



# The 24/7 Wall St. Fifty Least Trustworthy Companies in America

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24/7 Wall St., working together with independent research firm [Audit Integrity](#), has compiled a list of the companies with the least transparent governance and accounting practices. The list is based on publicly available information updated for the year ending 12/31/2009. [Shares](#) of all the companies on this list are publicly traded on U.S. stock exchanges. This list is [based on the same methodology](#) that is used to produce [The 100 Most Trustworthy Companies](#), as published by Forbes. In our opinion, the companies with the lowest transparency scores are [the least trustworthy companies in America](#).

“Least Trustworthy” refers to companies that have accounting and governance practices that pose risks to the company – and as a result, to shareholders. These practices include whether financial results may be misrepresented in public disclosures. According to Audit Integrity, “Accounting and governance practices have been shown to be highly predictive of negative events such as SEC enforcement actions, class action [shareholder](#) litigation and severe stock loss.”

Audit Integrity’s analysis and models, covering all U.S. publicly traded companies, are designed to address the need for transparency in publicly filed documents. This goal is achieved by using objective and quantitative information to find potentially fraudulent activity. In the past decade, over 500,000 Audit Integrity Accounting and Governance Risk Rating Scores (**AGR**®) have been assigned to these companies in the fiscal quarters of this sample period.

To report which firms have the greatest shareholder risk, Audit Integrity’s methodology breaks companies down into four groups. The AGR scores range from 0 to 100, worst to best and are classified as follows:

- Very Aggressive – highest-risk companies, comprising approximately 10% of the total universe;
- Aggressive – high-risk companies, comprising approximately 25% of the total universe;
- Average – moderate-risk companies, comprising approximately 50% of the total universe; and
- Conservative – low-risk companies, comprising approximately 15% of the total universe.

Audit Integrity’s analysis has proved to be a highly accurate forecasting tool for corporate risk. It identified problems at Lehman Brothers, American International Group, Washington Mutual, and Huron Consulting. James Kaplan, Audit Integrity’s Chairman, says his research’s ability to detect risk with accuracy is because the analysis focuses on forensic data. “Companies that are obfuscating results or misleading investors use a number of strategies to achieve this. Those strategies may involve revenue manipulation, [asset](#) overvaluation, and/or capitalizing expenses,” Kaplan says. “We examine over 100 metrics in order to assess the level of transparency.”

The 24/7 Wall St. list focused on the lowest scores, which range from 1 to 5. These are the worst offenders in the “Very Aggressive” segment.

The list is in two segments, each composed of 25 companies. The first list covers firms with market caps over \$1 billion. The second list covers companies with market caps between \$1 billion and \$200 million.

Based on the events of the last two years, it is not surprising that several large banks are on the list-Bank of America, [Citigroup](#), Wells Fargo, and Goldman Sachs. There are also several companies in the drug and pharmaceuticals industry-Merck, Pfizer, and Warner Chilcott plc.

According to Kaplan, the ultimate value of the list is to avoid negative surprises that result in defaults, litigation and price drops.

## The 25 Least Transparent Large-Caps

Company	industry	Market Cap (\$Million)	Current AGR	Total Flagged Metrics	Flagged Governance Metrics	Flagged Accounting Metrics
Altria Group, Inc.	Tobacco	43754.71118	1	13	5	8
Apollo Group, Inc.	Personal Services	8413.578	3	10	6	4
<a href="#">Bank</a> of America Corporation	<a href="#">Banks</a>	160426.8012	1	14	8	6
Carter's, Inc.	Retail – Apparel / Accessories	1795.229858	2	10	6	4
Chesapeake Energy Corporation	Oil / Gas Exploration / Production	13675.68257	2	13	5	8
<a href="#">Citigroup</a> Inc.	Banks	108674.5475	1	14	8	6
Compuware Corporation	<a href="#">Software</a>	1812.452169	3	13	4	9
Fiserv, Inc.	IT Services / Consulting	7238.303446	3	12	5	7
General Mills, Inc.	Food Processing	23795.01904	3	11	4	7
Goldman Sachs Group, Inc.	<a href="#">Investment Services</a>	72389.60893	1	13	6	7
Hewlett-Packard Company	Computer Hardware	109234.434	3	15	7	8
IAC/InterActiveCorp	IT Services / Consulting	2381.835533	3	12	4	8
McCormick & Company, Incorporated	Food Processing	4582.855938	3	11	3	8
Merck & Co., Inc.	Pharmaceuticals – Diversified	99908.8019	1	15	8	7
Monsanto Company	Chemicals – Agricultural	29978.39496	3	14	6	8

