

ESLSCA Economic Business War School corporation.

How IFRS standards can reveal our secrets to United States.

Project manager : Bertrand Reny

Collaborators :

Pierre BAILLET

Martin PASQUIER

Bertrand TERREUX

<u>Introduction</u>	2
<u>What is financial information</u>	3
The strategic value of financial information.....	3
<u>The main differences between the French systems and the Anglo-saxon systems</u>	3
<u>IFRS standards : from accounting information to providing of strategic information</u>	5
The IFRS operating	5
IFRS establishment. (Appendix 4.1)	5
<u>Consequences of the Sarbanes-Oaxley 's law on the American financial world</u>	7
The PCAOB.....	7
Standards to enforce providing of information	7
<u>The PCAOB gate for non-American corporations</u>	8
The shift to the political chessboard	9
The NSC (National Security Council)	9
The SEC	10
The DoT (Department of Treasury).....	10
<u>The USA Patriot Act</u>	11
What does the USA patriot act consist of ?	11
Un climat suspicieux entre le monde du renseignement américain et l'économie	
A suspicious climat between the American intelligence service and the economy.	11
<u>Conclusion</u>	15
Appendix 1 : List of French Companies quoted in the U.S.A.	16
Appendix 2 : Statutory Auditing Firms of CAC40 companies	17
Appendix 3 : The 4 division terrorism processing at DoT	18
Appendix 4 : Appendix 4 list of the stakeholders of IFRS	19
Appendix 5 : MAP of the strategic information cycle	20
Appendix 6 : Abbreviations	21

Introduction

IFRS standards (International Financial Reporting) have upset the European financial landscape. Proposed at the initiative of the Americans , who do not comply to it themselves, they are applied in Europe as international accounting standards.

The idea of normalizing standards, to respond to the world wide international market, is necessary, but at the same time, doesn't go without conveying logics of powerful influence. The IFRS standard, of which we propose to retrace the whole establishment story and how it works, appear clearly to be an American trojan horse.

The real danger for European companies comes from the assemblage of standards, composed of the IFRS, the Sarbanes-Oaxley 2 law (SOX02) and the Patriot Act.

Indeed The IFRS standards force the companies to communicate on strategic information. The Sarbanes-Oaxley 's law allows the PCAOB to extend its investigations outside the United States to get strategic information while the Patriot Act forces financial institutions, like PCAOB, to transmit information to the intelligence service, without giving them any chance to warn their clients nor to protest.

So it is now a real normative trap that is installed.

But before understanding the importance of the agregation of those 3 standards, we should first explain the strategic position of financial information in the world.

What is financial information ?

The strategic value of financial information

Financial information is used on two levels¹:

- 1) First of all, within the company, as a tool to measure and to lead.
Indeed managers, on the executive board, lead their strategy according to financial information communicated by accounting records, like sale figures in a particular sector, investments made, treasury net cash flow. Therefore, a director having flawed information on his business can be led to a wrong decision on a strategic scale. That's why financial information is crucial.

- 2) Secondly, to raise capital on the financial markets. To attract investors companies publish their financial reports which are studied by analysts and rating agencies. The better the conclusions are, the better chances are to raise capital on the stock market.

So there are two types of persons in the financial world :

- The information providers who create information, the company itself, the auditors, financial news press, analysts, investment banks, and the rating agency.
- The final consumers who ask for information, like the investors, the creditors and the employees.

Therefore complete transparency of financial information is needed, which is the only guarantee of a good functioning of the financial markets. Before IFRS, to keep a fair balance between the different actors of the game, the French legislator had a efficient accounting system that is radically different from the anglo-saxon system.

The main differences between the French systems and the Anglo-saxon systems.

Before IFRS, French book keeping had to be the exact financial photography of all the real assets of the company (factory, buildings, credits, bank accounts, debts, what is where and whom owns to whom.

The company gave a precise state of its debts, commitments and its ability to solve them. It followed rules that are 3 ways in opposition in from the Anglo-Saxon system.

1) Domination américaine par les systèmes de régulation de l'économie de marché, Commandant Emmanuel TRINQUET, collège interarmées de défense, Mars 2007

- The awareness principle that consists of taking all the *possible losses* into account. For example, if a company suspected that a client might not reimburse a debt, they had to make a provision to anticipate default in payment. (Anticipation consisted of making a provision for risks occurring.)
- The historical cost involving the recording of the cost of assets at the date of their purchase.
- Depreciation of assets (of machines, buildings, etc, ...) are fixed by the legislator. For example, a building is depreciated over 50 years by 1/50th of purchasing cost every year. So worth 0 in 50 years.

The French vision or version could guarantee transparency to the creditors at the expense of the investors who saw the value of their assets underestimated

In opposition to this, the anglo-saxon vision always had to measure the wealth created for the shareholder, and it still is that way. So the company can lead a strategic managing of the financial results. The following rules are

- Principle of *fair value*. The assets are not recorded at their historical costs but only simply on their stock market value. A building bought for one million can one year later be differently evaluated based on the real estate market
- The depreciation is fixed by the director or manager and not the legislator

Those two principles involve an evaluation based on the market value, the consequence is a higher volatility of its price. **To justify the amounts, the company has to provide strategic information and more information on its assets.**

Under the good old French system, to intergrate the value of the construction of a factory, the company had to provide all the invoices created by that construction. Now, with IFRS, the costs don't matter any more. We evaluate a factory according to the profits it will make in a more or less near future. To prove it, just justify the prevision calculations by providing the proof of future contracts, which is a strategic information (which is confidential in the French system).

