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ACCOUNTANTS' RESPONSIBILITY FOR THE INFORMATION THEY REPORT: AN HISTORICAL CASE STUDY OF FINANCIAL INFORMATION

Abstract: This paper describes an instructional case that uses historical documentation to enable the reader to consider his/her own responsibility for the preparation and reporting of information. In this case, the reader is provided a summarized income statement. Then, as detailed information about the financial statement is introduced, the reader is asked to consider the ethics of preparing and using the statement. The financial statement represents a projected income statement for a Holocaust camp prisoner during World War II. The statement includes anticipated revenue from the selling of body parts upon the prisoner's death, estimated as nine months from the time of arrival at the camp. Usage of the case should develop a reader's understanding that accountants' responsibility for the preparation of information should not be separate from what the information reports or the intended use of the information.

INTRODUCTION

This paper describes an historical case that poses an ethical dilemma relative to financial statement preparation and reporting. In the case, a summarized income statement is presented. Then, as additional information about the financial statement is introduced, students are asked to consider the ethics of preparing the statement. In actuality, the statement in the case was prepared and used by the German Third Reich during World War II, something students learn only later in the case. The statement is a projected income statement from the Buchenwald concentration camp and includes anticipated revenues from both leasing camp prisoners to for-profit corporations and selling the body parts of these prisoners upon their death, calculat-

Acknowledgments: The author would like to thank Dick Fleischman and the two anonymous referees for their comments on earlier versions of this paper.

ed to be nine months from the time of their arrival at the camp. The ethical dilemma of this case concerns the responsibilities of accountants and the actions they should take when involved in accumulating and reporting information about immoral or illegal activities.

Accounting is fundamentally a moral practice, not solely a technical determination of reporting standards [Funnell, 1998; Waddock, 2005]. AACSB International has recognized this by requiring an ethics component in the business curriculum for all universities that it accredits [AACSB, 2008]. However, educators do not agree on the objectives of ethics education. Stated objectives include raising awareness of an issue, honing analytical skills, teaching moral reasoning, and/or providing a moral framework for analyzing situations [Falkenberg and Woiceshyn, 2008]. Moreover, Falkenberg and Woiceshyn [2008, p. 213] state that a "consensus has started to emerge that ... the goals should be ... stimulation of the 'moral imagination' and identification and application of the students own value sets."

According to a recent survey of accounting educators, cases are the preferred medium for teaching ethics [Blanthorne et al., 2007]. This is not surprising since the structure of cases often encourages students to apply their own value sets to a particular situation. However, there is a scarcity of cases related to ethics. The *Journal for Business Ethics (JBE)* acknowledged this problem when in 2008, it established a new section of the journal dedicated to publishing cases concerned with ethical business issues [Falkenberg and Woiceshyn, 2008].

Ethic cases can be classified either as ones concerned with rules (utilitarian and rights theory) or those related to character (virtue ethics) [Mintz, 2006]. Historical cases are particularly useful for virtue ethics since students "need stories of moral courage" to determine how to act correctly [Thomas, 2004 p. 28]. Yet, a bias against historical cases seems to exist. *JBE* guidance on cases states that the cases should "describe current situations" [Falkenberg and Woiceshyn, 2008, p. 214]. Such bias against historical cases exists elsewhere as well. Weinstein [2005] analyzed cases published between 1985 and 2003 in *Issues in Accounting Education (IAE)* and the *Journal of Accounting Education (JAE)*, two journals that have published a majority of accounting cases, and posted online his database of case analysis for additional journals. His database [Weinstein, 2008] lists only four cases from his 2005 article that were based on historical data. A review of cases published since 2003 also shows a distinct preference for current cases. Of the approximately 80

cases published between 2004 and 2007 in *IAE* and *JAE* (which subsequently merged with *Accounting Perspectives*), just a single case is based solely on historical data.

Yet, cases developed using current information can present an obsolescence problem. Most cases that were current when published may no longer be relevant just a few years later [Weinstein 2005]. For instance, many cases are concerned with technical knowledge, and recent pronouncements may make older cases obsolete. Additionally, cases based on new situations may be more interesting than older ones with dated topics. However, unlike the cases that Weinstein analyzed, historical cases by their very nature have withstood the passage of time and remain relevant.

