Ed CohenArthur Andersen Refugees Reflect on What Went WrongEd Cohen is an associate editor of Notre Dame Magazine.Two Notre Dame alumni who held leadership posi-tions with Arthur Andersen say mind-boggling cor-porate structures, pressure to keep earnings looking good to Wall Street, and negligent board directors all contributed to the wave of scandals that rocked the business world and toppled their long-venerated acc-ounting firm at the turn of the 21st century. They also say Arthur Andersen was unfairlyscapegoated for having been Enron’s and World-Com’s auditor but that the accounting profession as a whole strayed from its traditional concern for keep-ing business on the straight and narrow.Before being implicated in scandal, Arthur An-dersen enjoyed a reputation for high ethical stan-dards and quality work. . . . Thomas Fischer . . . was managing partner of theAndersen’s Milwaukee office until January 2002, when he took an already-planned retirement. Later that month it became known that the Justice Depart-ment intended to seek criminal obstruction-of-justice charges against the firm for its employees having shredded documents in the Enron case. Fischer says he never witnessed any wrongdoingor felt pressure to cook books while at Andersen. So he believes it was unfair that the company was put out of business by the notoriety. Its demise cost more than 80,000 employees their jobs. . . .“A lot of people would like to believe thatArthur Andersen was doing some kind of drive-by auditing and all the bad things that happened in the accounting profession were all centered in Arthur Andersen,” he says. “Nothing is farther from the truth. All firms were run basically the same way.” Fischer blames the wave of corporate scandalson what he calls a “social and economic blow-off” that occurred in the United States in the late 1990s. People thought the good times would never end, and many were willing to bend rules to keep them roll-ing, he says. One of the symptoms of the culture,he says, was excessive compensation paid to CEOs. “Accountants used to be the part of business thatstood up and said, ‘This is not right, this doesn’t make sense,’” Fischer says. He says he hopes the pro-fession will one day “stand up and be the backbone and the moral compass of the business world that it used to be and is not today.” Joe J. Tapajna, former worldwide managing taxpractice director for Arthur Andersen, is now na-tional professional practice director for tax at Deloitte and Touche in Chicago. He also teaches a graduate-level course in tax accounting at Notre Dame. Tapajna says that when he entered the professionin the 1970s, accounting emphasized professional-ism and caution. Accountants were outspoken aboutfollowing procedures and adhering to the spirit rather than merely the letter of the law. . . . Tapajna says that in the 1980s and 1990s accurateaccounting became much more difficult as busi-nesses became more complex and the investment community demanded information faster. He notes that Enron, the giant energy-trader, consisted of thou-sands of subsidiaries with management acquiringand disposing of companies on almost a daily basis. “[A]t best, you were always trying to come upwith approximately the right answer instead of the right answer.” Both professionals also say that board members failed in their responsibility to provide appropriateoversight of management’s activities. “It isn’t really ethics,” says Fischer, “it’s ‘do yourjob.’”