IFRS standards : from accounting information to providing of strategic information

The IFRS operating

IFRS, applicable only to the European stock rated companies, bring us to Anglo-Saxon financial information, far away from the French standards.

The fair value has been adopted and the assets are evaluated differently.

Consequently, the companies have to give more information to justify the calculations of their valorization.

Research and development costs, concerning innovation and future of the company, are also dissected and precisely analysed in the same way. To estimate it, the financial service also has to prove the invested amounts, explain their use and demonstrate future success. The company has to answer these questions

- What is the innovation process ?
- What is the marketing strategy ?
- Who will be its clients ?

All this information is strategic and concerns the future of the company. If that information fell in the hands of a challenger or a competitor, the consequences would be dramatic .

Besides the company, the only entities who have access to that information are the statutory auditors or auditors. Nevertheless, not questioning their independance, it is important to recall that 100% of the CAC40 corporations are audited by Anglo Saxon firms ! (CF annexe 2).

IFRS establishment. (Appendix 4)

A historical overview of the IFRS establishment allows us to demonstrate the logic of influence it created.

The corporations, in a world globalization context, need common financial referentials and book keeping (financial information), to make research of financial credits easier.

If every country keeps its own standards, any company will lack visibility on foreign market places, and will not be able to develop beyond a certain limit.

In the 1970s Europe attempted, in vain, to impose common standards, all the national opposition prevented the birth of those standards , the European Commission abdicated by proposing admittedly a common standard, but by leaving the possibility to its state members to keep their own systems. It was then agreed that the production of a common standard had to go beyond the European regional zone to be able to impose itself in a better or smarter way. From there, 10 states, including France and the United States, put the IASC in place (International Accounting Standards Committee) in 1973, its goal was to impose on a worldwide scale the best accounting practices of the different countries.

In 1982, the IASC was recognized by the international accounting profession as the single world standardizer.

But the blockings were still there, and the IASC has been ordered by IOSCO (International Organization of Securities Commissions) the establishment of the standards within 3 years. Yet the IOSCO, which is the world stock markets federation, is under the influence of the most important world stock market, the SEC (United States **Securities and Exchange Commission**).

In 1999, the IASC transformed itself to avoid political pressures. The committee who conducted that transformation was directed by the president of the SEC, Arthur Lewitt, and the president of the members, Paul Volcker, ex-director of the FED (Federal Reserve System).

In 2001, the IASB (International Accounting Standards Board) took over the IASC. The IASB is funded by a subsidiary of an autonomous foundation located in Norwalk, DL (Delaware). So it is independent of the states, contrarily to the national normalizers or standardizers that are generally under state administrative guardianship, but not neutral since funded up to 70% by the Big Four (Ernst & Young, KPMG, Deloitte et Pricewaterhousecoopers).

In 2002, the European commission, after the failure of their own standardization, decided to entrust that task to an outsider : the IASB. The 2002 French presidency imposed the IAS-IFRS referential, for the listed corporations, effective in 2005.

However, one problem still remains. The IAS-IFRS are applicable only to Europe and not to the United States (NO obligation in the US) ! The United States maintain their US-GAAP standard.

Worse, during several years, the IFRS accounts were not recognized in the United States, the Europeans had to restate their IFRS accounts in US-GAAP (United States Generally Accepted Accounting Principles).

So the IFRS, whose type of information is a lot more strategic, are the work of the Anglo saxons and are imposed solely in Europe.
It was established in the same period as the Sarbanes-Oxley 's law.

Consequences of the Sarbanes-Oxley 's law on the American financial world

Following the case of Enron, which consequently shut down the Arthur Andersen auditing firm and the establishment of the SOX02 law, a supervisory body of the auditors was established in July 2002 in the United States, the PCAOB (Public Accounting Oversight Board).

The PCAOB

Its goal is to oversee the accounts auditing. Equivalent to the CNCC in France (Compagnie Nationale des Commissaires aux Comptes = French Auditors National Corporation).

The president and the members are nominated by the SEC. The origin of its members may seem astonishing.

Indeed, it has allowed into its core a certain William H Webster, previous or former director of the FBI (1978-1987) and the CIA (1987-1991). he was a member of the PCAOB from 2002 to 2007², his knowledge of statutory auditing remain unknown ...

Nevertheless, during his mandat, he experienced a few setbacks with the Webster case. He was a member of the board of the PCAOB and simultaneously was an administrator of a company (US Technologies). He was accused of fraud and had to resign from the board of the PCAOB.

Standards to enforce providing of information

The PCAOB oversees execution of the audit³.

Throughout the external audit, the firm leads the investigation and can have access to all the information that he thinks relevant and appropriate to make its study. Relating this standard to article 105 of the SOX law, the PCAOB has the power to investigate auditing firms and the audited corporations or companies.

Furthermore, the PCAOB body centralizes information provided by the auditing firms. Thanks to the SOX law, it is in position of looking at the personal data of the companies directors and the confidential files which permit the audit, subsidiaries⁴ included.