Historical instructional cases offer significant opportunities for learning. Use of an historical case allows for ex-post reflection on historical issues present at that time. Such reflections can be applied to current situations that, though different, share some of the underlying themes, providing guidance on how to prevent or improve actions in the present day. In particular, historical ethical cases are important as "humans across time and geography have similar notions of good and bad" [Ramamoorti, 2008, p. 530]. Thus, ethical cases will provide a framework from which students can consider current issues. The use of historical cases also enables students to learn about important events in a multidisciplinary manner. Not only are students exposed to the ethical problems of the case and the accounting questions related to it, they also can appreciate the historical context of the case, sometimes for the first time. For instance, in a recent survey of persons in seven nations, participants' answers about the Holocaust varied from 54% accuracy in Sweden to 25% accuracy in the U.S. [Smith, 2005]. An accounting ethics case based on the Holocaust will increase student understanding of an historical event that is referenced today but about which students may have little knowledge.¹ In addition, since most accounting courses do not cover accounting history in any depth, the use of an historical case can increase student interest in the study of accounting history.²

¹For instance, for greater political effect, activists characterized deaths that occurred in Gaza and Jenin as a "holocaust."

²Through use of this case, some students have expressed an interest in historical accounting, particularly as related to moral questions. The instructor can direct those students to interesting articles, including Flesher and Flesher [1981], Fleischman et al. [2004], Fleischman and Tyson [2004], and Oldroyd et al. [2008] about valuing slaves; Fleischman and Tyson [2000] about race and accounting in

While the usage of historical data makes this case unique, its structure is also unusual. The case progresses through various stages, allowing students to consider first the preparation of the statements and then the morality of such preparation, mirroring the process that students will encounter when working. Initially, only a summarized income statement is presented, and students answer questions about the preparation of this statement without knowing its source. In addition, the generic title of the case does not provide information about its true nature. Later, detailed information about the financial statement is introduced, and the material slowly engages students, creating a more pronounced effect about the ethical issues of preparing and using such financial statements.

This case has been used successfully at several universities, in multiple levels of accounting classes and by several instructors. It has been introduced in Accounting Principles, Intermediate Accounting, and graduate-level accounting courses. The case is particularly meaningful when used in classes with students planning a career in accounting since it provides an opportunity for students to consider their responsibility for the statements they produce in addition to learning the mechanics of preparing such statements. While today's accountants and auditors should not encounter the type of transactions that occurred in the Holocaust, they may observe and potentially generate reports that mask immoral or illegal actions by corporations. Use of this case has allowed students to begin to consider their own responsibilities about the information they report.

In the remainder of this paper, the case is presented. Then, detailed instructor notes are provided.

THE CASE: FINANCIAL STATEMENT ANALYSIS

Instructions: Please read Part I and complete the questions in this section. As a class, we will discuss Part I before beginning Part II. Do not complete the remaining parts until instructed to do so. In this way, we will complete and discuss each part in sequential order.

Part I: The following summarized income statement is from a business that leases its workers to other organizations. This statement is a projection of income earned over a nine-month

Hawaiian sugar plantations; and Tyson and Fleischman [2006] about accounting and controls for interned Japanese-Americans during World War II.

period It includes assumptions regarding the revenue earned and the expenses incurred. The projection was prepared for internal reporting purposes.

Income Statement
For the nine months ended May 31

	(in thousands)
Revenue from lease agreement	1,620.00
Expenses:	
Food	162.00
Depreciation	27.00
Plus – other income, net of related expenses	<u>200.00</u>
Net income	1,631.00

Required: Review this income statement for reasonableness of preparation.

1. Recompute net income to determine whether the statement is mathematically accurate.
2. What evidence is there that the income statement is on a cash or accrual basis?
3. Does the income statement appear complete in terms of revenue and expenses? What additional major revenue or expense classifications would you expect for a business of this nature?

Part II: To determine the reasonableness of the projections, review the assumptions made in preparation of the statements. They are as follows:

1. Each worker is assumed to be leased to an organization for a nine-month period.
2. Each worker is assumed to work 12 hours a day.
3. Each worker is assumed to work seven days a week.
4. Each worker is assumed to work 30 days a month.

