Every job hunt is different because every person is different. However,

J.S., Managing Director at Fountainhead Staffing

K.C. Chiefs -  
*"With a new owner from the N.E. Patriots and an offensive coordinator from the '08 NFC Championship team, the AZ Cardinals, the Kansas City Chiefs will surely have a winning season in 2009."*  
 J.S., Client Services Rep. at Comsys

Arizona Cardinals -  
*"I love being an AZ Cardinal fan! No one expected the Cardinals to make it to the Super Bowl last year, but they set their goals high and just look at what they were able to accomplish. Go Cards!"*  
 P.F. - Senior Financial Accountant

**Let the games begin!**

there are some priorities that are important for everyone to cover in order to ensure success.

## The Top 10 Priorities When Finding a Job:

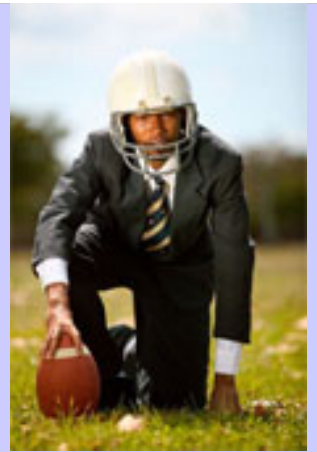
1. **Maintain your mental health.** While it is typical for a hunter to feel anxious about finding a job, the anxiety can become debilitating and self defeating. Looking for a job requires that you be calm, focused, positive, and pleasant to everyone around you. You never know who you will meet that day who could jump start your career.

2. **Exercise daily for 30 minutes.** When you are physically healthy and active it stimulates the brain and gives you unlimited energy. An exercise program will release endorphins into your brain that allow you to concentrate while not exercising. It may seem that when you are spending time exercising that you are wasting valuable time that could be spent in the job hunt, but this is untrue; a reasonable exercise program will allow you time to reflect on what you are doing during your job hunt.

3. **Maintain Your Relationships.** Job hunting can be incredibly stressful and depending on your personal circumstances it can consume you. It's important that during this stressful time you maintain your important relationships with family and close friends. Don't let the job hunt overwhelm you and be the only topic of conversation. Spend time with your friends and family. A long walk or hike, playing cards, a board game, or a home cooked dinner is all that is necessary to stimulate conversation and maintain connections.

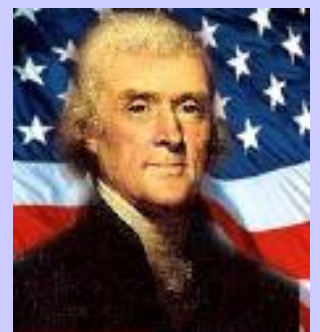
4. **Have A Positive Mental Attitude.** We all know it gets tough out there. Some days it seems like no one wants to talk to you, there are absolutely no jobs available, and every company you want to work for is going out of business. But the reality is that everyday new companies are starting up, companies are taking over other companies, and people are retiring, quitting or moving. Each of these creates new job opportunities for you. Your priority is to keep at it while maintaining a positive attitude.

5. **Set Your Goals.** Having clear goals in life gives you a



September 11,  
2001

We will  
never forget.



*"The democracy  
will cease to exist  
when you take  
away from those*

significant advantage. In fact most people think having dreams are goals. Dreams are not goals, goals are measurable, tangible, and have a date. Saying "One day I will take the family to Disneyland" is not a clear goal. Saying "In August 2011, I am taking the family to Disneyland" is a clear goal.

**6. Finish 3 Tasks In Your Job Hunt Plan.** A task is an individual work item that is part of your plan that move you closer to one of your goals. Create your detailed plan, listing objectives, strategy, priorities, and actions that will help you to stay on track in hitting your target milestones. Checking them off of your list will display your progressive achievement and guide your positive approach towards success.

**7. Do Something That Will Market Yourself.** It takes 7 times for someone to see a message and for it to register. If every time you send a different message, then you are defeating yourself. For example, use the same picture on your LinkedIn profile as you do on your email, resume or business card. Yes, you should have a business card to hand out, even if you are unemployed. It's an easy way to give anyone your contact information when at a network event. Call your friends and family and remind them of what you do for a living. Most often, they are the best cheerleaders you have to help you "get the word out" about you!

**8. Make Some Choices.** It's important that you have a variety of different job hunt methods. As a job hunter you should have many different tactics in play. Choose the correct tactic for each and every job opportunity or target company. Select a tactic for meeting the hiring authority, select one for getting your cover letter read, and select one for getting your resume in front of the hiring manager. There are many different tactics for head hunters, for job fairs, and for answering newspaper advertisements. Don't limit yourself, but do make sure that you are selecting constructive and professional choices.

**9. Track The Effectiveness Of Everything You Do.** To track the effectiveness of your job hunt, you need to measure what you have done and how well it helped you reach your goals. Depending on the job hunt tactics you select will depend on how you measure. At the beginning of anything new, it takes times to

*who are willing to work and give to those who would not."*

- Thomas Jefferson

### Answers to Trivia

- 1) c
- 2) b
- 3) a
- 4) a



practice and get good at it. Don't expect a 100% success rate. When you track each step in the process to the goal, you can see if you are improving in the step, and if you are not, you can do some research on what are the best practices are for that step.

**10. Spend 8 Hours Each Day On The Job Hunt.** Unfortunately, many people don't spend the time necessary for their job hunt. Working on a job hunt is about working towards your goals. Think about it, once you land your job, it will be your second home, your second "family," your daily focus. Put in the hours of due diligence and take the time to make the job hunt count.

When you reach your big goal of finding a job you are happy with, it's amazing how many other goals will begin to be checked off the list soon after.

