

GRANDMA, WHAT BIG BANK ACCOUNTS YOU HAD!

WHEN AND HOW TO USE A FORENSIC ACCOUNTANT



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WHO WE ARE

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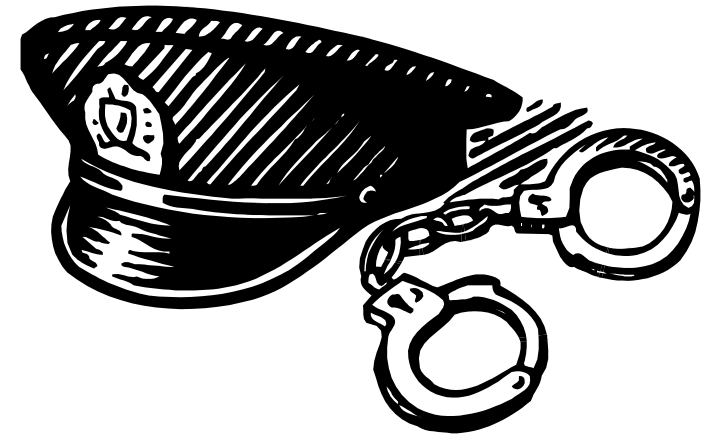
LEARNING OBJECTIVES

- ❖ **Recognize red flags that may indicate financial exploitation**
- ❖ **Identify key steps in financial exploitation cases**
- ❖ **Become familiar with the term “forensic accountant”, and role in exploitation cases**
- ❖ **Learn tips for streamlining intake and investigation processes**
- ❖ **Identify the legal/criminal considerations in financial exploitation cases**



CHALLENGES FACED IN FINANCIAL EXPLOITATION INVESTIGATION

- ❖ Complexity of cases
- ❖ Time commitment
- ❖ Skill sets
- ❖ Resources *not* available
- ❖ Limited opportunity for recovery of funds
- ❖ Difficulty with law enforcement/legal system



RED FLAGS: HOW DO YOU KNOW?

- ❖ Financial representatives express concerns about certain transactions
 - ❖ Bank teller
 - ❖ Financial advisor
 - ❖ Power of Attorney
- ❖ Sudden inability to pay bills
- ❖ Collection and/or shut off notices due to failure to pay
- ❖ Caregiver denies Victim access to financial information
- ❖ A relative/friend appears overly interested in a person's finances
- ❖ New worry or confusion about finances/missing funds
- ❖ New loans or debts



NEXT STEPS: NOW WHAT DO YOU DO?

- 1) Gather information and documents
- 2) Review records for unusual transactions
- 3) Implement remedies to protect funds
- 4) File disputes with banks or credit card companies to recover funds
- 5) Report a crime, when applicable



1) GATHER INFORMATION AND DOCUMENTS



- ❖ Speak with the victim
 - ❖ Income and asset information
 - ❖ Regular expenses
 - ❖ Use of credit cards
 - ❖ Power of Attorney
- ❖ Obtain documents from banks, credit card companies, investment accounts
- ❖ Run a credit report
 - ❖ www.annualcreditreport.com



BEST PRACTICE: REQUESTING BANK DOCUMENTS

- ❖ Request the front and back of checks, withdrawal slips, and offsets
 - ❖ “Offset” is the bank term for where the money came from or where it went to.
- ❖ Request deposit slips and deposit items
 - ❖ Helps to determine other income or assets beyond what is direct deposited and if anyone else is depositing funds into the account.
- ❖ Request a copy of the signature card
 - ❖ Gives you information such as date account opened, who else is on the account, and signature of those on the account

MORE IS BETTER!



2) REVIEW RECORDS FOR UNUSUAL TRANSACTIONS

- ❖ More than one payment to utility company
- ❖ Payments to utility companies when the Victim resides in a nursing home
- ❖ Payments for gas or auto expenses when the Victim doesn't drive
- ❖ Purchases at locations far from the Victim's residence, or out of state
- ❖ Purchases at stores the Victim is unlikely to patronize
- ❖ Checks written directly to the Victim's POA
- ❖ Frequent checks written to "Cash"
- ❖ Frequent ATM withdrawals