Required: Critique these assumptions for reasonableness.

Part III: 12.3% of net income comes from "other income." You discover that this number is a net number of miscellaneous revenue and expenses. To understand better why the amounts were combined, you determine what net revenue represents. You discover that each worker is assumed to work only nine months, as

this is the life expectancy from the time of initial employment. Further, you discover that other revenue represents valuables and currency taken from the employee, gold extracted from the teeth of the deceased, and revenue on sales of personal clothing, hair, fat for soap, and ashes for fertilizer. Other revenue is reduced by cremation costs.

Required:

1. In general, is it appropriate to net together revenues and expenses, or should these be listed separately?
2. Given the nature of the other revenue, what other questions/concerns might you have?

Part IV: This income statement projection represents a statement prepared during World War II at the direction of SS Lieutenant-General Pohl. Concentration camps leased out their prisoners to for-profit corporations, including Krupp, Union Metallindustrie, IG Farbenindustries (IG Farben), Bismarckhutte, Oberschlesische Hyderwerke, Siemens-Schuchert, and HermanGoring Werke. Companies used these prison laborers, in addition to their regular employees, to reduce payroll costs and to help alleviate labor shortages [Allen, 2002].

These income projections make several immoral assumptions. These include the work schedule (long workdays, seven days a week), as well as the assumption of a nine-month life expectancy. Because of the harsh working conditions and the small amount of food allotted the employees, the workers are worked literally to death.

Required:

1. What reasons may have existed that encouraged and allowed accountants to prepare these financial statements?
2. Rather than agree to prepare these financial statements, what other actions could the accountants have taken?
3. If you were the accountant asked to draft these financial projections, what responsibility would you have as the preparer of these statements? Specifically, are preparers of statements simply providers of information, removed from the use of information, or does the responsibility of preparers extend further so that they are responsible if the information reports on immoral or illegal activities? You might consider what guidance may exist in the codes of ethics for professional accounting organizations, such as the American Institute of Certified Public Accountants (AICPA) or the Institute of Management Accountants

(IMA), or in military codes of ethics, including the Uniform Code of Military Justice (UCMJ) or the American Society of Military Comptrollers (ASMC).

Part V: Additional Optional Considerations: For advanced courses, students can research and complete these optional questions outside of class.

1. How did German companies and executives explain their behavior?
2. Does accounting necessarily place a psychological distance between what occurred and what is reported, thereby sanitizing illegal and immoral acts?

INSTRUCTOR NOTES

The case is designed to be completed in the classroom with students working in small groups. No advanced preparation is necessary prior to working on the case. Initially, students should be provided Part I of the case. Alternatively, we provide students with the entire case but with each part on a separate page. Students are instructed to read each part only when asked. After student groups complete one section of the case, the instructor should engage the entire class in a discussion about that section before students continue to the next one. This sequencing makes the case particularly effective as students progress from believing the case to be a simple income statement analysis to realizing that it entails serious ethical concerns about accountants' responsibility for the information they report.

Initially, students will approach the case with an attitude typical of group work – cooperative and friendly. However, please note that as students move from Part I to Part IV, the mood of the class will change dramatically. Some students may be visibly upset. Instructors should allow adequate time for Part IV to discuss alternatives accountants have to merely reporting accounting information. In this way, students can develop a sense of ownership over their own behavior when preparing information for others.

The projected income statement used in this case is a translation of a statement from Buchenwald, a German prison camp in operation from 1937 until 1945.³ This statement estimates net profits from leasing concentration camp victims to for-profit

³The original statement was published under Military Government Information Control License NR-US-W-2010 [Kogon, 1946]. The English translation was published in 1950 [Kogon, 1950].

enterprises and was prepared under the auspices of SS Lieutenant General Pohl, head of the SS Business Administration Main Office, the division responsible for slave labor. In the projections, the workers were estimated to live only nine months since workers were provided little food and shelter while working long hours without rest. Literally, the concentration camp victims were worked to death. Death through labor was a calculated technique that coexisted with death in the gas chambers, and sophisticated accounting techniques helped capture information about these options. Other accounting techniques used by the Germans during the World War II included cost-benefit analysis to determine how to kill children most economically [Lippman and Wilson, 2007] and written reports of expropriated assets of persons killed by the Nazis [Funnell, 1998]. For a more detailed analysis of accounting for slave labor during the Holocaust, see Lippman and Wilson [2007], which provides information about the SS Business Administration Office that developed standardized accounting systems used to account for slave labor.

