

# Professor Bruce Evans

Association of Government Accountants

September 18<sup>th</sup>, 2014



**The Thrill  
of Victory**



**The Agony  
of Defeat**

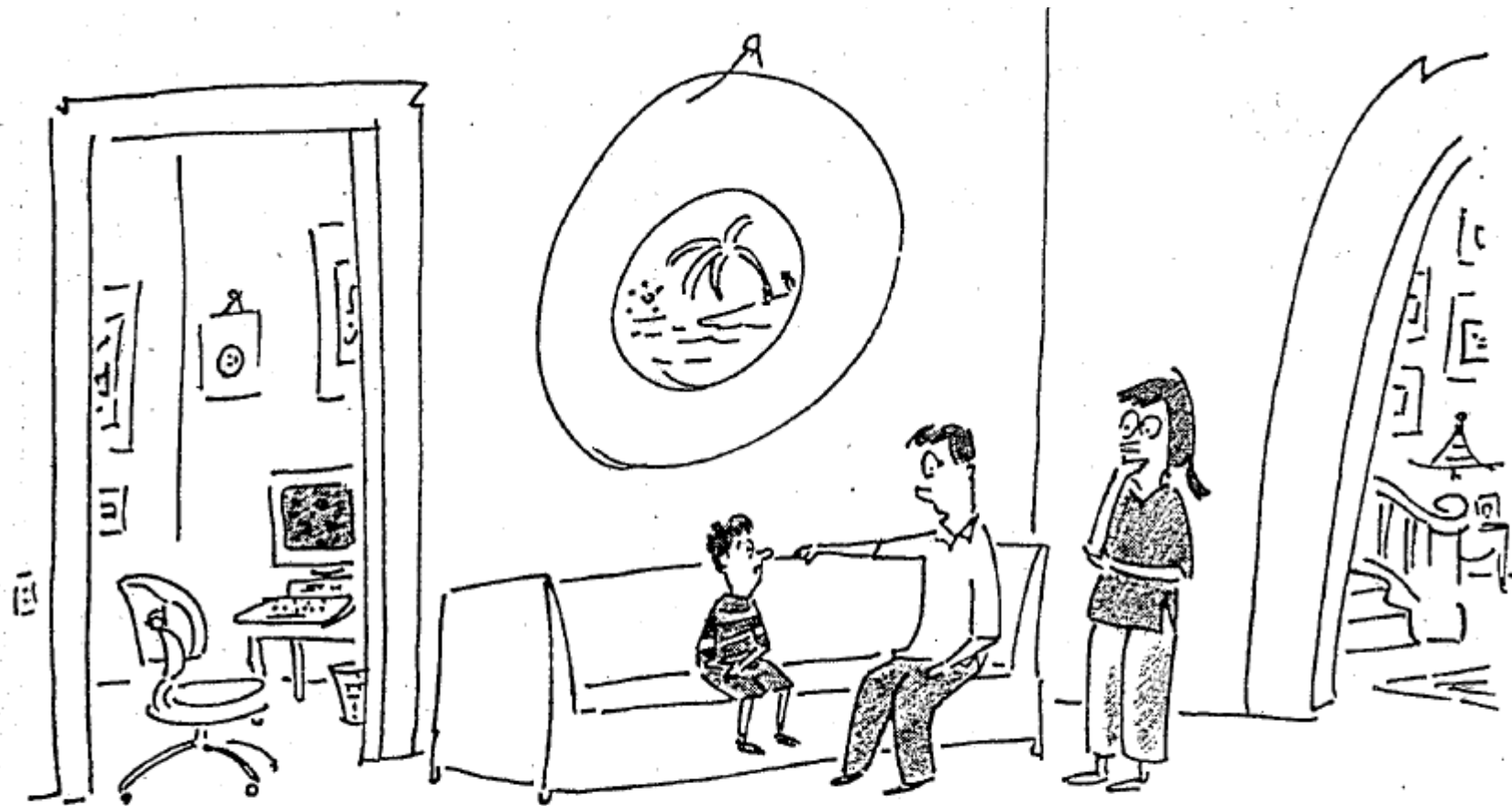
## NO. OF LAWYERS PER CAPITA BY STATE (2013)

