

## Accosting the Golden Spire

Throughout the usual work of accountants, there is the constant pressure to follow the principles of GAAP. Audit procedures are prescribed and due adherence to the rules will produce statements of historical results and current fiscal condition, which meet all the criteria.

- Melvin I. Shapiro, CPA

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## Dedicated to Anna, Dianna, and Yvonne

Accosting the Golden Spire is fiction, and all the characters and adventures are imaginary. Any resemblance to actual persons, living or dead, is purely coincidental.

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## PREFACE

A supplementary text to be used near the end of a principles of accounting course or at the beginning of an Intermediate Accounting course. Would be ideal for a MBA program which has a light coverage of accounting. Could be used in CPA firms' in-house training programs.

Mixes fraud, crime, ethics, and accounting together to get a better way of learning the accounting process. If used as a supplement to an accounting course or a public finance course, this gripping and at times humorous novel provides a painless way of learning many accounting and finance principles. This suspenseful novel puts accounting concepts into words a novice can understand and enjoy. Since much of the plot is in foreign countries, the book could be used in an introductory international accounting or finance course.

Lenny Cramer, a professor at Wharton's School of Finance, operates a small forensic accounting firm. He teaches, testifies before Congress, and appears as an expert witness in a court battle. The real action occurs when he investigates fraud in a friend's jade shop. This investigative accountant uncovers a plot to steal treasures from a socialistic Asian country.

Featuring a sleuth and a con-man who handle balance sheets and income statements and financial records the way most detectives handle guns, the humorous characters put accounting and business concepts into real-life individual and business decisions. Along the way business practices and political controversies, contemporary individual and corporate planning, tax fraud and avoidance, and the dynamic and exciting life of CPAs

and financial consultants are elucidated in a way both students and instructors will find gripping as well as informative.

The novel approach is an excellent substitution for a dull practice set, and is a flexible teaching tool to overcome boredom in the classroom. The concepts and attitudes a novel teaches last long after the facts are gone.

## CHAPTER 1

I'm not sure I'm the fall guy in that sense of the word. As far as spears in the breast are concerned, I don't mind spears in the breast. It's knives in the back that concern me.

— Donald T. Regan

Frank Harrison liked to dress in white clothes. To him, white clothes went best with his dark features, and at the same time, conveyed a sense of freshness and an aura of serenity. As he looked at himself in the mirror, he was pleased by the appearance of his white linen double-breasted suit with no vents and double-pleated full slacks. It would feel cool in the sweltering summer heat outside.

White clothing has a subtle appeal of luxury and worldliness which dates back to the days when dry cleaning was inaccessible to the masses. Frank liked this feeling of superiority. He also felt that wearing white gave him an edge on those individuals who met him for the first time.

"That woman had better be ready," he muttered to himself as he lit a cigarette and took a long drag.

Frank hated being late and hated being kept waiting even more. He glanced at his watch. 7:42. Plenty of time to get to Angela's by 8:10 and Mellinis at 9:00 for his dinner reservation.

Frank loved seafood risotto — especially the way Mellinis prepared it. They used genuine arborio short-grain Italian rice from the Po Valley of Italy. It plumped up and became creamy

when cooked in chicken broth, but the rice must be stirred constantly with a wooden spoon over consistent medium heat. Otherwise it will stick. Mellinis prepared it just right and served it with clams, mussels, and shrimp.

"There," he said, placing a red boutonniere in his lapel. Another glance at his watch. 7:46. "Time to leave," he thought to himself, picking up the lit cigarette before he went out the door of his Center City townhouse.

"Rats! I'll kill the mutt!" he said as he stepped in some dog excrement outside his house. He threw his cigarette down in disgust and began dragging his right white leather shoe along the sidewalk. Frank spotted a little patch of green grass across Front Street and began to wipe his right shoe on the grass to remove the excrement.

"Good-for-nothing dog," he muttered as he walked to his car.

It was now 7:49 and Frank knew it took only fifteen minutes to get to Angela's place. He started to relax.

As Frank began to cross the street to go to his car, he suddenly heard a splash. Too late to jump away, he was sprayed with dirty water when a passing van drove through a puddle of water in the street.

