

By the Numbers



AWYERS INVOLVED IN COMPLEX FINANCIAL DISPUTES appreciate the benefits of using a forensic accountant.

Forensic accountants are the true "bloodhounds" of balance-sheet search parties. They can unravel an intricate web of financial data to prove—or disprove—fiscal

wrongdoing. A capable forensic accountant knows how to follow the twists of the money trail, searching for forged documents, cooked books, and other irregularities that provide critical evidence to build a case. Rising incidents of corporate fraud along with increasingly sophisticated computer technology provide a double whammy for litigators:

Concealing transactions has become easier than ever, while untangling the trail of deception has grown more difficult.

However, with the litigation support of a qualified forensic accountant, you will be ready to deal with a host of civil and criminal proceedings, from theft schemes and fraudulent financial reporting to business-purchase

misrepresentation and improper revenue recognition. And don't think it's just the corporate boardroom we're talking about; domestic-relations cases often require this sort of detailed fiscal probing. Indeed, several recent high-profile divorce cases highlight the value of forensic expertise in dissolution proceedings, particularly where one spouse suspects the other has not fully disclosed his or her true worth.

Forensic accountants charge anywhere from \$100 to \$500 per hour, so lawyers must carefully weigh whether their services are worth the cost. Two primary considerations should guide your decision whether to hire a forensic accounting expert: Does the opposing party have one? And what critical information might remain unknown to your client without forensic scrutiny?

Speak with an expert early in your preparations. Experienced professionals can identify red flags that signal the need for a full investigation. At the very least, early consultation may yield an efficient road map to the truth as discovery begins to unfold.

How do you find the right accountant? Begin by speaking with colleagues about experts they've used in past cases: your own personal accountant may well know a capable expert. Many bar associations publish registers of consultants in the local community that include forensic accountants.

The Internet is also full of resources. The website for the California Society of Certified Public Accountants (www.calcpa.org) includes a search page where you can locate consultants in a variety of disciplines—you can search by zip code or area code to find someone in your area (www.calcpa.org/public/referral/findcpa.aspx). A similar search function appears at the American Institute of Certified Public Accountants (AICPA) website (www.aicpa.org/credentialsrefweb/ABVCredentialSearchPage.aspx).

Ideally, you'll want someone with both professional credentials and practical experience. Look for a strong accounting background, as well as expertise in fraud examination, criminology, and other law-related areas (several professional groups, including the AICPA, now offer field certification). And, of course, a good expert—in any field—must be personable and capable of connecting with a judge and jury.

That's not to say the task of finding the right forensic accountant is easy. The process necessarily includes a thorough interview of the potential expert and a careful vetting of references.

As an expert, a forensic accountant must remain impartial. Any overt shading toward one side risks damaging the expert's credibility. Once you've set case objectives and investigation parameters, step back and allow the expert to perform the appropriate research.

Most forensic accountants charge by the hour, with investigations taking from a few weeks to several months. (As with

litigation in general, no accountant can predict how much time will be necessary, so flat fees are unlikely.) In many cases, the forensic accountant will invoice the client directly. Alternatively, the accountant may bill the lawyer, who then adds that fee to the client's statement as a cost. Either way, make sure the relationship is structured to preserve the attorney's work product privilege until such time as the accountant is formally declared an expert.

Litigation is an important undertaking. When it comes to unraveling sophisticated financial transactions—or boiling down dealings so a jury can understand them—a forensic accountant can be invaluable. Knowing the ins and outs of working with these experts will enable you to better serve your clients. ©

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