RANK	STATE	POPULATION (2013)	NO. LAWYERS ACTIVE & RESIDENT (2013)	NO. LAWYERS PER 10,000 RESIDENTS (2013)
1	District of Columbia	646449	51928	803.28
2	New York	19651127	166317	84.63
3	Massachusetts	6692824	43008	64.26
4	Connecticut	3596080	21150	58.81
5	Illinois	12882135	62496	48.51
6	New Jersey	8899339	40993	46.06
7	Minnesota	5420380	24091	44.45
8	California	38332521	163163	42.57
9	Missouri	6044171	24423	40.41
10	Louisiana	4625470	18528	40.06
11	Colorado	5268367	21094	40.04
12	Rhode Island	1051511	4173	39.69
13	Maryland	5928814	23068	38.91
14	Pennsylvania	12773801	49697	38.91
15	Puerto Rico	3667084	14193	38.7
16	Vermont	626630	2300	36.7
17	Florida	19552860	68464	35.01
18	Washington	6971406	24032	34.47
19	Michigan	9895622	33995	34.35
20	Ohio	11570808	38541	33.31
21	Alaska	735132	2442	33.22
22	Oregon	3930065	12276	31.24
23	Texas	26448193	82607	31.23
24	Delaware	925749	2888	31.2
25	Oklahoma	3850568	11970	31.09
26	Montana	1015165	3046	30
27	Kentucky	4395295	13061	29.72
28	Virginia	8260405	24468	29.62
29	Alabama	4833722	14303	29.59
30	Hawaii	1404054	4132	29.43
31	Maine	1328302	3863	29.08
32	Georgia	9992167	28974	29
33	Wyoming	582658	1681	28.85
34	Kansas	2893957	8199	28.33
35	Wisconsin	5742713	15538	27.06
36	Utah	2900872	7840	27.03
37	Nebraska	1868516	5028	26.91
38	New Hampshire	1323459	3507	26.5
39	Tennessee	6495978	17203	26.48
40	West Virginia	1854304	4901	26.43
41	New Mexico	2085287	5468	26.22
42	Nevada	2790136	7080	25.38
43	Arizona	6626624	16208	24.46
44	Iowa	3090416	7383	23.89
45	Indiana	6570902	15646	23.81
46	Mississippi	2991207	6955	23.25
47	Idaho	1612136	3725	23.11
48	South Dakota	844877	1905	22.55
49	North Carolina	9848060	21855	22.19
50	North Dakota	723393	1560	21.57
51	Arkansas	2959373	5953	20.12
52	South Carolina	4774839	9587	20.08
	<b>U.S.A. AVERAGE</b>	<b>316128839</b>	<b>1252713</b>	<b>39.63</b>



*"I've never actually stormed a castle, but I've taken  
a bunch of siege-management courses."*

ART.  
COM



*maxlin*

*"It's very, very important that you try very, very hard to remember where you electronically transferred Mommy and Daddy's assets."*