"No!" he raged as he pounded his right fist on the hood of a parked light blue Chevrolet that was also dripping with dirty water from the splash. Frank stared down at his trousers and saw the effects of the splash. His jacket was stained as well as his shirt. Only his red boutonniere escaped unscathed.

Furious, Frank walked back to his house to change. He knew that he would undoubtedly be late for his date with Angela and that just infuriated him more.

As he approached his house he saw a brown cocker spaniel beginning to raise its leg against his door. Frank became incensed.

"You, you're the cause for all this," he thought to himself. "I'll fix you," he muttered.

With an insincere smile, Frank approached the dog slowly, being careful where he stepped to avoid a repeat of his previous predicament. In a sweet tone he said to the dog, "Hi, fella. How're you doing? You're a good dog."

The dog looked up at Frank with big brown eyes and began to wag its tail as Frank approached.

"That's a good dog. Would you like to come inside with your friend, Frank?" he asked.

The dog tilted its head to the side, tail still wagging, looking at him.

"Come on, come on, fella. Come on in, fella. It's okay. Frank's got something nice for you. There you go. It's okay," Frank said, opening the door.

After staring for what seemed to be the longest time, the cocker spaniel went into Frank's home, carefully sniffing the floor as it entered.

Frank immediately walked to his kitchen. "I've got something special for you," he said, opening his refrigerator door.

He pulled out a little piece of ground beef and said, "Here you are, fella. It's okay."

Frank laid the beef on the floor near the dog. The dog began to sniff at the beef. Then it carefully licked a little bit of the ground beef to decide if it was desirable. Finding the beef appealing, the dog soon ate it and began to wag its tail quickly.

"Good boy!" exclaimed Frank. "Do you want some more? Here you are."

This time the dog ate it out of Frank's hand. It was clear that the dog was beginning to both like and trust Frank.

"How would you like to take a nice warm bath? That's a good boy! Come on! Come on, fella," Frank said, walking up the stairs.

The cocker spaniel, confident that it had found a new friend and possible master, dutifully followed Frank up the stairs.

As he looked at himself again in the mirror, Frank began to calm down. He was about six-foot-one and one hundred sixty-five pounds with dark hair. He was certainly not the type of man who was physically imposing, but he had a sleek look about him. He also believed he had a certain smoothness about him that made him irresistible to women.

Frank began to turn his attention to Angela. He checked his watch. 8:20. He decided to call her on the phone and let her know that he was going to be late.

"Angela? This is Frank. I got a little tied up with something here, but I am leaving in about five minutes. I should be there around twenty of nine."

"Okay, Frank," said Angela. "What time is your dinner reservation?"

"Nine o'clock. We might have to rush a little, but we should make it."

"Okay, see you in a few minutes, Frank. Bye."
"Bye."

Frank again placed the red boutonniere in his white lapel. "It isn't as nice as my other white suit," he thought to himself, looking in the mirror, "but it'll do. Besides, I'm late."

Frank quickly headed for the door. As he left his house he glanced at his watch. 8:25. He should be able to get to Angela's by 8:40 if nothing went wrong.

This time Frank made it to his white Mazda 380 ZX without incident. Traffic was rather light for this time of night in Philadelphia, and Frank began to make good time in driving to Angela's South Philadelphia rowhouse. In Philadelphia, the downtown portion of eastbound Chestnut and westbound Walnut Streets are open only to buses and pedestrians between seven in the morning and seven at night. Since it was after eight at night Frank decided to proceed west on Walnut from his Front Street address. As he approached Fifth and Walnut, he glanced to his right and could see police barricades two blocks north around Fifth and Market. Independence Hall, the Liberty Bell, and many other historical sites were being decorated in anticipation of the arrival of a number of tourists for Philadelphia's annual Fourth of July celebration in a few weeks. He was glad that he would be back from his trip to the Far East in time for the festivities.

Frank knew that the traffic lights were timed on both Chestnut and Walnut Streets so he drove between 25 and 30 miles per hour. Hopefully, he would not have to stop for a red light the entire way. Frank was making very good time since most of the businesses in Center City Philadelphia closed down at night except for restaurants, movies and theaters. He continued to drive past many closed stores on the largely barren streets that were well lit by the bright street lights shaped like old-fashioned gas lamps. Suddenly, Frank decided to turn north on Tenth Street in order to pass by the jade shop of which he was a part owner.