2) <http://rr0.org/org/us/ic/cia/index.html>

3) Ambassade de France aux Etats-Unis daté du 23 mars 2004 ; « Normes comptables et standards d'audit : synthèse de l'activité récente du PCAOB et de la SEC » ; Jacques Mistral.

4) Intelligence online daté du 3 décembre 2004 ; « L'enjeu diplomatique des audits » ; www.intelligenceonline.fr

The fact that the PCAOB asks for information on the subsidiaries could give them access to financial informations on companies outside the United States. Especially as the big four have highly efficient networks that can make it very easy to get files from their foreign subsidiaries, without the employees noticing anything about it. For example, the American Ernst & Young parent corporation has access to the files of Ernst & Young France via networking and without the French auditors noticing anything about it either.

It's a risk for a foreign company quoted in the USA because it sees its own strategic information and those of its subsidiaries accessed and investigated by a foreign government body (United States). We should remember that 27 French corporations are quoted in the United States. So the American government has access to the confidential information of the 27 French companies quoted on the CAC40. (CF annexe 1).

We can wonder about the strategic dimension of the statutory auditor and alarm ourselves facing the threat of the American firm auditing monopoly especially as they have access to whole information on transfer of funds, the activities and the targets of a company.

The PCAOB gate for non-American corporations

The foreign auditing firms can ask for their registration to the PCAOB if they are significantly involved in the audits of the United States corporations quoted on the stockexchange⁵.

Nevertheless it should be noted that American companies on American soil generally use American auditing firms. When they open a subsidiary in a foreign country, they also refer to the American auditing firm network that resides outside the US. It's an honour that European companies just don't have.

It only takes a look at the list of firms auditing French companies listed on the CAC40 to see that 99% of them are Anglo-Saxon. (CF annexe 2).

That is why article 106 of SOX law is a barrier to the entrance of the audit market to guarantee the monopoly of American auditing firms on American soil.

The PCAOB knows that the American auditing firms will provide all the information that is asked, that is why the PCAOB wants to **lock** the market to new arrivals. Therefore, the PCAOB cannot completely lock it so it monitors the foreign auditing firms by imposing 3 rules :

5) Ambassade de France aux Etats-Unis daté du 28 mars 2003 ; « La mise en œuvre de la loi SarbaneOxley du 30 juillet 2002 » ; Jacques Mistral

- A foreign auditing firm must prove that it is trespassing a local law if it doesn't want to communicate certain information to the PCAOB. On the one hand, it should be noted that the professional standards don't come into account in the scope of application of the local standards, and on the other hand, the existence of such local law will not allow the corporations to avoid giving their written agreement to co-operating with the PCAOB. We note the control of the PCAOB concerning the capture of information and its ambition to become the body of the international regulation for the auditing world.
- Concerning the communication of documents to the PCAOB, the auditing firms will be evaluated on the effective communication of the required documents. They are free to obtain prior agreement from their clients on this point, but in all cases they won't be able to be relieved from their responsibilities on ground of their client's refusal.
- The American auditing firms that have as associates, according to the PCAOB standards, foreign auditing firms, have to provide proof that those foreign associated firms would indeed violate a local law by providing the information required by the PCAOB.

But why restrict the access of foreign auditing firms to the american market while the first target of the PCAOB is to erect standards to improve financial transparency ?

The shift to the political chessboard

Collusion of the financial institutions with the security institutions is a current practice on the other side of the Atlantic ocean.

For example, we recall that one of the founding members of the PCAOB is no other than William H. Webster, previous or former director of the FBI and the CIA, replaced by Mark Olson. But other links with other financial institutions also exist...

The NSC (National Security Council)

The treasury department secretary is a member of the national security council (NSC)

That council is in charge of assisting the president of the United States on national security policies, foreign affairs and the coordination of the different intelligence services.

In that respect, we discern better the vocation of that baroque mixture that is to share all information relative to the security of the United States, whether that information's origine is national or international. The main difficulty remains however to know whatd hides behind the expression « National Security » for the Americans. Because under cover of security, a certain number of directory inquiries can be mutualized, participating in that respect to sharing knowledge useful to American strategic companies.

The SEC

The SEC emphasized in 2003 on its website the importance of cooperation with certain American security services. An investigation was launched for violation of the Sarbanes-Oxley 's law of July 30th of year 2002 against a former partner of the Ernst & Young auditing firm who altered and destroyed auditing documents.

The SEC explained that « these investigations illustrate the high level of involvement and collaboration between the FBI, the SEC and the federal prosecutor in the vigorous pursuit of these individuals »⁶. Moreover, a former spokesman of the SEC had admitted that his organisation worked closely with justice, the treasury department and the FBI⁷.

The DoT (Department of Treasury)

Within the treasury department, several other examples support the thesis of links between the financial institutions and the intelligence agency.

Lets take the example of Michele Davis who is a secretary assistant for public affairs and the chief interlocutor of the treasury department. She develops the communication strategies to promote the public understanding of the activities and services of the treasury department. She notably speaks to the media, the business groups, consumer groups, and **other government agencies**⁸. We'll observe that those agencies are not mentioned. Why is it so delicate for these public agencies, functioning with the money of the American tax payer, that they should not be mentioned ?