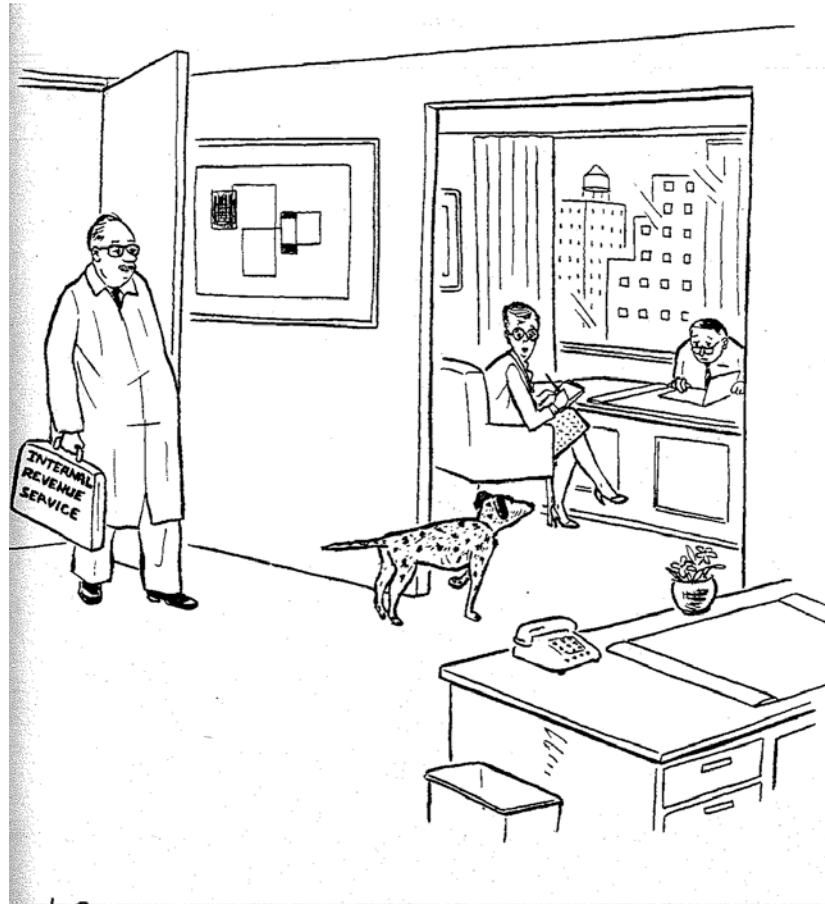
# Simplified 1040

Latest Revision for:

## 1040 Federal Income Tax Form

Department of the Internal Revenue Service

<del>Separate</del> Income	Your Social Security Number	
1. How much money did you make last year?.....▶	( ) ( )	( ) ( )
2. Send it in.....▶	( ) ( )	( ) ( )



Nick Downes

BY NICK DOWNES

from Paul Evans →

HARVARD BUSINESS REVIEW March-April 1999

“Enterprise Risk Management is a process, effected by an entity’s board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of the entity objectives”



The Framework notes that this definition incorporates several fundamental concepts upon which ERM is based. Among the fundamental concepts are:

- A process – ERM is not one single action or activity but rather a series of actions.
- Effected by people – ERM process is effected by and affects people's actions.
- Applies to strategy setting – Allows management to consider risks relative to alternative strategies.
- Considers risk appetite – The amount of risk an entity will accept in pursuit of values.
- Provides reasonable assurance – Assists in determining if a company can achieve its objectives.

Prof. Bruce Evans  
Risk Management Session

**The focus of risk management:  
The **negative consequences** of decision-  
making.**

# THE RISK MANAGEMENT PROCESS

Prof. Evans' Enterprise Risk Management Session #1

1. Risk Analysis
2. Risk Measurement/Evaluation
3. Risk Reduction via(a) avoidance and/or(b) prevention
4. Loss Reduction
5. Risk Transfer
6. Risk Retention

## Loss Severity Levels

- I. Minimal – Slight Impact
- II. Ordinary – Business Risk
- III. Material – Requires disclosure to board executive committee

Ericsson unlike Nokia, it didn't have other suppliers of the same chips.

MONDAY, JANUARY 29, 2001

## Trial by Fire

### A Blaze in Albuquerque Sets Off Major Crisis For Cell-Phone Giants

#### Nokia Handles Supply Shock With Aplomb as Ericsson Of Sweden Gets Burned

#### Was *Sisu* the Difference?

By ALMAR LATOUR

Staff Reporter of THE WALL STREET JOURNAL

Caused by a lightning bolt, the blaze in an Albuquerque, N.M., semiconductor plant burned for just 10 minutes last March. But far away in Scandinavia, the fire touched off a corporate crisis that shifted the balance of power between two of Europe's biggest electronics companies, both major players in the global electronics industry.

Nokia Corp. of Finland and Telefon AB L.M. Ericsson of neighboring Sweden both bought computer chips from the factory, which is owned and operated by Philips Electronics NV of the Netherlands. The flow of those chips, crucial components in the mobile phones Nokia and Ericsson sell around the world, suddenly stopped.

Philips needed weeks to get the plant back up to capacity. With mobile-phone sales booming around the world, neither Nokia nor Ericsson could afford to wait.

But how the two companies responded to the crisis couldn't have been more differ-

## Dial M for Manufacturing

Ericsson said it will outsource nearly all of its cell-phone production to Flextronics International. Articles on Page E8.

ent. Nokia, which was Europe's largest corporation by market capitalization at the time, met the challenge with a textbook crisis-management effort—the kind companies of all stripes are finding essential as the pace of global commerce quickens.

Nokia officials outside Helsinki noticed a glitch in the flow of chips even before Philips told the company there was a problem. Nokia's chief supply troubleshooter, an intense 39-year-old Finn who runs marathons and plays rock guitar in his spare time, was on the case within days. Within two weeks, a team of 30 Nokia officials fanned out over Europe, Asia and the U.S. to patch together a solution. They redesigned chips on the fly, sped up a project to boost production, and flexed the company's muscle to squeeze more out of other suppliers in a hurry. "A crisis is the moment when you improvise," says Pertti Korhonen, Nokia's top troubleshooter, a man whose electric-guitar collection includes two classic Fender Stratocasters.