The shop was located on Sansom Street, which is a small side street between the major arteries of Chesnut and Walnut Street. This section of Sansom Street was known as "Jeweler's Row" because of the large number of jewelry shops located in this area. Prior to the construction of suburban shopping malls, anyone purchasing jewelry in the metropolitan Philadelphia area either shopped at Jeweler's Row or bought jewelry at an excellent discount because of "the low overhead" from the trunk of an automobile from a guy named Lefty who was known around the neighborhood as a dealer of hot merchandise. While business was not quite as good as it had been in its heyday, many Philadelphians still came to Sansom Street to shop because the huge selection of jewelry stores in a concentrated area enabled most customers to find whatever they were seeking.

Even though jade was a sideline for Frank, his knowledge of jade was highly regarded among those in the profession. Frank's main line of business was his consulting firm, Quaker City Consulting, Inc. His firm did a great deal of consulting for many prominent businesses in the city. He competed with many national and regional CPA firms. Since Quaker City Consulting was one of the largest consulting firms in Philadelphia, Frank had many contacts throughout the city.

Frank was a little concerned when he formed the partnership with Dana Scott. Through a mutual friend they discovered that they were both bidding to buy the same jade shop. Frank called Dana and told her, "We need to be in partnership together. A partnership's income is taxed only once as part of the owner's share of income in the business. A corporation's income is taxed twice — once at the corporate level as part of corporate income, and again at the stockholder level as a tax on dividend income." He was able to talk Dana into a partnership, Frank suspected, because Dana was short of working capital.

Frank wanted to make sure that Dana Scott was a responsible person before he entered into a partnership agreement. Frank knew that in a partnership, mutual agency exists, which means that if one partner signs an agreement involving the partnership, the other partner is just as responsible for the agreement as the one who physically signs. He did not know if Dana realized it, but a partnership with an irresponsible individual could lead to financial disaster. Unlike in a corporation where there is limited liability to the owners (one can only lose one's original investment in most cases), a partnership provides unlimited liability to the owners.

Frank's investigation of Dana Scott convinced him that she was an intelligent, responsible businessperson with whom he could deal. To be on the safe side, however, Frank placed many of his personal assets in the name of Quaker City Consultants to limit his liability should something unforeseen occur with the partnership. He knew that Dana was unaware of these transactions.

All was peaceful around his jade shop as he drove by and saw the metal cage around the front window. Almost all retailers in this area had such cages in front of their windows to guard against theft and vandalism after closing.

His thoughts were interrupted as he turned back onto Walnut and continued west until he turned south on Broad Street. Broad Street was Frank's favorite street in Philadelphia. His consulting firm was located just a block north of here at Broad and Chestnut. City Hall was one block north of it at Broad and Market. In reality, Broad Street should be Fourteenth Street [in

Philadelphia the numbered streets run north and south], but the number fourteen had been skipped. But without question, it is the major street in Philadelphia. It runs the entire length of the city in an almost complete straight line with City Hall directly in the middle at Broad and Market Streets. Market Street is the dividing line between north and south in the city.

With City Hall as large as life in his rearview mirror, Frank saw that Broad Street was already decorated for Independence Day. Flags were hanging from wires above the street and red, white, and blue bunting was wrapped around the light poles. Soon, on his right, he saw the foreboding image of the Union League at Broad and Spruce. The Union League was an organization that was exclusively male until the mid-1980s and was headquartered in an old red stone building shaped like a castle, with various flags hanging outside its windows. Just about every important Philadelphia businessman and politician was a member. Frank was, and he saw many business decisions and political deals made on its premises.

"Watch it, you jerk!" he yelled as a yellow taxi with an advertisement for an Atlantic City casino on its roof swerved in front of him.

Frank continued south on Broad and began to enter some more residential areas. Trees became more visible as Frank began to pass rowhouse after rowhouse much like the blue-collar area where he had grown up in Southwest Philadelphia. Frank began to think about Angela. This was his first date with her. Angela was the type of girl he liked: 24 and a high school graduate. Frank liked girls who were not too bright, because he felt they were easier to intimidate.