Part I: The instructor should limit the groups to ten minutes to read and answer the Part I questions:

1. This question is included so that students understand which amounts increase or decrease net income. In particular, students need to realize that "other income, net of related expenses" increases reported net income. The income statement is mathematically accurate.
2. The income statement appears to be prepared on an accrual basis since the statement does include depreciation.
3. Since this represents an organization that earns revenue by leasing individuals to outside organizations, the primary expense should be salary expense. However, salary expense is not included as one of the projections. Students may also suggest that expense disclosures are inadequate since most companies will have other normal operating expenses not listed here. Some students will focus on the lack of earnings per share.

Part II: Students will question the reasonableness of the estimates in the income statement. Students wonder who would willingly work for such a company and whether the law would permit the long hours. Some students hypothesize that this statement is from a third-world country that employs children. Other students attempt to guess the types of industries in the U.S. that require such workloads, including the military during

overseas engagements, residents at hospitals, entertainers, oil-rig workers, persons employed in industries that experience distinct busy seasons, and professors. Some groups want to compute an hourly wage rate; however, insufficient information is provided to do so.

Part III: While there may have been joking among the students with Part II, with some stating that they would never work for such a company, the levity ceases by Part III. Students begin to question seriously the industry, wondering what industry would operate on this basis (mining is sometimes suggested). Some students guess the concentration camps. Other students question why an accountant would continue to work for the company. However, most students will dutifully attempt to answer the question.

Despite the question asked, this section is not really about consideration of proper accounting. Students are provided with some disturbing information about the source of other income. Yet, the question asks students to consider whether the information is presented correctly. By presenting a case where students consider how information is disclosed and not what is disclosed, students are placed in a situation that mirrors the experiences of working accountants. Accountants are concerned with the preparation of financial statements; yet, the underlying information is at least as important, if not more important, than the presentation of that information.

Students are asked to consider presentation, but the appropriateness of such a question, in light of the information, should really be considered first. The instructor can direct discussion to consider whether the information presented is so immoral that questions of presentation appear inappropriate. Hopefully, through discussion, students will discover that blindly answering accounting questions (or preparing information) is not always the appropriate response.

Part IV: To be most effective, Part IV should be withheld from the students until after the discussion in Part III. Then, the instructor can distribute Part IV and read aloud the initial paragraphs of this section to students. It is important to allow sufficient time for this part of the case. In school, students often concentrate on understanding the mechanics of compilation and disclosure of information, not considering whether their responsibility for the information may extend beyond the presentation. Sometimes, this case is the first time students must confront

their moral responsibility for financial information. The instructor can consider theoretical reasons for accountants' participation while also directing the conversation to the present-day behaviors of accountants when confronted with immoral or illegal situations.

Question 1: Three different types of individuals prepared financial information during the war. Jewish prisoners at the camps were used until they were exterminated or died from the conditions in the camps. Additionally, civilian accountants and SS officers recorded the transactions [Lippman and Wilson, 2007]. Reasons for the participation of the latter two groups in preparation of financial information include:

A. Lack of moral responsibility: Because of the service nature of the profession, accountants' historical responsibility has been to provide information that is clear and accurate. If accountants' responsibility ends at the point of information delivery, then accountants would not be responsible for any misconduct that resulted from the utilization of this information, regardless of what the information reports or how the information is used. Thus, some accountants may not feel a moral responsibility about the information they disclose. Research supports the view that accountants are primarily rule-based, following the norms of society, often without the interference of personal values in their work [Armstrong, 1987; Ponemon and Glazer, 1990; Ponemon, 1992]. Some students will be bothered by this characterization, and this case attempts to make students uncomfortable with accountants as financial drones. Yet, often a student in each class does not see the moral problem with accountants as reporters, devoid of a moral conscience about the data they report. This makes for some interesting discussions.