[Zale Tabakman](#)

## **Five Prerequisites for a CFO**

For the Accountant aspiring to be the CFO, there are additional skills needed for the title, that may not be written into the job description. According to an article in the Journal of Accountancy, CPAs must be well-versed in the following skills before stepping into the lead finance role.

### **Skill 1 - Strategist**

Differentiate yourself from the other accountants in your organization by being more strategic. You need to look holistically at the organization so you can understand the implications of problems and opportunities in individual parts of the business.

Volunteer for special projects that allow you to learn about other aspects of your company such as sales, human resources, information technology and operations. Become the "go-to" person in your department and the person who staff members from other departments call when they need help.

### **Skill 2 - Translator**

It is critical for the CFO to translate the capabilities and performance measures of the organization into useful information

for the CEO and, in turn, translate the CEO's strategy into a measurable, actionable plan. Once the translation is complete, the CFO continues to communicate the strategy throughout the organization and the results back to the CEO and other members of the leadership team.

To be a good translator, the CFO must be a good listener and be willing to ask uncomfortable questions about what he or she doesn't know or doesn't understand. A CFO can't rush in with answers. Rather, the job requires critical thinking with a goal toward consensus. For CFOs of publicly-traded companies, the translator role is even more important because the CFO should take the lead in discussing financial results with the public in terms of company strategy.

### **Skill 3 - Leader**

The CFO must motivate people to execute the company's strategy against firm deadlines while maintaining quality standards and anticipating the company's future financial needs. Interpersonal communications are extremely important and unfortunately, often missed as part of a CPA's formal education.

The CFO also needs to set the ethical tone for presenting the company's financial condition to stakeholders. CFOs are the ones that have to provide that balanced point of view with respect to an organization's financial results and future expectations, guiding the corporation ethically in terms of how they present their financial condition. They must motivate the people in the organization to achieve its mission.

### **Skill 4 - Technical Generalist**

Rather than specializing in a single area, try to gain some experience in as many finance jobs as possible. Instead of being an expert in one area, the CFO must know a little bit about a lot of things.

Besides financial reporting and tax, you should be familiar with the basics of treasury functions such as investments, credit and cash flow forecasting; risk management functions such as insurance and business continuity planning; human resources functions such as payroll, employee health care and pension plans; and

information technology systems such as enterprise resource planning and business analytics.



### **Skill 5 - Facilitator**

Quite often, the accounting department is known as the place where proposed good ideas come to die. The best way for a controller to step up to a CFO position, is to help other groups in the company realize their proposed objectives rather than pointing out flaws. Problem solving can often be as simple as networking with other finance professionals at conferences, via e-mail, phone and social media outlets.

The CFO needs to be proactive in using their knowledge of accounting, finance or general business, to find ways for company improvement.

Matthew G. Lamoreaux, [The Journal of Accountancy](#)

## **News Highlights**

### ***National***

#### **Trade Gap Widens; Jobless Claims Fall**

The U.S. trade deficit widened substantially in July, indicating a rebound in global trade but also a possible drag on the nation's economic growth. Meanwhile, initial claims for jobless benefits fell to 550,000, a 26,000 drop, in the week ended Sept. 5, the Labor Department said Thursday in its weekly report. The four-week average of new claims, which aims to smooth volatility in the data, decreased by 2,750 to 570,000.

[Reuters](#)- Sept. 11, 2009



#### **Obama Pitches Health Care Plan to Congress**

Obama set the size of a health insurance plan at \$900 billion over 10 years, a figure smaller than versions approved in the House and fully paid for by spending cuts and tax increases.

[Wall Street Journal](#) - Sept. 10, 2009

## **New-Home Sales Post Another Strong Gain**

New-home sales climbed more than anticipated in July, staging their fourth straight month of strong gains. Sales of single-family homes increased 9.6% to a seasonally adjusted annual rate of 433,000, compared with the prior month. That was the highest number sold since September 2008. Sales in June and May were revised higher.

[Wall Street Journal](#) - Aug. 26, 2009

## **U.S. Manufacturing Activity Expands**

U.S. manufacturing activity expanded for the first time in 18 months in August, according to a report from ISM. The purchasing manager's index rose to 52.9 last month from 48.9 in July, reaching the highest level since June 2007. Readings above 50 indicate expansion in the manufacturing industry.

[Wall Street Journal](#) - Sept. 1, 2009

## **Economic Confidence Rebounds**

Economists and consumers are feeling better about the economy a year after the most frightening moments of the financial crisis. Forecasters surveyed by The Wall Street Journal, giving the government generally good marks for its handling of the financial crisis, now see employers slowly adding jobs over the next 12 months.

[Wall Street Journal](#) - Sept. 11, 2009

## **Local**

### **Phoenix Drops a Larger % of Jobs - Than Any Other U.S. City**

A larger percentage of jobs disappeared in Phoenix over the past year than any other major city in the country. According to new figures from the [U.S. Bureau of Labor Statistics](#), the Phoenix area workforce shrank by 7.8 percent between July 2008 and July 2009. Also suffering declines of at least 7 percent were Detroit and Tucson (7.5 percent each), Boise, Idaho (7.4 percent), and the Florida market of Bradenton-Sarasota (7.2 percent).

[Phoenix Business Journal](#) - Sept. 1, 2009

### **Bashas' to Close 14 More Stores Statewide**

Bashas' Supermarkets Inc. is seeking to close 14 grocery stores as part of its Chapter 11 bankruptcy filing and ongoing restructuring efforts. The stores include 10 Bashas', Food City and AJ's Fine Foods locations in metro Phoenix and four stores in other parts of the state. The company already has closed 15 other stores this year across the state.

[Phoenix Business Journal](#) - Aug. 10, 2009

Keep in touch,

Fountainhead Staffing

