

Behind Closed Doors at WorldCom: 2001

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WorldCom was a large telecom company that enjoyed an almost meteoric rise during the 1990s but ran into trouble in the early 2000s. 2001 was particularly difficult. This case gives future generations of accountants the opportunity to study the largest accounting scandal in history from an internal financial accounting perspective. To the extent possible, this case uses the actual “voices” of participants to gain an understanding of their viewpoints and motives. We get a chance to see some participants at their best and others at their worst.

While our primary focus throughout this case is on the financial accounting issues, we also briefly touch on some of the safeguards available in preventing accounting fraud: internal controls, internal audit, external audit, and the Audit Committee. Throughout this case, you should ask yourself, “How would I respond if I were the corporate decision maker?”

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