B. Bystander effect: Many persons were involved in or had knowledge of the ill-treatment of the camp victims. Persons are less likely to act when the sense of responsibility is diffused among many persons with knowledge of the transgression [Latane and Darley, 1968]. Thus, the accountants may have assumed that someone else would assist the victims.

C. Normative behavior: In Germany, concentration camps were the norm of that society. In addition, they were legal at that time. Indeed, at the International Military Tribunal following the war, persons used legality as a defense of their actions [International Military Tribunal, 1949]. In discussions, students often state that the U.S. is not the moral equivalent of Nazi Germany, and they believe that normative behavior in the U.S.

would not reach the level exhibited in Germany. However, prior to the rise of Nazism, Germany was among the most enlightened of European countries, and its normative behavior changed dramatically within a short time period once Hitler was elected chancellor in 1933.

D. Inability to visualize a victim: Victims were separated physically from the rest of society, first housed in ghettos and later in concentration camps. Additionally, a psychological separation had been created through legislation. Beginning with the Law for the Restoration of the Professional Civil Service in April 1933 and the Nuremberg Laws of September 1935, regulations were enacted to marginalize the Jews, to both deny them a livelihood and a place in society [Hilberg, 1985]. These decrees had the double effect of dehumanizing the Jews and creating distance between German Jews and other Germans, explaining why there existed a double standard of behavior for Aryan and non-Aryan individuals.

E. Personal safety concerns: Accountants may have been concerned about their own safety had they resisted preparing the statements as requested.

F. Job availability: When jobs are scarce, accountants may have less ability to dictate their job responsibilities.

G. Lack of control: Some accountants may have believed that they could not affect the situation in any measurable way.

Question 2: In this section, students consider alternatives to preparing the statements. As students offer alternatives, the instructor can provide a specific example from Germany when that alternative was used (see below). These examples are evidence that accountants could protest immoral behavior without significant fear of persecution. The instructor can also begin to steer the discussion to the present day.

A. Quit: There were reported instances where accountants quit rather than work with the Nazis [Lippman and Wilson, 2007]. For instance, one accountant protested when the Nazis took over the management of a previously Jewish-owned business for which she worked. She quit her job stating that "she'd rather die" than work for the Nazis [Jones, 1999, p. 219]. Today, quitting a job is an option readily available to accountants.

B. Remain employed but protest within the organization: It is unknown if many accountants protested since little documented evidence of this course of action exists. However, there are reported instances of such resistance by non-accountants. For example, before the use of gas chambers, soldiers would shoot

prisoners in mass killings. Soldiers could, and did, elect not to participate in the shooting without any reprisals taken against them [Browning, 1992]. Additionally, a physician, a non-Jewish prisoner in the Auschwitz concentration camp, was not punished for her refusal to participate in sterilization experiments on her fellow prisoners. In her 1964 testimony at a trial of doctors involved in the program, she stated that doctors, including those already imprisoned, could refuse to participate and avoid punishment. She lamented that few chose this option [Paldiel, 1993]. "Contrary to popular assumption, those who decided to stop or not participate in atrocities were usually given other responsibilities. Quiet non-compliance was widely tolerated" [U.S. Holocaust Memorial Museum, 2009]. Today, corporate responses to persons who, privately or publically, disagree with corporate policy can vary. However, employees do have legal protection if the corporation acts to discredit the accountant.

C. Report immoral behavior to other authorities: In Nazi Germany, most government authorities would not respond officially to requests for help although there are records of individual efforts by persons within the government and the SS [Friedlander and Gerstein, 1969; Paldiel, 1993]. Today, governmental agencies exist that would respond. Additionally, attorneys, environmentalists, or employee unions would willingly offer assistance, and anti-retribution laws protect whistleblowers.

D. Actively work to eliminate problems: Active resistance existed in Germany; however, punishment for such activism was severe. Former accountants involved in the resistance were among those arrested and punished by the Nazis [Jones, 1999]. Today, activists work both within corporations and external to them to affect change.

E. Sabotage efforts through accounting records: In Germany, some individuals used accounting to sabotage the efforts of the Nazis. For instance, a district director of agricultural procurement altered bookkeeping records to increase the number of employees listed as employed at a factory. This allowed the factory to receive extra food, which was used to feed those starving in the ghetto of Zloczow [Paldiel, 1993]. Similarly, a candy factory added a number of Jews to the worker list, thereby saving the lives of these Jews from the gas chambers [Paldiel, 1993]. Altering accounting records today is not a preferred option since sufficient legal means exist.