That awkward communication of the treasury department is undoubtedly a lesson learned from the scandal caused by the disclosure by the Washington Post and the New York Times of the « swift » affair (Society for Worldwide Interbank Financial Telecommunication). The CIA had obtained from that corporation, that provides mail services allowing secured exchange, information on payment transfers between banks but that « only » manage information relative to these transfers. The most interesting is that the White House described the disclosure by these two daily newspapers as « treason ». To this extent that treason always arises from confidence.

By the way, within the treasury department, there are 4 branches relative to terrorism and one other relative to the execution network of financial crimes (CF annexe 3) whose power has been considerably reinforced by the Patriot Act !

6) <http://www.sec.gov/news/press/2003-123.htm>

7) “The SEC has oversight responsibility regarding the NYSE, and we are also working with Justice, Treasury, and the FBI, having set up professional point men at each firm we are looking at -- so we don't have to reinvent the wheel every time we call a company [related to the attacks] to get an answer to a question” – John Nester, SEC press spokesman.
http://www.fromthewilderness.com/free/ww3/12_06_01_death_profits_pt1.html

8) <http://www.treas.gov/organization/bios/davis-e.htm>

9) Article des Echos du 21 juillet 2006 intitulé « Swift : comment l'agence fédérale a intercepté des données bancaires ».

The USA Patriot Act

What does the USA patriot act consist of ?

Following the september 11th 2001 events; the USA Patriot Act was established, which goal is to fight against terrorism. At that time, the American government has given it a four-year period, but its renewal was voted last year (2007).

The third part of this act is dedicated to « The international money laundering abatement and anti-terrorist financing act of 2001 ». It is decomposed into 77 sections, going from 301 to 377, which fixes different measures to improve the fight against terrorism and money laundering, notably when it concerns foreign elements.

To help the American's Intelligence Service, this 3rd part allows them, legally, to collect personal and professional data on all Americans and all aliens. At the same time, it forces financial institutions to provide information to the « department of treasury » on different companies whose activity could be more or less linked to terrorism. Finally, these institutions have the duty to transmit their information, but in a confidential way without warning their clients (cf section 314). Any person countering these principles could be pursued for terrorism.

As the PCAOB is a financial institution which directly depends on the DoT via the SEC; it is legitimate to ask ourselves these questions.

- What kind of information does the PCAOB provide and is it possible to control upward feedback of information from the auditing firms to the « Treasury » ?
- Does the intelligence service have direct access to all the files of the Anglo-Saxon auditing firms ?

To this day, nothing proves the contrary and everything is done so that such feedback of information, if they exist, is not disclosed to public !

A suspicious climat between the American intelligence service and the economy.

In his report « Intelligence économique, compétitivité et cohésion sociale », « Economic intelligence, competitiveness and social cohesion », the deputy Bernard CARAYON recalled us already in 2003 :

« We will underline the importance – its a euphemism – of the intelligence services in Anglo-Saxon countries and in the United-States, where they entice and keep their best young students and researchers, of the closely interlinked intelligence services, and without any modesty, with the other public administrations and companies, particularly those whose job is to advise, audit, insure, to invest and innovate (cf. 9) ... 40 to 50% of their means are mobilized by the economic intelligence service. »¹⁰

¹⁰Rapport : Intelligence économique, compétitivité et cohésion sociale, député Bernard CARAYON, juin2003, la Documentation française.

Indeed, in march 2000, the former CIA director from 1993 to 1995, James WOOLSEY, officially declared in the Wall Street Journal, that the American intelligence services have effectively spied on European companies because they suspected them to be corrupted¹¹. If we can doubt the legitimacy of these measures, we can, in contrast, be certain that the intelligence services spy on European companies.

To substantiate the proximity between the auditing companies and the intelligence services, it is not useless to recall the « Dallas Public School »¹² affair in wich the KPMG auditing firm and the FBI have been working together. Mike WILSON, a director of Houston KPMG, publicly declared on the information transfer to the FBI agent Dave GILLIS « we passed on lot of information to him » (« nous lui avons fourni beaucoup d'informations ») .

This affair is previous to the USA Patriot Act. Yet it considerably reinforced the financial information access for the intelligence services, wich leads to the following question :

- What is up to the exchange of information between the auditing firms and the intelligence services ?

In the same way, the GAO (Government Accountability Office) brought a report¹³ in 2005 in wich he explains that the banking world leaders complain about the establishment of reported information according to section 326 « **client identification program** » and section 314 « **Information sharing** ».

Indeed, **the information requests go beyond the serious threat cases.**

The USA Patriot Act, originaly planned for a 4 year period was renewed by George.W.BUSH on march 9th 2006¹⁴. That renewal was the object of vigorous debates, and notably on the question of the accession of the secret services to confidential and commercial data.

In the biginning of 2007, the United-States vice-president, Dick CHENEY, confirmed an article of the New York Times¹⁵.

11) We spy on you Europeans because you are corrupt, Robert TAIL, The Scotsman, 18 mars 2000

12) The perfect crime ; DISD crooks continue to elude an FBI probe, Jim SCHUTZE, New Times Inc, 28 novembre 1999

13) DOL issues advisory opinion regarding in-kind investments in bank-maintained collective investment funds, Goodwin Procter LLP, 14 juin 2005

14) <http://www.whitehouse.gov/infocus/patriotact/>

15) Collecte aux USA d'informations financières sur des Américains et étrangers, Agence France Presse, 14 janvier 2007

The Pentagon and the CIA, which the activity should normally take action outside the American territory, have both made financial information requests towards the banks and the financial institutions on the American territory. According to them, the information collection belongs to their mission and the Patriot Act allowed « a more aggressive collection of information » according to the Pentagon.

