



Fraud Investigations and Litigation Support

by Deborah Dickson, CPA, CFF, MAFF, Managing Partner, Smith Dickson, Certified Public Accountants, LLP

General counsel, whether in-house or outside counsel, often find themselves dealing with fraud in their businesses. In these situations, it is crucial to work with a CPA firm that is highly experienced in fraud investigations and litigation support.

Confidentiality is Key

Our work is typically confidential, both inside and outside the company in order to not alert suspected fraudulent employees. Often, we work directly with only the CEO and general counsel, involving others as necessary. It is crucial for us to maintain secrecy so that we can identify if and how fraud occurred, determine its pervasiveness, act quickly to stop it, and provide evidence should the company and District Attorney choose to file charges. Furthermore, many companies that have been victims of fraud wish to maintain secrecy due to damaging publicity.

Recent Examples

A company's CEO suspected that something was wrong because the business was continually underperforming in profitability. He suspected that someone in the accounting department was committing financial crimes, so he needed evidence to not only prove wrongdoing but also to stop the behavior. The company's general counsel asked Smith Dickson CPAs to perform an initial, limited analysis to quickly determine whether fraud had occurred. In two days, our team found over \$350,000 in suspicious transactions. Knowing there was likely more fraud, we recommended an expanded investigation, which resulted in us uncovering over \$2,000,000 additionally stolen.

Another engagement involved a local subsidiary of a foreign company. The parent

company had suspected financial wrongdoing and sent internal auditors from overseas to investigate. Smith Dickson was hired due to our forensic investigation expertise. Our work confirmed that the CFO had syphoned over \$200,000 for a car purchase, mortgage payments, and other personal activities. He was a trusted officer of the company and, as it turned out, was a "serial embezzler" who had victimized his previous companies. After serving probation and minimal jail time for his previous crimes, he somehow found employment at our client where he continued to defraud and embezzle. However, his streak ended as our client had him arrested during a board meeting of his next employer! Smith Dickson worked with the DA's office to provide evidence and testimony resulting in partial funds recovery and jail time.

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