



Certified Public Accountants  
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[www.arxisfinancial.com](http://www.arxisfinancial.com)

# Litigation Consulting

## Update

Forensic Accounting - Fraud - Business Valuation

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### April 2013

*Recent Case:*

#### ***“Fraud & Identify Theft of Elderly Victim”***

***Issue:***

Arxis was contacted to assist the elderly victim of abuse. The victim reported that she had not gotten mail in a while and that a strange lady had come into her home uninvited. The concern was that personal papers and forms of identity had been stolen thus exposing all of the cash, investments and other assets to theft.

The client requested that we verify that current holdings were intact and to prevent the loss of cash and investments.

***Arxis work:***

The fact that all mail had apparently been diverted caused concern that identity theft and other crimes had been in process for a long time. We immediately visited the banks and brokerage firms to discuss the activity in the accounts. It became apparent right away that our worst fears were realized. Hundreds of thousands of dollars had been stolen from several checking accounts and a brokerage account. We also found that serious attempts had been made to access additional accounts.

We determined that the first step was to shut down every account and consolidate all cash accounts into one bank account and all investment accounts into one. All credit cards were closed. The mailing address for all vendors and banks were established at a remote location under the control of a trusted caretaker of the records. Signature and password protection was established to prevent unauthorized access. Tracing was initiated that resulted in identifying the names and physical location of the people who were operating the scheme.

***Result:***

Most of the stolen money was recovered through insurance claims filed by the banking institutions and our interfering with the theft that was actually in-process when we got involved. Interrupting the scheme allowed us to stop it, rewind some of it, and identify with significant confidence who was abusing our client. Police reports were filed - to no avail. Apparently, elder abuse is so pervasive that the police do not have sufficient resources to pursue or prosecute crimes of this nature. The client was restored to her financial position before the theft took place. What took much longer was the restoration of her sense of security and personal safety. It resulted, ultimately, in her moving from her home before she felt completely safe.

***Article:***

#### ***“External Financial Statement Audits Don’t Expose Fraud”***

If you rely on audits to protect your organization from fraud, you may be in dangerous territory. Internal fraud is detected very rarely by external auditors.

There is a common misperception about the role, function, and effectiveness of financial statement audits as a tool to uncover fraud. The accounting profession is as responsible for this misperception as anyone, due to their marketing of the service and justification for their fees. Nevertheless, the perception that financial statement audits are designed to find fraud and that they are effective in that pursuit is pervasive.

The fact is that neither is true. ([click here](#) for complete article in [HTML](#) or [PDF](#) formats).

**Speeches:**

## **Upcoming Speaking Engagements for Chris Hamilton**

"Buy-Sell Agreements" will be the topic for Mr. Hamilton's presentation to the **Santa Clarita Valley Chamber of Commerce** in April.

Chris will speak on the topic of "Corporate Ethics" to the **Simi Valley Chamber of Commerce** in May.

**Practice Profile:**

## **Forensic Accounting Practice**

The **Forensic Accounting** practice is headed by partner [Chris L. Hamilton, CPA, CFE, CVA, DABFA](#). Mr. Hamilton is a Certified Public Accountant, Certified Fraud Examiner, Certified Valuation Analyst, and a Diplomate with the American Board of Forensic Accounting. He is a licensed life and disability insurance agent and a General Securities Representative. Mr. Hamilton has published articles in several publications, and has made presentations at national conferences, training institutes and seminars on topics including forensic accounting, fraud and business appraisal.

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**Clients know us for results. Opposing counsel know [Arxis](#) for wishing they had hired us.**