Question 3: This question is the most important of the case. Students have analyzed an income statement, realized its ori-

gins, learned of the horrific assumptions used in its preparation, and considered potential alternatives accountants could employ in preparing these statements. This case illustrates the dilemmas accountants may face when executing their job responsibilities. Now, students must ponder their own behavior when working as accountants. By requiring moral reflection, students may begin a critical analysis of their own actions and the effect of these actions on others. To complete this question, students will need access to the code of ethics of various professional organizations to consider whether such codes can provide guidance. The instructor can supply students with the codes or have students research them on the internet.

Professional accounting organizations can assist accountants with moral questions. In Germany during the 1930s, a weak professional accounting organization could offer no assistance to accountants or resistance to the Nazis [Lippman and Wilson, 2007]. However, in the U.S., well-established professional organizations, rich in tradition, can provide professional guidance. For example, the IMA, the International Federation of Accountants (IFA), and the AICPA all have codes of ethics that help define appropriate accountants' behavior.

Yet, in many respects, present codes of professional organizations are too general to be useful since they rely upon the individual accountant's interpretation to operationalize ethical behavior. For instance, the codes of the IMA, the AICPA, and the IFA all state that accountants need integrity to determine whether to engage in a particular behavior or to provide certain information. However, specific guidance is weak. Per the IMA [2009, Section III, Parts 2 and 3], accountants are instructed to "refrain from engaging in any conduct that would prejudice carrying out duties ethically ... and abstain from engaging in or supporting any activity that might discredit the profession." The AICPA [2009, Section 54.03] provides that "integrity is measured in terms of what is right and just." The standards do not determine what is "right and just," neither do they provide moral guidance to help accountants determine whether their responsibility extends beyond the preparation of the statements.

Similarly, military codes do not offer specific guidance. The UCMJ is a general code for all military personnel. One section states that all persons must not "bring discredit upon the armed forces" [UCMJ, 2009, Article 134], but whether an accountant who reports illegal acts is bringing discredit to the military is unclear. The ASMC has a "Pledge of Professionalism" that acknowledges its responsibility to the public. While the pledge

discusses integrity, as did the professional accounting organizations, this pledge also acknowledges the added responsibility of public trust and speaks of protecting accountants' "reputation for good moral character" [ASMC, 2009]. The Defense Finance and Accounting Service [2009], the organization that provides accounting and financial support to the Department of Defense, lists integrity as a main quality that "forms the essential character of each individual within the agency." Integrity is defined as "doing what is right." Yet, a specific moral benchmark for what is right or moral is undefined.

Without specific guidance on what constitutes moral behavior for accountants, some students may suggest that legal guidelines can become the minimum criteria. In Germany, the legal bar was low. At the International Military Tribunal Trials held following the war, the court absolved several lower and senior-level accountants from any responsibility for the crimes committed, although the court did convict a top SS accountant. In its findings, the court considered the accountant's ability to affect change. Those who had knowledge of the killings and who were in a position either to act upon that knowledge or change jobs were convicted of crimes against humanity [Trials of War Criminals, 1950]. Thus, in a world court, the concept of accountants' accountability was introduced for higher-level accountants, but for most accountants, their liability was non-existent.

While students consider their responses, the instructor might introduce accountants' responsibilities in more recent cases involving accounting irregularities at U.S. corporations. In many cases, accountants knew of illegal activities and were involved in reporting associated transactions. For instance, at WorldCom, top management asked accountants to make journal entries that improperly capitalized costs. These accountants, senior-level managers who were CPAs, were uncomfortable with the request. One refused to cooperate. One of the others considered resigning. Ultimately, four of these senior-level accountants facilitated the recording of the improper entries [Zekany et al., 2004]. The individuals who actually recorded the journal entries were lower-level accountants who were not prosecuted. However, those in supervisory roles who had the power to affect change were prosecuted and convicted although their sentences were minimal, ranging from five months to one year [New York Times, 2006]. Similar to the German situation, the legal responsibilities of accountants were not significant. Only those in a position to affect change were held responsible, and, even then, punishment was light. Thus, if relying upon the precedent of legal opinions,

accountants' responsibility remains weak.