Ericsson, Sweden's largest company, with annual revenue of more than \$20 billion, moved far more slowly. Another was less prepared for the problem in the first place.

Unlike Nokia, the company didn't have other suppliers of the same chips, known as RFCs, for radio frequency chips. In the end, Ericsson came up millions of chips short of what it needed for a key new product. Company officials say they lost at least \$400 million in potential revenue, although an insurance claim against the fire may make up some of it.

"We did not have a Plan B," concedes Jan Ahrenbring, Ericsson's marketing director for consumer goods.



Pertti Korhonen

## **Crisis**

A TIME OF GREAT DANGER WHOSE OUT  
COME DETERMINES WHETHER BAD  
CONSEQUENCES WILL FOLLOW

- If there is a possibility of loss, assume it will occur.
- How will you handle such an event?

Directions:

Check the most applicable column for each:

<b>Identifying Risk Control Solutions</b>		
<u>Risk Exposure Solution</u>	<u>Main Purpose to Prevent Loss</u>	<u>Loss Control is Main Purpose</u>
Firewall between two sections of a single building		V
Sprinklers		V
Manufacturing plants sited away from hurricane prone locations	V	
Rock roof warehouse	V	
Compulsory wearing of hard hats at construction site		V



# BANK INFO SECURITY®

## Heartland Data Breach Update: Now More Than 330 Institutions Impacted

Bermuda, Canada and Guam Now Report Effects from Breach

Linda McGlasson, Managing Editor February 12, 2009

If your institution has been affected in the [Heartland breach](#) and you are not on this list, please send an email to [editor@bankinfosecurity.com](mailto:editor@bankinfosecurity.com). Include your name, email, and a phone number where you may be contacted for verification.

Following is the latest up-to-date list of institutions impacted by the Heartland breach:

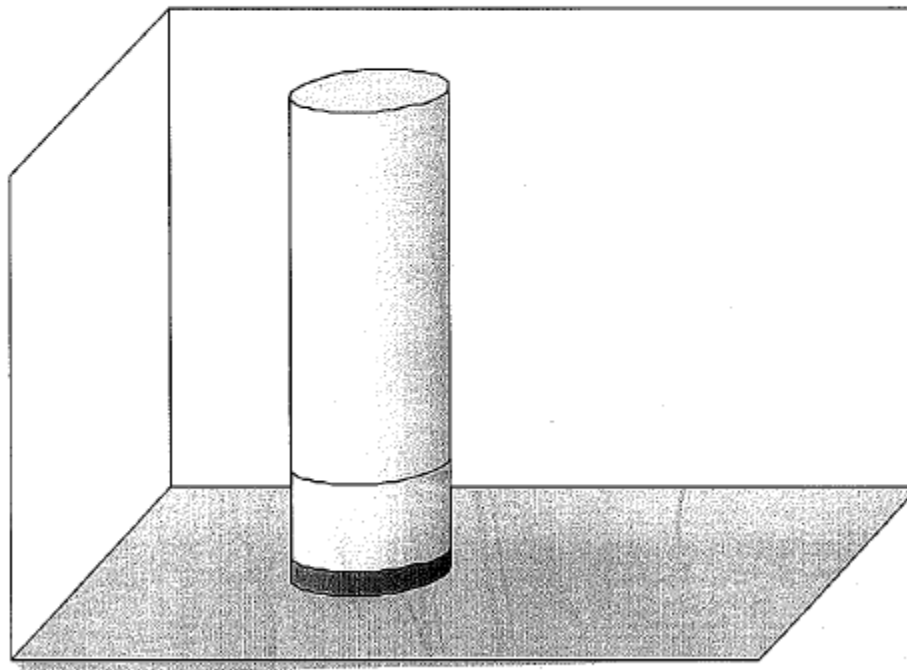
- Acadian Federal Credit Union, Fort Kent, ME;
- Adams Bank & Trust, Grant, NE; (15)
- Alabama State Employees Credit Union, Montgomery, AL (4,097)
- Alerus Financial, Grand Forks, ND;
- Alpine Bank, Aspen, CO (3,500);
- Alva State Bank, Alva, OK;
- Amboy Bank, Old Bridge, NJ;
- American Bank Montana, Bozeman, MT;
- American National Bank, Denver, CO (2,500);
- American Riviera Bank, Santa Barbara, CA;
- Apple Valley Bank, Cheshire, CT (100);
- Arizona State Credit Union, Phoenix, AZ
- Arkansas County Bank, Stuttgart, AR;
- Arvest Bank, Mountain Home, AR;
- Association of Vermont Credit Unions, VT (6,000);