Frank was not interested in a serious romance with any woman. He had been married six months — fifteen years ago. He was distrustful of women ever since his mother left his father when Frank was only twelve. He preferred instead to win over any pretty face he saw just for the night and not worry about tomorrow. He saw women as sexual objects with the ability to handle some domestic work. But Frank Harrison

was smart enough to keep his opinion of women as private as possible, and as a good businessman he made exceptions. After all, he did have a woman as a business partner.

He had slipped on one occasion when he was taking a night course at Drexel University many years ago. Each participant had to prepare a project explaining why productivity had declined over the last twenty years. Harrison prepared two illustrations. One was labeled the 1950s and showed a woman barefoot and pregnant. The other was labeled the 1980s and showed a woman in a business suit.

As he parked his car in front of Angela's house, Frank was pleased. Normally it is very difficult to find a place to park in many of the residential neighborhoods of Philadelphia. Not only was Frank able to find a place to park, but it was right in front of Angela's house. He felt the night just might turn out to be successful after all. It was 8:37 and they had an excellent chance to make their dinner reservation. He could taste the seafood risotto.

Frank walked up the steps to Angela's rowhome and rang the bell. Like thousands of other rowhomes in Philadelphia, one had to walk up three steps to reach the doorway of the three-story brick structure. As was typical of many South Philadelphia neighborhoods, many people were sitting out on the steps in front of their homes talking to their neighbors or watching what was going on along the street.

"Hi, Angela, you ready?"

"Hi, Frank. No, not yet. Why don't you come in and wait?"
"All right."

Frank was seething. "How could she not be ready?" he said to himself. He took out a cigarette and began to smoke.

"Do you think you'll be much longer?" Frank asked, looking at his Rolex, which now indicated that it was 8:42.

"About five more minutes. There's beer in the refrigerator if you're thirsty."

"You know we have a reservation at 9:00 at Mellinis."

"I shouldn't be much longer."

Frank began to pace. "That idiot," he thought to himself, growing more and more impatient by the minute, "she's not good looking enough to take this long."

It was now 8:45. Frank estimated that it took 20 to 25 minutes to get to Mellinis from Angela's house. He took a long puff from his cigarette.

"Maybe I should call the restaurant and tell them we are going to be late."

"Whatever you think is best, Frank. I'm going to be only a few more minutes."

Frank picked up the phone and called Mellinis.

"Good evening, Mellinis Restaurant, this is Vito. May I help you?"

"Yes, my name is Harrison. I have a reservation for two at 9:00, and we're running a little late. Will there be a problem with my reservation?"

"Well, sir, our policy is to hold our reservations for ten minutes before we open up your table. We are particularly busy tonight, so I do not think we will be able to hold your table beyond 9:10."

Frank looked at his watch. 8:49. "Is it possible to change my reservation to a later seating?"

"I am very sorry, sir, but our only other seating this evening is 9:45 and we are booked solid at that time."

"Surely you can do something for me! I am one of your best customers."

"Believe me, Mr. Harrison, I would like to help you out, but it is not possible. We are booked solid. There is nothing I can do."

Frank began to get angry. Frank liked to think of himself as a bigshot. He did not like it when people did not try to give him special privileges. He also felt that he could intimidate Vito.

"I don't think you understand. I'm Frank Harrison. I have dinner at your restaurant three or four times a month. Do you expect me to believe that there is nothing you can do for me?"

"It is out of my hands, Mr. Harrison. If you would like, I can get our manager, Mr. Orsini, to talk with you."

"Yes, get him," Frank shouted.

Frank looked at his watch. It was now 8:52 and Angela was still upstairs. "What in the world could be taking her so long?" he wondered. Before he had any more time to get angry with Angela, a voice came over the phone.

"Hello, this is Ray Orsini, may I help you?"

"This is Frank Harrison and I have a reservation for 9:00 that I would like to have either held for me or changed to 9:45."

"Mr. Harrison, the best I can do for you is to hold your reservation until 9:10. We have a very large crowd this evening and I cannot possibly hold your reservation beyond that time."