Part V – Optional: This case is designed to be completed during a single class session. However, the instructor may wish to extend the case to require additional research and written reflection outside of class. In this way, students can more fully consider the responsibility of corporations that used slave labor and the role of accounting in masking the nature of these transactions. Additionally, these extensions would be particularly appropriate for advanced classes where accounting ethics is an integral part of the curriculum.

Student answers to the optional questions will vary dependent upon each student's research and analysis. Instructors should evaluate student papers based upon the content and the argument that each student presents.

Question 1: While the SS prepared the financial projection used in this case, established German corporations actively used slave labor and prepared their own statements. This question allows students to consider the lapses in corporate behavior by corporations that used and reported on prisoners who died while working for them. Corporate reasons for their behavior varied. Some corporations resisted aiding Hitler; others were motivated by financial gain; and still others believed in the Nazi ideology [Jeffreys, 2008]. Students may be surprised to find that many companies that aided Hitler, including IBM and Bayer, still exist, and documentation about their immoral legacy is widely available. Several books document German corporations' use of slave labor and quest for profit [Muhlen, 1959; Wertham, 1978; Ferencz, 1979; Allen, 2002]. Others detail the German cartel IG Farben (which included Bayer) and document the slow disregard of moral values by the company and its executives as they aided Hitler and benefited financially from Nazi policies [DuBois, 1952; Borkin, 1978; Jeffreys, 2008]. IBM's role in aiding Hitler for financial gain has also been documented [Black, 2001]. Finally, students can read the transcripts from the Nuremberg war trials of the top executives of IG Farben and consider the defendants' defense that they were unaware of what occurred at the camps and did what all citizens would do to defend their country [United Nations War Crimes Commission, 1949].

Question 2: This question requires research as well as personal reflection by students. They can research accounting's culpability in immoral acts as reported in the Holocaust [Fun-

nell, 1998; Walker, 2000; Lippman and Wilson, 2007] and slavery literatures [Fleischman and Tyson, 2004; Fleischman et al., 2004], as well as other areas including war literature [Chwas-tiak, 2008]. When students ponder whether accounting sanitizes immoral acts, they also consider by extension whether accounting is culpable for the immoral acts.

Funnell [1998], Fleischman et al. [2004], Fleischman and Tyson [2004], Lippman and Wilson [2007], and Oldroyd et al. [2008] state that accounting was culpable in sustaining slavery and the Holocaust by normalizing immoral behaviors. Moreover, they argue that accountants were at fault since their reports hid the human dimension of what occurred. Rosenberg and Marcus [1988] called accountants "desk killers" for their participation in reporting immoral transactions of the Holocaust. However, accounting and accountants are not necessarily flawed. Accounting summarizes information, and accountants can prepare statements that accurately report what occurred without sanitizing the nature of the events. When accounting portrays what occurred, accounting and accountants become the catalysts to stop immoral actions rather than contribute to them.

Requiring students to consider whether accounting kills can be transformative yet emotionally difficult for some who complete this case. The financial statement in this case is shocking. Additionally, students are bothered by the lack of accountability of accountants. The reflection required in this case begins the students' process of determining what value set they want to bring to accounting.

The instructor may wish to conclude this case with an example of positive accounting behavior during the Holocaust. In one evening, the citizens of Denmark successfully ferried all the Jews of Copenhagen out of the country to safety. Two days later, when the Germans came to arrest the Jews, using the well-documented lists of the Jews in the country, all but 477 of the 7,200 Jews had safely departed [Paldiel, 1993]. Individuals had prepared the list of Jews in the country, and then they had actively opposed that which they reported. "The rescue of Denmark's Jewry was the only instance, throughout all of occupied Europe, of a Nazi liquidation operation meeting with failure" [Paldiel, 1993, p. 370]. Individual moral behavior, collectively applied by a society, made a difference. Individual actions affected change then and, hopefully, they can now. When more accountants are held liable for the illegal or immoral information they report, an elevation of responsibilities could increase the moral behavior of society as a whole.

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