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Harvey Busby says forensic accountants are more analytical and creative than traditional number crunchers.

CATHERINE LOVETT/DAILY REPORT

FORENSIC ACCOUNTANTS FOLLOW MONEY TRAIL

Investigative numbers sleuths help attorneys uncover hidden dollars, shady deals, deadbeat spouses and filching employees

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Special to the Daily Report

If you've ever longed for an extra set of expert eyes to look behind pages of numbers to help you better represent your client, you might consider hiring a forensic accountant.

It's not just the big law firms that hire these special sleuths. Attorneys from smaller

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firms and even solo practitioners are calling on forensic accountants to help them calculate the value of holdings and track wayward

financial trails in business breakups, divorces, and insurance cases. Beyond the numbers, they sometimes find the darkness of the human heart — a trusted employee stealing from her boss or an ex-husband hiding assets from the mother of his children.

Roswell forensic accountant Harvey G. Busby Jr., the founding partner of H.G. Busby & Associates, recalls one case where his forensic accountants discovered that a

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long-trusted bookkeeper was writing checks to herself, then intercepting the bank statements before the business owner saw them. The employee would doctor the statements by placing vendors' names over her own. Then she'd scan the statements so they looked legitimate when her boss saw them.

One Christmas, Busby said, the business owner happened to see the bank statement before the filching employee had a chance to make her changes. A forensic accounting investigation revealed that the bookkeeper had skimmed \$150,000 from the business in two years.

Gainesville family law attorney Kelly A. Miles of Smith, Gilliam, Williams & Miles uses forensic accountants and business evaluators in about 10 percent of her work.

She recently hired a forensic accountant to examine the spending habits of a mother who wanted more child support from her ex-husband. Miles, who represented the ex-husband, said the accounting revealed that the mother was spending on home improvements, furnishings, and vacations, and that appeared to be the real reason she needed bigger contributions from her ex-husband.

Miles tends to use forensic accountants in divorce cases involving large assets or in which one party owns a business. "If you have a client who doesn't have the funds to hire the experts that they need, but you believe the other party is the breadwinner and has access to that money," she said, "you can petition the court to award the cost of litigation and attorney's fees."

There is no simple way to find a reliable forensic accountant. The term "forensic accountant" has come into use only in the last decade, and there's no specific educational training that certifies a CPA or an accountant as a forensic accountant. Instead, there are accountants who specialize in this field, much in the same way attorneys specialize in a practice area. However, some accountants are trained as certified fraud examiners, or CFEs.

Because there's no required specialty certification, it's important to consider credentials, experience, and references.

Busby, of H.G. Busby & Associates, has

specialized in forensic accounting for 18 years. He cautioned that years of experience isn't the only indicator of a good forensic accountant. He recommended that attorneys look for a well-rounded staff in a forensic firm. His firm, for example, includes CFEs, a former employee of the U.S. Bureau of Alcohol, Tobacco and Firearms and of the Federal Deposit Insurance Corp., and an employee with a strong background in taxation, auditing, and forensic applications.

Forensic accountants are generally more "analytical and creative, versus your traditional type of accounting which is really program driven and not geared to thinking critically and asking a lot of questions," Busby said. "So, the characteristics of a good forensic accountant are going to be analytical, critical thinking, inquisitiveness and a good ability to communicate those concepts and the analysis either written and orally."

Attorney Henry D. Fellows of Fellows, Johnson & LaBriola said that even after having worked with accountants for approximately 23 years in business litigation, he still generally interviews at least two accountants to find the one best suited for each particular case. Fellows said he looks for the forensic accountant with the ability "to both simplify and present it to a jury in an appealing way."

Paying the Bill

Of course, all this costs money, and forensic accountants don't work on contingencies. Usually, charges will be calculated by the hour.

The *Daily Report's* Going Rate survey of professionals' hourly rates found in its most recent sampling that forensic accountants' rates at some local firms range from about \$90 an hour to \$450 an hour. Attorneys' hourly rates ranged from about \$110 to \$571 (*Daily Report*, Feb. 10, 2003).

Forensic accountant Barry Frankel, partner in charge of litigation support at Habif, Arogeti & Wynne, said that for attorneys, it's often "more cost effective" to employ a forensic accountant than to investigate the numbers themselves. Frankel recalled a divorce case in which an attorney in a four-person law firm asked his firm to research

six years of an individual's financial records. His office used staff accountants, "who bill at significantly less rates than the attorney," he said, to get the job done quickly and efficiently.

Even so, Frankel advises attorneys in each case to weigh the benefits against the cost for a forensic accountant.

Smyrna solo practitioner Robert E. Richardson, who for 20 years has represented the insured against insurers, said he often finds it helpful to hire a forensic accountant, though cost can be a mitigating factor.

"For most of my clients, their house just burned, or their business just burned down, and they don't have the kind of money to fight State Farm or Allstate," and hire a forensic accountant, for a retainer that usually runs between \$2,500 and \$5,000, Richardson said.

Even so, in some cases, he added, "it's incumbent upon me to get another forensic accountant who knows how to play the game."

It's also important for forensic accountants to be able to handle the adversarial nature of a court proceeding. Founding partner Ian Ratner of GlassRatner said most accountants are not used to having their findings disputed, but that's the nature of a forensic accountant's work. Ratner recommends that attorneys find forensic accountants who are at ease with conflict and are dedicated to litigation support.

Indeed, most forensic accountants say they think differently from CPAs in that they have experience dealing with scams and fraud and know where and how to look for deception in numbers.

This theory is the basis for "The Pros & the Cons," a speaker's bureau on white-collar crime founded by CPA Gary Zeune, of Columbus, Ohio. Zeune said he employs speakers with traditional credentials as well as ex-cons who have committed major scams, to teach accountants, investigators, and even the FBI "how to commit fraud."

"If you want to build a better henhouse, you don't ask the chickens," Zeune said. "You ask the fox." □

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