"I have dinner at your restaurant at least three or four times a month. Is this how you treat loyal customers?"

"I would like to help you, Mr. Harrison, but it is not possible. I am sorry."

"You are no better than your peon Vito. How can you treat good customers this way? Didn't you ever hear of goodwill?"

"I know all about goodwill, sir, that is why — "

"You don't know a single thing about goodwill. Goodwill is the value of establishing a good name. In accounting, goodwill is an amortizable asset that is the excess of the purchase price of an entity over the sum of the fair values of all its identifiable assets less its liabilities. You people seem to be trying to create negative goodwill by establishing a reputation that you show no favoritism for your good customers."

"I'm sorry you feel that way, Mr. Harrison. We appreciate your patronage, but there is nothing I can do tonight."

"Fine." With that Frank slammed down the phone and began muttering to himself, "I'll fix those haughty blue bloods."

Frank was very sensitive about his blue-collar background. Frank's father was an electrician in a General Electric plant in Southwest Philadelphia where Frank was born and raised, and unlike many of his clients and business associates, Frank had

to work his way through school at Temple University. Many people he dealt with professionally respected Frank for his business capabilities, but it took time. Initially, he had been passed over by potential clients who had gone to Ivy League schools — like the University of Pennsylvania's Wharton School or other prominent private schools like Villanova University located in Philadelphia's exclusive Main Line — because they felt that Frank's bachelor's degree from Temple and MBA from Drexel University did not qualify him to do highlevel consulting. Frank had to work harder than others in order to establish himself as a well-respected consultant.

Although he was now very successful, snide comments were still made about both his alma mater and his socioeconomic background. Frank knew that many of his clients felt that he did not have the so-called "proper breeding," and try as he might to ignore it, he was still bothered by it. Frank did find some solace in knowing that many of these rich snobs paid him good money for his Temple University knowledge, rather than hiring another firm composed entirely of Wharton graduates. Nonetheless, Frank always remained suspicious of those who considered themselves among the upper crust of society.

"Hi."

Frank turned around. Finally Angela was ready. She was smiling. The expression in her dark brown eyes indicated that she was oblivious to everything else in the world except how she looked to Frank. She wanted to be complimented. "They all do," he thought, but Frank was not in the mood for paying compliments.

"Well, I hope you're happy. Because you are so late we missed our dinner reservation. Now what are we going to do for dinner?"

"I'm sorry, Frank, but I didn't know."

"What do you mean you didn't know! I told you we had a dinner reservation at 9:00."

"I forgot, but you were the one who was late. You even called."

"Listen, moron, I know I was late, but when I got here you still were not ready."

Frank was extremely angry now. How dare she try to blame him for being late. He took a deep breath and looked at her. She obviously was astonished at being spoken to in the tone of voice Frank used. It was clear she did not like being called a moron. At this point, Frank did not care. She was not as attractive as he had thought she was when he first met her at a Center City bar the previous night. The darkness of the bar and the drinks he'd had must have made her more appealing to him than she was here in the bright light. But he did have to admit that she had a nice figure.

"I won't have some old man talk to me like that," said Angela in a trembling voice. "Get out and take your smelly cigarette smoke with you."

Angela had struck a nerve. Frank was thirty-eight years old but he felt that he looked twenty-seven. He worked hard at maintaining a youthful appearance by working out daily at the spa and using the tanning machine. He loved to boast to people that he had the same size waist he had had in ninth grade. To have Angela call him old was more than he could tolerate.

"Who are you calling old, moron?"

Angela, in a combination of screaming and crying, shrieked, "Get out! Get out now!"

"Fine! You want me to leave? No problem. I'm out of here, baby, but no one talks to Frank Harrison like that and gets away with it." Frank rarely used the pronoun I, preferring to always use his name as a form of self-promotion.

As Frank went towards the front door, he noticed a small glass vase sitting on a fragile looking end table by the door. As he went out the door Frank slammed it hard enough to hear the windows vibrate and a crashing sound of the vase hitting the floor above the sound of Angela's screaming voice.

"No!" Angela shouted as she began to sob uncontrollably.

As Frank got into his car he could hear two elderly women out on their step talking.