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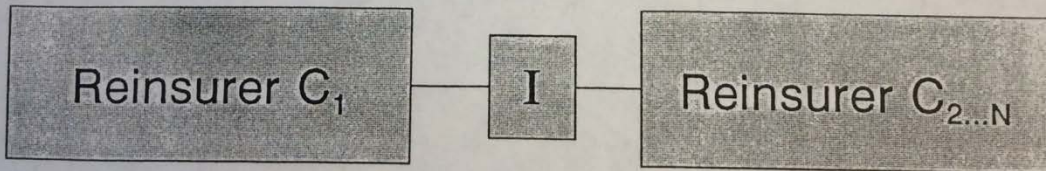
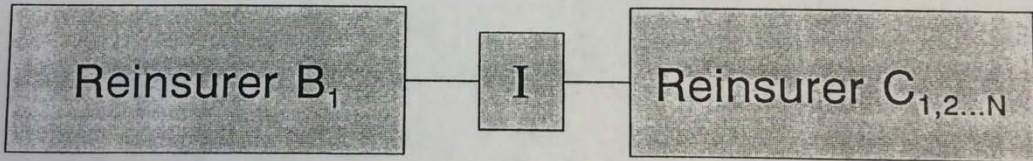
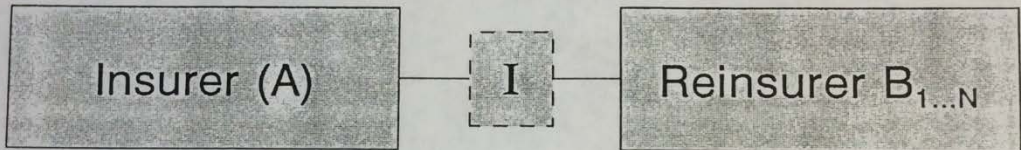
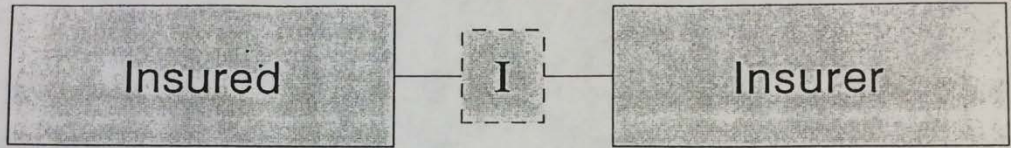
# Risk Transfer Components