In the same way, an investigation made by « the justice department » in march 2007¹⁶, revealed that the FBI abusively used the Patriot Act. During the last three years (2005 – 2007), the FBI requested 143 074 security letters upon clients data for the business world. In addition, the audit updated 8850 non-referenced requests in the FBI database, which could let us suppose that this information has been used for needs that are external to the FBI.

What needs ? May be for an American leader wanting intelligence information on a foreign competitor ?

Those two examples allow us to doubt about the good behaviour of information request, and notably upon the business world. The Intelligence Service, acting in total opacity, because no one can discuss the requests made, has free field for its actions.

Such dealings are updated when it concerns information on the Americans. But we can ask ourselves if the institutional corporate would be so willing to disclose to daylight information transfer on non-American companies.

Of course, we could believe that these proceedings are restricted to companies that are in link with terrorism. So then the Europeans have nothing to fear...

The problem is that the SEC and the CSP (Center for Security Policy) have prepared a list of companies accused to work with states sponsoring terrorism, such as Alcatel Lucent , BNP Paribas , Technip , Total and a dozen of other European companies (Siemens, ENI SPA , etc.) and asian (PetroChina , Huyndai , etc.)¹⁷.

This list has even been subject to a report named « divest terror » broadcasted on the site of the CSP¹⁸.

Likewise, besides this report, the CSP accused other companies, like EADS, to deal with terrorists... So the list doesn't restrict itself to the report !

The CSP previously distinguished itself following up a list named « dirty dozen » (« les 12 salopards ») in wich it accused the companies to deal with terrorists¹⁹.

16) FBI misused Patriot Act; audit finds, Richmond Times Dispatch, 10 mars 2007

17) Les sociétés présentes en Iran sous la pression de Washington, La tribune, 11 avril 2007

18)<http://www.centerforsecuritypolicy.org/home.aspx?sid=56&categoryid=56&categoryid=57#wsid=11567>

19) <http://www.centerforsecuritypolicy.org/home.aspx?sid=56&categoryid=56&categoryid=57#wsid=11957>

We can also astonish ourselves to see the SEC, a state institution, deal in collaboration with one of the lobbies of the American militaro-industrial complex to draw-up this list ! And that this same Lobby counts an important number of advisors who have been working in all the military agencies and institutions of the country²⁰.

20) <http://www.centerforsecuritypolicy.org/Home.aspx?CategoryID=47&SubCategoryID=50>

Conclusion

In conclusion, we do not count on asserting that the United-States spy the European companies, nor Worldwide companies, through auditing firms.

Nevertheless it would be interesting to know the events sequence executed when a lobby like the CSP accuses a foreign company of terrorism knowing that :

- The IFRS force the European companies to value their society with strategic information on their innovation and their clients.
- The SOX 02 law allows the PCAOB to control the information of foreign branches for the societies rated in the United States through Anglo-Saxon auditing firms.
- 100% of the CAC40 rated companies are audited by Anglo-Saxon firms and that the link between United-States and France is directly made by computer network.
- The USA Patriot Act expands the action scope of the American intelligence service organizations and allows them notably to request information to all the American financial institutions (PCAOB, SEC, auditing firms, ...) without letting them inform their clients. And that the overflows are numerous...

From there, it could be relevant to establish a precaution principle. Working with American suppliers, clients or partners is not detrimental and follows the liberalisation of the market.

But opening the door of the strategical and technological secrets of the European companies to an American firm could be risk taking, if tomorrow badly willful persons came to interfere in that breach. Knowing that the Americans insured themselves to be protected from such risk

Finally, it may not be a coincidence if the French government has decided to attach this precaution principle for certain operations that were previously apportioned to Anglo-Saxon firms.

Appendix 1 : List of French Companies quoted in the U.S.A.

Appendix 2 : Statutory Auditing Firms of CAC40 companies

Appendix 3 : The 4 division terrorism processing at DoT

Appendix 4 : Appendix 4 list of the stakeholders of IFRS

Appendix 5 : MAP of the strategic information cycle

Appendix 6 : Abbreviations

Appendix 1 : List of French Companies quoted in the U.S.A.

Les entreprises françaises cotées aux
Etats-Unis (source : Boursorama)

AIR FRANCE KLM	EDF	PERNOD RICARD	SUEZ
AIR LIQUIDE	ESSILOR	PPR	THOMSON
ALCATEL LUCENT	FRANCE	PUBLICIS	TOTAL
AXA	TELECOM	RENAULT	VEOLIA
BNP	GDF	SANOFI-AVENTIS	VINCI
CREDIT AGRICOLE	LVHM	SCHNEIDER	VIVENDI
DANONE	LAFARGE	STMICROELECTRONIC	
	PEUGEOT		

