



Recent Case: Fraud and Theft of Residential and Commercial Real Estate and Cash and Marketable Securities

by Chris Hamilton, CPA, CFE, CVA, DABFA

Type of Matter: Elder abuse, fraud, theft, forensic accounting, civil trial

Summary of Issue:

Arxis was hired by plaintiffs, an elderly couple who believed they had been swindled. The couple was, at one time, very wealthy with extensive investment in residential and commercial real estate – all of which was completely debt-free. Additionally, they had substantial wealth in cash and marketable securities that were growing from the cash flow provided by the real estate holdings. Among the allegations was that defendants re-titled (stole) real property, encumbered the properties, that were not re-titled, with debt (proceeds disbursed to defendants) and that cash had been stolen from checking accounts. Arxis was hired to quantify the money that was stolen. Other experts were retained to deal with the real estate related fraud.

Arxis' work:

Discovery – Extensive research had been done prior to our involvement in the case – discovery was closed already. We were provided with 954 exhibits and several depositions including those of the defendants.

Forensic - Work was done to quantify the losses based on an incomplete record of transactions. It was unfortunate that we were retained “too late” in the case to assist with efficient and adequate discovery. 954 exhibits was a lot of information but much of it was incomplete or irrelevant.

Trial – Trial was held involving testimony from several experts. The accounting testimony took several hours and established the flow of money and evidence that the transactions were hidden or misrepresented to the plaintiffs. It was established that several hundred thousands of dollars were stolen.

Result:

Verdict in favor of the plaintiffs. Real property was returned. Further restitution is still underway.

About the author:

Chris Hamilton is a partner with the CPA firm of Arxis Financial, Inc., in Simi Valley. He is a member of the California Society of Certified Public Accountants (Litigation Services Committee), and the American Institute of Certified Public Accountants. Mr. Hamilton is a Certified Public Accountant, a Certified Fraud Examiner, a Certified Valuation Analyst, and a Diplomate of the American Board of Forensic Accounting. He can be reached at ph. 805-306-7890 or chamilton@arxisgroup.com.