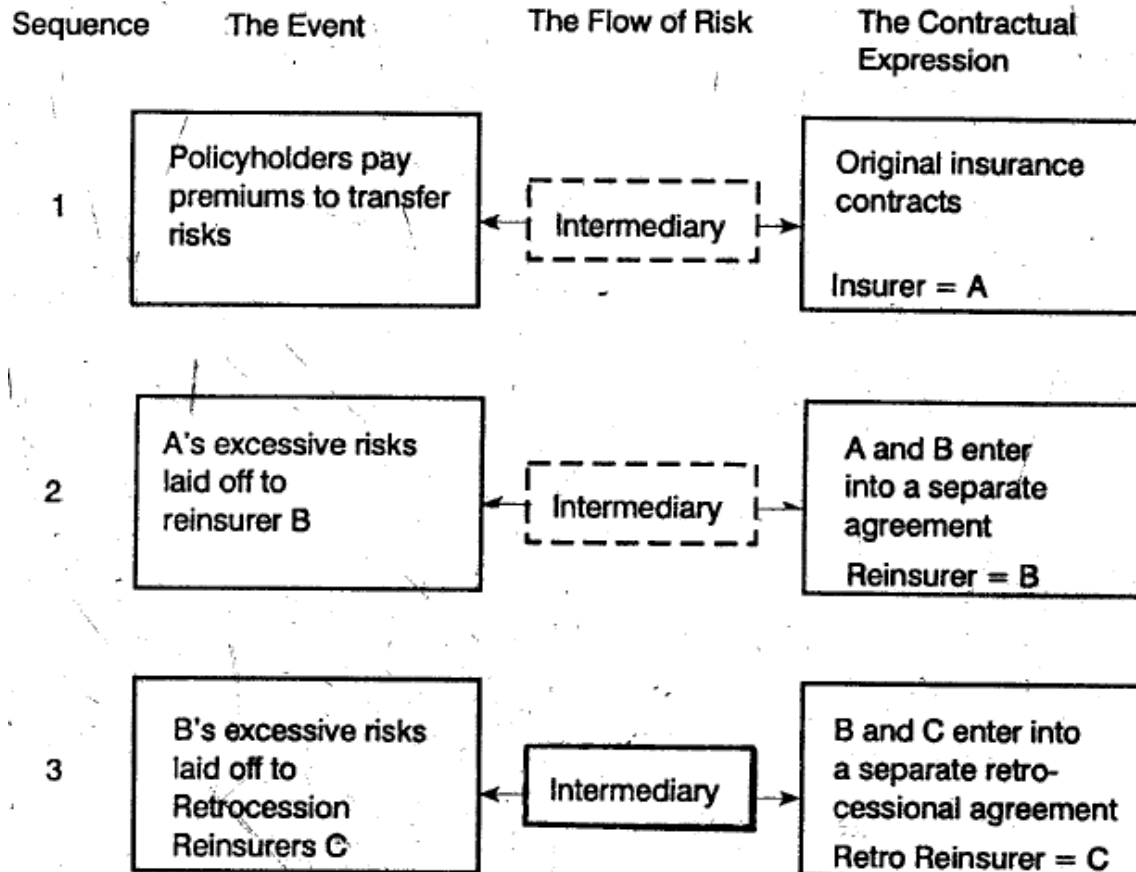
## Liability Insurance Demonstration



**Current**

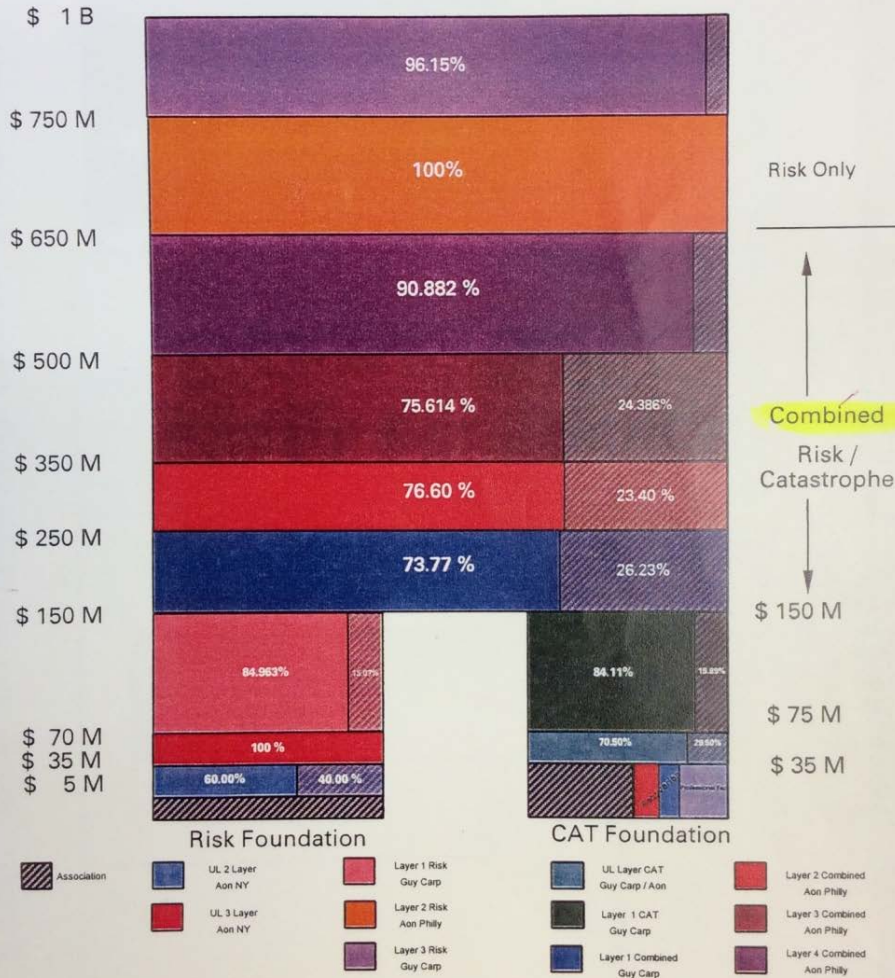
# Exhibit One





# Property Excess Of Loss Treaties

## Program Structure for 2001



Effective 01/01/2001