Appendix 2 : Statutory Auditing Firms of CAC40 companies

Société	Commissaire A					Commissaire B				
	Cabinet 2006	Audit 2006	Audit 2005	Autres 2006	Autres 2005	Cabinet 2006	Audit 2006	Audit 2005	Autres 2006	Autres 2005
ACCOR	E&Y	2,7	2,7	0,1	0	Deloitte	8,6	9,1	0,3	0,5
AGF	KPMG	8,4	10,5	0,4	1,1	E&Y	2,9	4,9	0,4	0,1
AIR LIQUIDE	E&Y	4,832	6,481	0,707	1,403	Mazars	2,443	1,829	0,027	0,223
ALCATEL	Deloitte	11,519	7,564	0,172	0,31	E&Y	8,361	4,979	0,301	0,061
ALSTOM	E&Y	9,9	11,8	0,4	0,5	Deloitte	8,8	8,2	0,4	0,6
AXA	PWC	54,134	32,601	4,717	3,984	Mazars	5,185	4,635	0,266	0,247
BNP	Deloitte	9,013	9,528	1,729	0,464	PWC	11,385	11,55	0,645	0,552
BOUYGUES	Mazars	4,445	3,578	-0,024	0,041	E&Y	3,03	3,214	-0,011	0,105
CAP GEMINI	KPMG	2,893	2,649	0,965	0,681	PWC	3,776	4,122	2,685	1,2
CARREFOUR	Deloitte	5,21	4,717	0,166	0,702	KPMG	5,672	5,362	0,083	0,119
CREDIT AGRICOLE	E&Y	18,298	10,617	0,266	0,026	PWC	17,036	14,519	0,152	0,129
DANONE	PWC	9	6,8	1	1,2	Mazars	3,2	2,7	0	0
DEXIA	PWC	7,996	7,456	1,477	2,21	Mazars	3,001	2,59	0,019	0,161
EADS	KPMG	6,811	6,949	1,402	1,152	E&Y	5,489	6,086	0,384	0,281
EDF	Deloitte	7,826	11,033	0,708	1,032	KPMG	5,919	5,039	0,149	0,12
ESSILOR	PWC	3,061	3,345	0,435	0,11	Dange	0,265	0,274	0	0
FRANCE TELECOM	Deloitte	24,4	22,9	0	0	E&Y	28	24,8	0,1	0,3
GAZ DE FRANCE	Mazars	4,611	3,639	0,028	0,016	E&Y	6,474	4,178	0,427	0,409
LAFARGE	Deloitte	13,5	23,4	0,8	2,5	E&Y	7,4	0,3	0,2	0
LAGARDERE	Mazars	4,026	3,66	0,176	0,174	E&Y	4,928	3,731	0,477	0,045
L'OREAL	PWC	6,241	6,323	0,306	0,36	Deloitte	5,577	4,835	0,179	0,344
LVMH	E&Y	9,823	10,362	1,079	1,263	Deloitte	6,264	5,751	0,367	0,222
MICHELIN	PWC	3,983	4,108	0,451	0,454	Corevise	0,324	0,351	0,043	0
PERNOD RICARD	Mazars	N/A	N/A	N/A	N/A	Deloitte	N/A	N/A	N/A	N/A
PEUGEOT	PWC	8,9	9,3	0	0	Mazars	1,9	1,8	0	0
PFR	KPMG	3,98	3,54	0,23	0,112	Deloitte	4,24	3,82	0,835	0,725
RENAULT	E&Y	6,36	6,151	0,12	0,382	Deloitte	6,159	6,645	0,658	0,646
SAINT GOBAIN	PWC	11,3	10,6	0	0,1	KPMG	10,8	9	0	0
SANOFI AVENTIS	PWC	16,4	13,7	0,1	0,4	E&Y	15,7	14,3	0,2	0,9
SCHNEIDER	Mazars	5,16	3,878	0,14	0,136	E&Y	9,198	7,28	0,245	0,249
SOCIETE GENERALE	E&Y	13,745	12,52	0,26	0,434	Deloitte	11,741	12,217	0,003	0,066
SUEZ	E&Y	19,16	13,352	0,218	0,518	Deloitte	29,242	19,513	0,904	1,514
THOMSON	KPMG	7,631	11,022	0,082	1,48	Mazars	4,894	2,356	0	0
TOTAL	KPMG	19,9	20,8	1,2	1,1	E&Y	20,9	16,2	1,3	1,5
VALLOUREC	E&Y	0,317	1,398	0,096	0,007	Deloitte	0,708	0,247	0	0
VEOLIA	KPMG	21,7	19,7	0	0	E&Y	20,1	16,9	0	0
VINCI	Deloitte	8,6	8,5	0,1	0,1	KPMG	8	7	0,1	0,1
VIVENDI	E&Y	10,9	9,4	0,1	0,1	KPMG	4,7	7,7	0,4	0
Total		386,675	356,571	20,106	24,551		302,311	258,023	12,238	11,418

E&Y : Ernst & Young

PWC : PricewaterhouseCoopers

Source AMF: http://www.amf-france.org/documents/general/7841_1.pdf

Appendix 3 : The 4 division terrorism processing at DoT

Terrorism & Financial Intelligence :

Under Secretary [Stuart Levey](#)

Assistant Secretary for Terrorist Financing [Patrick M. O'Brien](#)

Deputy Assistant Secretary for Terrorist Financing and Financial Crimes [Daniel Glaser](#)

Terrorism & Financial Intelligence-Intelligence and Analysis

Assistant Secretary for Intelligence and Analysis [Janice B. Gardner](#)

Deputy Assistant Secretary for Intelligence and Analysis Howard Mendelsohn

Deputy Assistant Secretary for Security Charles Cavella

Terrorism & Financial Intelligence-Office of Foreign Assets Control

Director [Adam J. Szubin](#)