NuVasive, Inc.	Medical Equipment / Supplies / Distribution	1586.552038	2	13	5	8
Pfizer Inc.	Pharmaceuticals – Diversified	124218.4607	1	17	5	12
Plains Exploration & Production Company	Oil / Gas Exploration / Production	3185.874	3	10	3	7
PulteGroup, Inc.	Homebuilding	4147.28515	2	11	4	7
Steel Dynamics, Inc.	Steel	3033.650923	1	12	3	9
Synutra International, Inc.	Food Processing	1117.814759	3	12	3	9
Terex Corporation	Construction / Agricultural Machinery	2302.266	2	13	7	6
Tutor Perini Corporation	Engineering / Construction	1033.442287	3	11	4	7
Warner Chilcott Plc	Pharmaceuticals – Diversified	5983.964461	1	13	3	10
Wells Fargo & Company	Banks	156743.9659	1	18	6	12

## The 25 Least Transparent Small-Caps

Company	Industry	Market Cap (\$Million)	Current AGR	Total Flagged Metrics	Flagged Governance Metrics	Flagged Accounting Metrics
Air Transport Services Group Inc.	Air Freight / Courier Services	330.9962255	1	11	2	9
American Dairy, Inc.	Food Processing	371.6199917	1	11	5	6
Belo Corp.	Broadcasting	714.4019691	5	13	3	10
China Information Security Tech, Inc.	Software	254.884472	2	13	4	9
China Security & Surveillance Tech. Inc.	Business Support / Supplies	322.5254102	3	10	4	6
Clinical Data, Inc.	Medical Equipment / Supplies / Distribution	395.58236	2	14	5	9
Dolan Media Company	Business Support / Supplies	375.2157141	5	11	2	9
Flagstar Bancorp, Inc.	Banks	673.8585187	3	10	4	6
FreightCar America,	Construction /	309.7734372	1	14	3	11

Inc.	Agricultural Machinery					
Headwaters Incorporated	Construction – Supplies / Fixtures	246.0002953	5	11	3	8
Home System Group	Appliances / Tools / Housewares	303.705747	2	10	2	8
Huron Consulting Group	Business Support / Supplies	490.978877	3	10	4	6
Kaiser Aluminum Corp.	Aluminum	681.741006	1	13	3	10
KapStone Paper and Packaging Corp.	Paper Packaging	489.3886942	2	10	2	8
Kenexa Corporation	Business Support / Supplies	307.7350061	5	10	2	8
Navios Maritime Holdings Inc.	Marine Transportation	566.9998386	2	12	3	9
Rudolph Technologies, Inc.	Semiconductor Equipment / Testing	265.398366	3	11	2	9
Sequenom, Inc.	Advanced Medical Equipment	367.4584284	1	13	7	6
Skilled Healthcare Group, Inc.	Healthcare Facilities	266.9151255	3	10	4	6
SkyWest, Inc.	Airlines	832.889065	2	10	2	8
TeleCommunication Systems, Inc.	IT Services / Consulting	263.5541645	3	14	4	10
United Online, Inc.	Retail – Specialty	589.8948647	3	14	4	10
UTStarcom, Inc.	Wireless Telecommunications Services	244.6132147	2	12	3	9
Wonder Auto Technology, Inc.	Auto / Truck / Motorcycle Parts	266.8167527	1	15	4	11
Yongye International, Inc.	Chemicals – Agricultural	322.4134248	1	10	3	7

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