

Forensic accountants: They ferret for fraud

By Martin Daks, July 9, 2018 at 10:00 AM

U.S. businesses lose tens of billions of dollars annually to occupational fraud, employee embezzlement and other theft, according to consensus estimates, and that's where forensic accounting enters the picture.

[excerpt]

Variety of forensic cases

Forensic accountants get called in for other kinds of assignments, too, like the time a New Jersey couple who own a successful consumer products company decided to divorce, but still wanted to work together on the business. There were some twists, however.



Ilan Hirschfeld, Marcum LLP.

“For one thing, the wife agreed to have the husband buy out half of her 50 percent interest in the business, and we got called in to establish an appropriate valuation,” said Ilan Hirschfeld, partner-in-charge of the New Jersey Advisory Services practice at **Marcum LLP**. “But at just about the same time, they had a significant licensing agreement to produce an item, and the licensor wanted to buy them out earlier than the scheduled end of the agreement. So we were also called in to suggest a license buyout price. Of course, that early license termination would affect the value of the business for purposes of determining the husband’s buyout of 50 percent of his wife’s business interest.”

Complicated, to say the least. “But after a lot of negotiations, everyone was satisfied,” Hirschfeld said. “We’re seeing more cases that require forensic accountants who receive special training and often have special credentials. Finding the money, or determining valuations are similar to playing chess — you have to read between the lines and strategize.”