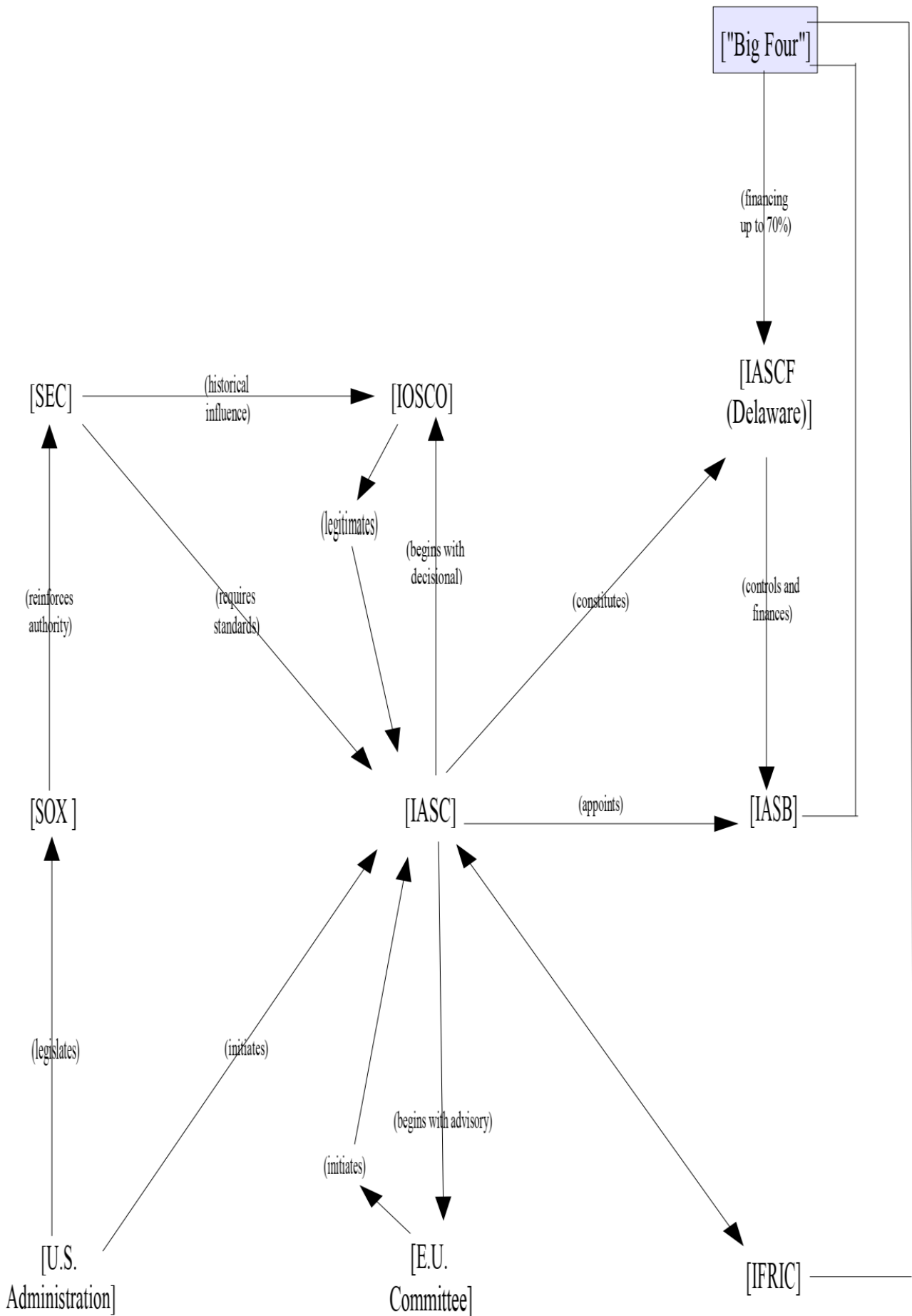
Terrorism & Financial Intelligence-Executive Office for Asset Forfeiture

Director Eric Hampf

Financial Crimes Enforcement Network (FinCEN)

Director [James H. Freis, Jr.](#)

Appendix 4 list of the stakeholders of IFRS



Appendix 4 list of the stakeholders of IFRS

["Big Four"] (financing up to 70%)

[SEC] (historical influence) (requires standards)

[SOX] (reinforces authority)

[U.S. Administration] (legislates) (initiates)

[IOSCO] (legitimizes)

[IASC] (begins with decisional) (begins with advisory) (constitutes) (appoints)