BANK STATEMENT REVIEW WORKSHEET

Bank Statement Summary

Bank: ABC Bank					Acct #: 12345632-01	
Month	Total Deposits	Total W/D	Checks	Bank W/D	Purchases	ATM W/D
Jun-13	\$1,900.00	\$636.00	\$536.00	\$100.00	\$0.00	\$0.00
Jul-13	\$1,900.00	\$636.00	\$536.00	\$100.00	\$0.00	\$0.00
Aug-13	\$1,900.00	\$636.00	\$536.00	\$100.00	\$0.00	\$0.00
Sep-13	\$1,900.00	\$636.00	\$536.00	\$100.00	\$0.00	\$0.00
Oct-13	\$1,900.00	\$781.83	\$536.00	\$100.00	\$45.83	\$100.00
Nov-13	\$1,900.00	\$1,501.25	\$700.00	\$100.00	\$301.25	\$400.00
Dec-13	\$1,900.00	\$1,656.32	\$700.00	\$100.00	\$456.32	\$400.00
Jan-14	\$1,900.00	\$1,853.01	\$1,000.00	\$100.00	\$353.01	\$400.00
Feb-14	\$5,900.00	\$6,216.78	\$4,200.00	\$100.00	\$1,116.78	\$800.00
Mar-14	\$6,400.00	\$6,305.62	\$4,270.00	\$100.00	\$1,035.62	\$900.00
Totals	\$31,300.00	\$22,130.81	\$14,622.00	\$1,200.00	\$3,308.81	\$3,000.00

Notes:

Suspected perpetrator involved early October 2013

Suspected perpetrator added to accounts 10/25/13, debit card issued, and new checks ordered

Feb and March- transfers from savings totaling \$4,000

Debit card transactions for on-line retailers, kids, stores, restaurants



3) PROTECT FUNDS!

- ❖ Request a bank hold/freeze accounts
- ❖ Cancel credit or debit cards
- ❖ Request security alerts on accounts
- ❖ Place Initial Fraud Alert or Security Freeze on your credit reports
- ❖ Remove perpetrator name from accounts
- ❖ Open new account
- ❖ Change account passwords
- ❖ Contact fraud departments
- ❖ Power of Attorney
- ❖ Rep-payee



WHAT A FINANCIAL INSTITUTION MAY BE ABLE TO DO

- ❖ Place no withdrawal restriction
 - ❖ Example: no withdrawal over \$X without first contacting Power of Attorney (POA) and/or fraud department
- ❖ Require two signatures for withdrawals
- ❖ Place a temporary hold on accounts
- ❖ Request original/certified copy of POA
- ❖ Refuse to honor POA



BEST PRACTICE: INVOLVE A FORENSIC ACCOUNTANT

What is a Forensic Accountant?

- ❖ *Forensic* means relating to the use of scientific knowledge or methods in solving crimes; relating to, used in, or suitable to a court of law (Merriam Webster)
- ❖ *Forensic accountants* provide evidence of financial matters for legal proceedings, both civil and criminal.

What is their role in an elder fraud case?

- ❖ Notification/Initial Review
- ❖ Information Gathering
- ❖ Data Analysis
- ❖ Further Inquiry
- ❖ Report Production
- ❖ Expert Witness Testimony



BEST PRACTICE: INVOLVE A FORENSIC ACCOUNTANT

- ❖ Whenever financial exploitation is involved, you should consider using a forensic accountant
- ❖ A forensic accountant can efficiently review hundreds of documents and summarize the important facts of the case, allowing law enforcement, case workers and others to focus on their primary responsibilities to the Victim
- ❖ The evidence provided in the forensic accountant's report is independent of the Victim and the Client (agency)
- ❖ Things are never what they seem!
 - ❖ Other accounts
 - ❖ Other perpetrators
 - ❖ Motives



ROLE OF A FORENSIC ACCOUNTANT

Notification and Initial Review

- ❖ **Caseworker completes a form at intake to summarize relevant background information on the victim:**
 - ❖ **Demographics**
 - ❖ **Medical providers**
 - ❖ **Physical/cognitive function**
 - ❖ **Involved parties (family, POA, financial institution)**
 - ❖ **Income and expenses**
 - ❖ **Any information known about the suspect**
 - ❖ **A brief history of the alleged exploitation**

- ❖ **Caseworker sends a copy of the form to the forensic accountant**



BEST PRACTICE: INFORMATION TO COLLECT

Regular Expense:	Monthly	Regular Expense:	Monthly		
Rent/Mortgage	\$	Groceries	\$		
Gas/Electric	\$	Health Insurance	\$		
Cable/Internet	\$	Rx Co-pays	\$		
Property/School Taxes	\$	LTC Insurance	\$		
Home Owner's Insurance	\$	Car Payment	\$		
Phone	\$	Car Insurance	\$		
Water	\$	Other	\$		
Other	\$	Other	\$		
Use of Credit Card:	Never	Occasional	Often	Regular	Unknown
If living in higher level of care: what is covered by monthly cost? (check all that apply)					
<input type="checkbox"/> meals	<input type="checkbox"/> housekeeping	<input type="checkbox"/> personal care	<input type="checkbox"/> skilled nursing care		
<input type="checkbox"/> laundry	<input type="checkbox"/> transportation	<input type="checkbox"/> medication management	<input type="checkbox"/> Other (specify): _____		



