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American Greed

The American Greed Report: Is your financial pro ripping you off? Watch for these warning signs

[Scott Cohn](#) | [@ScottCohnTV](#) Saturday, 4 Mar 2017 | 4:00 PM ET

No matter how smart you think you are about your money, at some point you will need to entrust someone else with some aspect of your finances.

It could be a banker, a bookkeeper, a tax preparer or a financial planner. And no matter how much you trust them, any one of them has the ability to rip you off.

The McNutt family of Corsicana, Texas, found that out the hard way.

Their business, the Collin Street Bakery, has been in the family since 1946. Its claim to fame: deluxe fruitcakes. They are world famous. But the business has never strayed far from its roots.

"We have a great history of longevity," President and CEO Bob McNutt told CNBC's "American Greed." "I can't tell you how many husbands and wives have worked here together. It's really a family atmosphere."

In 1998, the McNutts welcomed bookkeeper Sandy Jenkins into the family. He eventually worked his way up to a \$50,000-a-year position as controller, just in time for the bakery to launch an aggressive expansion in 2004. As told in the latest episode of CNBC's "American Greed," that is when Jenkins decided to go for his piece of the pie. He embezzled an estimated \$16.5 million before he finally got caught with his hand in the cookie jar in 2013. He is serving a 10-year sentence after pleading guilty to three felony counts.

"When I learned about the theft, it really made me sick in my stomach," McNutt said. "How can you look at people in the eye and betray trust like that?"



Maybe Jenkins did it because he could, and that provides a cautionary tale for all of us.

James Ashe, partner in charge of the Advisory Services division at the New York accounting firm Marcum LLP, says mere trust can only go so far. Whether for your business or personal finances, he says to adopt what accountants call "internal controls."

"It's putting the checks and balances in place so that the people who are in control of the money are different than the people signing off on the money," he said.

That means not giving any one person or institution too much control, like having a financial planner who is also your broker. The [code of ethics](#) for the Certified Financial Planner Board of Standards prohibits a certified financial planner from serving as a broker-dealer, but not all financial planners are CFPs. The organization offers a [special website](#) to help you find the right professional.

Be sure to ask the person you are thinking of working with whether he or she works with outside attorneys or accountants. You also may want to check out their backgrounds.

Once you have your financial team in place, your job is not done. Check their work. Read your statements carefully. Do not be afraid to ask questions if something does not look quite right. And don't let your guard down. Just because the person has been with you a long time does not mean they will not rip you off.

"There are sometimes frauds that go on for five, 10, 15 years," Ashe said.

Jenkins was stealing from the Collin Street Bakery for eight years before he finally got caught, and all the while he was exhibiting another big warning sign.

"The running joke was that Sandy got a new car every time he needed an oil change," said Assistant U.S. Attorney J. Nicholas Bunch, who prosecuted the case.

Ashe says a flashy lifestyle on the part of a mid-level accountant can be a dead giveaway.

"If you see employees driving around in fancy cars," Ashe said, that can be a dead giveaway. Also, "the way they dress, things of that nature. The type of money. The places they go on vacation even can say something."

Those internal controls — having others check the work of your financial professional — should be able to catch most fraud. That is what eventually happened at the Collin Street Bakery, but not before Jenkins got away with far too much dough.

See how bakery bookkeeper Sandy Jenkins tried to have his cake and eat it too on the next all-new "American Greed" — Monday, March 6 at 10P ET/PT only on CNBC.