

BUSINESS

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THURSDAY, JANUARY 13, 2005

THE OTTAWA CITIZEN

SECTION E

Meet the man who told you so

BY SIMON DOYLE

TORONTO • Five years ago, Al Rosen was seen as the nut job who said Nortel Networks was riddled with sloppy accounting. Watch it plummet to the cellar of the Toronto Stock Exchange, he said.

Few had any reason to believe the investigative accountant, known for his hard-hitting attacks on the way Canada's corporations report their financial figures. At a seemingly invincible \$150-plus per share, analysts promoted Nortel and investors continued to buy, making it the most widely held stock in Canada.

'The politicians are going to look awful when these blowups continue. Do you understand what I'm getting at? They're doing nothing.'

AL ROSEN

manager, Rosen & Associates Ltd.

All that has changed. Nortel, now sitting between \$4 and \$5, late Monday issued a long-delayed restatement of its 2003 financial results, and it wasn't a pretty sight. The report took to task former chief executive Frank Dunn for improperly moving profits from one quarter to another so executives could take advantage of performance bonuses. Five directors announced they would not be standing for re-election to the board. Twelve top executives decided they should repay \$10.4 million in bonuses. It was a house-cleaning seldom seen in the corporate world.

Is Mr. Rosen one to say, "I told you so?"

Probably.

As the force behind one of Canada's leading investigative accounting firms, he is in high demand, some would even say revered. Reporters, investors and finance lawyers take an interest in his analysis, because, as Mr. Rosen would say, understanding investing is really a matter of understanding accounting. But for all his celebratory rise in stature, Mr.

Rosen remains forever fed up.

On the 38th floor of the Toronto Dominion Centre, thousands of financial reports and legal documents are piled on his desk and stacked in boxes in the hallway. Aggressive accounting, or the deceptive art of piecing together pretty financial statements, he says, has not been solved. Canadian securities regulators, and their friends in the political world, are doing nothing to fix lax Canadian accounting.

On Bay Street, Mr. Rosen is known as Dr. Al, or the Enforcer. As the manager of Rosen & Associates Ltd., he has worked on more than 750 litigation cases, often as an expert witness. Now in his late 60s, his many credentials include a PhD (he taught accounting at York University for more than 30 years) and a CFE (Certified Fraud Examiner).

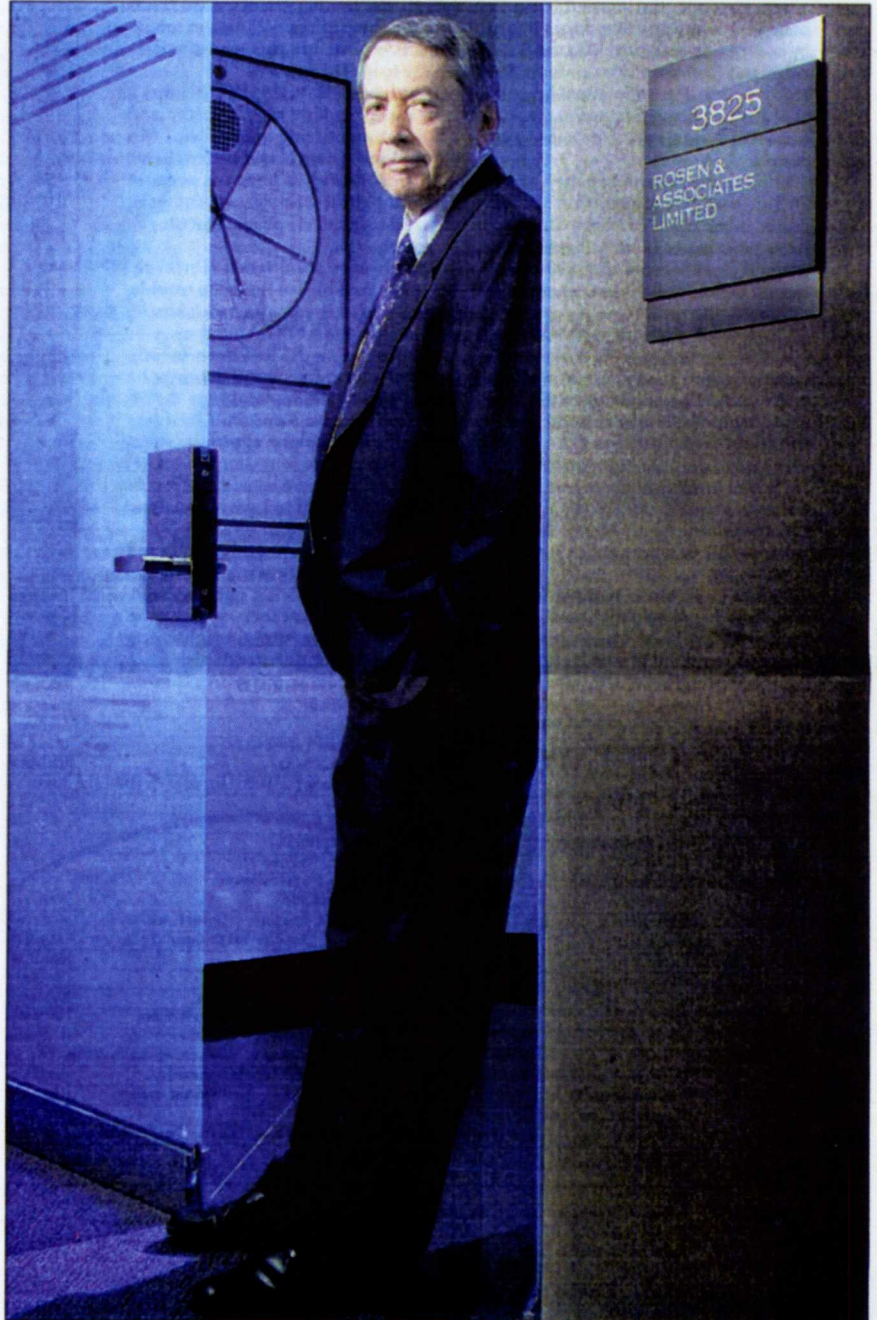
"Dr. Rosen is the undisputed reigning champion of forensic accounting in Canada," said Douglas Hunter in his 2002 book *The Bubble and the Bear*, on Nortel's collapse. He, along with analysts Ross Healey and Paul Sagawa, were the first to recognize Nortel problems.

So who should be less impressed with Nortel's attempt at a fresh start than Mr. Rosen, who says the company has not redeemed itself. The bonus repayment scheme involving 12 managers is a mere public relations scheme, he says, and he expects Nortel to go on to use the same accountants and auditors.

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LEARNING: SOME INVESTORS STILL DON'T GET IT, PAGE E8



CHRIS BOLIN, THE NATIONAL POST

Known as 'the undisputed reigning champion of forensic accounting in Canada,' Al Rosen blames — in part — lax Canadian accounting standards for allowing the Nortel debacle to happen.