ROLE OF A FORENSIC ACCOUNTANT

Information Gathering

- ❖ **After reviewing the intake form, the forensic accountant requests other relevant financial information for the period under analysis**
 - ❖ **Bank statements**
 - ❖ **Canceled checks**
 - ❖ **Investment account statements**
 - ❖ **Tax returns**
 - ❖ **Credit report(s)**
 - ❖ **Loan documents**



ROLE OF A FORENSIC ACCOUNTANT

Data Analysis

- ❖ **The forensic accountant records and analyzes all the information provided to look for patterns, trends, and anomalies in the financial records.**
- ❖ **Regular/recurring expenses**
- ❖ **Check signatures/endorsements**
- ❖ **Spending incongruent with lifestyle**
- ❖ **Duplicate utility payments**
- ❖ **Transfers in/out**



- ❖ Based upon findings in the data, the forensic accountant may request additional information
 - ❖ Utility records
 - ❖ Deposit slips
 - ❖ Credit card statements
 - ❖ Relationship between victim and individual check payees

ROLE OF A FORENSIC ACCOUNTANT

Further Inquiry



ROLE OF A FORENSIC ACCOUNTANT

Report Production

- ❖ **The forensic accountant summarizes all findings in a report that is sent in draft format to the caseworker.**
 - ❖ **Background of case**
 - ❖ **Scope of work**
 - ❖ **Limitations encountered**
 - ❖ **Procedures used**
 - ❖ **Findings**
 - ❖ **Recommendations, if any**
 - ❖ **Conclusion**
- ❖ **The caseworker may make additional comments, which the forensic accountant would include in the final version of the report.**
- ❖ **The final report is provided to law enforcement and/or other relevant parties.**



- ❖ As the case proceeds, the forensic accountant may be called upon to testify on his/her report.



ROLE OF A FORENSIC ACCOUNTANT

**Expert Witness
Testimony**



WHERE TO FIND A FORENSIC ACCOUNTANT

(with no money!)

Most communities have no or limited funds for a forensic accountant

- ❖ Multi agency inquiry or collaboration “ask”**
- ❖ State college or private college/university**
- ❖ Local CPA firm with specialty in field might provide pro bono**
- ❖ Retired forensic accountant in advisory role**



4) **FILING DISPUTES**

Always report fraudulent activity as early as possible to maximize recovery

- ❖ **Unauthorized check/withdrawal- *Typically* within 30 days of receiving bank statement**
- ❖ **Unauthorized electronic debits- *Typically* within 30 days of receiving bank statement**
- ❖ **Unauthorized debit card/ATM card transaction- report within 60 days**



5) REPORTING A CRIME: POSSIBLE CRIMINAL CHARGES

- ❖ **Larceny**
- ❖ **Identity Theft**
- ❖ **Forgery**
- ❖ **Misappropriation of Funds of Trust (contractors)**
- ❖ **Welfare Fraud**



- **Victim:** 79 years old
- **Suspected Perp:** victim's son

Timeline:

- **Sep 1-** Suspected perp designated as Power of Attorney (POA) agent
- **Dec 13-** Victim's house sold for ~\$140,000
- **May 26-** June 25- \$33,000 depleted from Victim's bank acct
- **July 26-** Referral by "good" son to Elder Abuse Prevention Program (EAPP)
- **July 31-** Collaborative referral to APS

CASE STUDY

Background



- **Bank records obtained**
- **Alerted fraud departments at victim's banks**
- **Referred to forensic accountant**
- **Obtained credit report**
- **Reviewed medical records**
- **POA revoked**
- **Advocacy with living facility**
- **Victim's sister became rep-payee**
- **Aid and Attendance reinstated**
- **Referred to law enforcement**

CASE STUDY

Steps Taken



- Review statements
- Identify victim expenses
- Identify suspected perpetrator expenses
- Look for other items of interest, persons involved
- Categorize spending
- Develop reconciliation — “proof of cash”
 - Beginning balance
 - Money in
 - Money out (attributed to victim, suspect, or unknown)
 - Ending balance

Money attributed to suspect is what law enforcement wants to see!

CASE STUDY

Forensic Accountant



- Perpetrator was charged and prosecuted for Grand Larceny in the 2nd Degree
- Forensic Accountant and EAPP worker testified at trial
- Restitution awarded \$130,000.
 - \$250 to be paid weekly for one year
- Perpetrator faces up to 6 years in state prison

CASE STUDY

Result



THANK YOU!

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