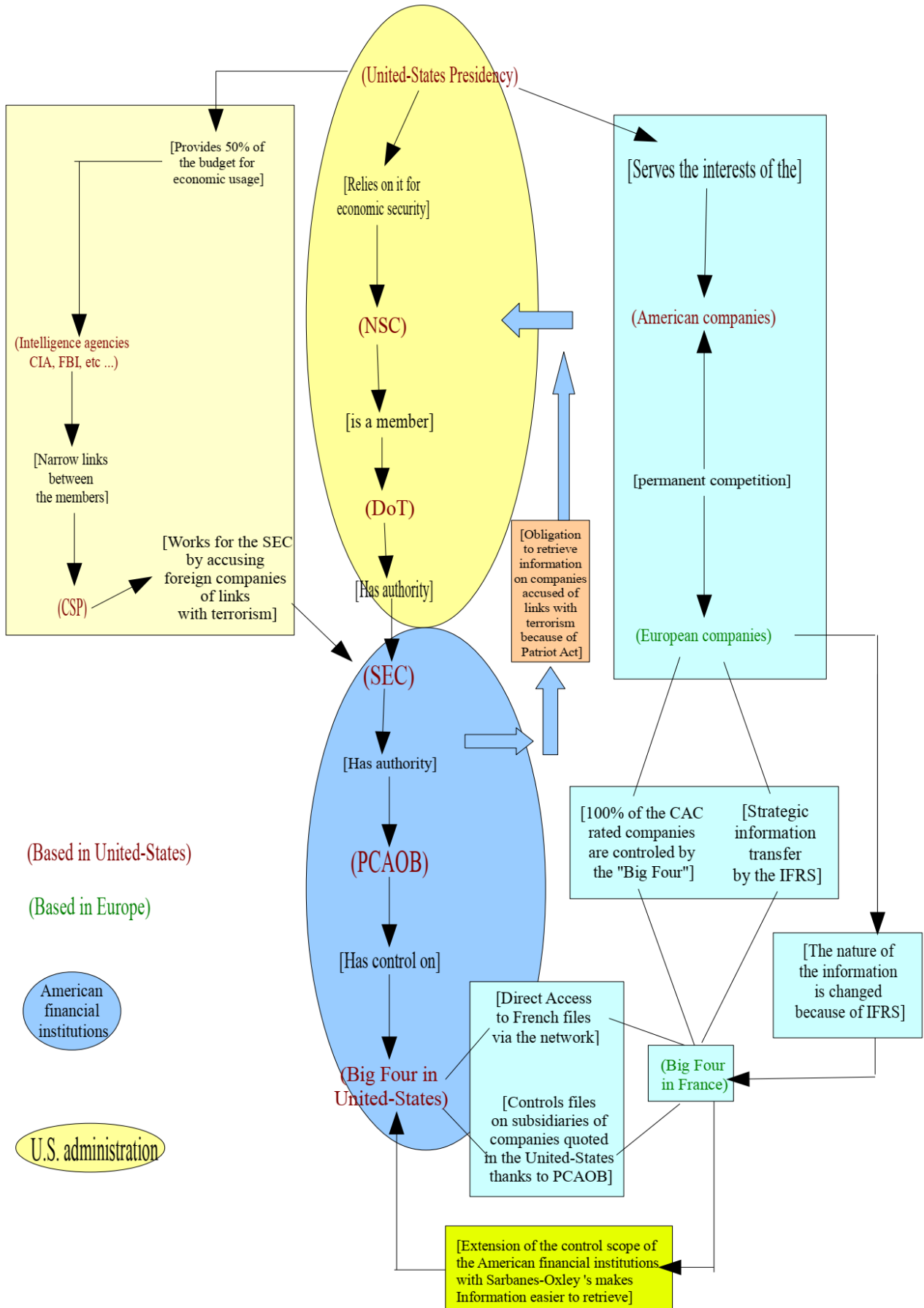
[E.U. Committee] (initiates)

[IASCF (Delaware)] (controls and finances)

[IASB]

[IFRIC]

Appendix 5 : MAP of the strategic information cycle



Appendix 5 : MAP of the strategic information cycle

(United-States Presidency)

TO THE LEFT

[Provides 50% of the budget for economic usage]

(Intelligence agencies CIA, FBI, etc ...)

[Narrow links between the members]

(CSP)

[Works for the SEC by accusing foreign companies of links with terrorism]

TO THE CENTER

[Relies on it for economic security] (NSC) [is a member] (DoT)

[Has authority] (SEC) [Has authority] (PCAOB)

[Has control on] (Big Four in United-States)

BETWEEN CENTER AND RIGHT

[Obligation to retrieve information on companies accused of links with terrorism because of Patriot Act]

[Direct Access to French files via the computer network]

[Controls files on subsidiaries of companies quoted in the United-States thanks to PCAOB]

[Extesion of the control scope of the American financial institutions with Sarbanes-Oxley 's law => Information is easier to retrieve]

TO THE RIGHT

[Serves the interests of the American companies]

(American companies)

[permanent competition]

(European companies)

[100% of the CAC rated companies are controlled by the "Big Four"]

[Strategic information transfer by the IFRS]

[The nature of the information is changed because of IFRS]

(Big Four in France)

(Based in United-States)

(Based in Europe)

American financial institutions

U.S. Administration

The abbreviations

IAS : International Accounting Standards
IFRS : International Financial Reporting Standard ou Normes
Internationales d'Information Financière
FASB : Financial Accounting Standards Board
PCAOB: Public Accounting Oversight Board
CNCC : Compagnie Nationale des Commissaires aux Comptes
IASC : International Accounting Standards Committee
IASB : International Accounting Standards Board
SEC : Security and Exchange Commission
FBI : Federal Bureau of Investigation
CIA : Central Intelligence Agency
IOSCO: International Organization of Securities Commissions
FED: Federal Reserve System
US GAAP: United States Generally Accepted Accounting Principles
NSC: National Security Council
DoT: Department of Treasury
GAO : Government Accountability Office
CSP: Center for Security Policy)