



Forensic Accounting Today

Newsletter of Ron J. Anfuso, CPA/ABV, An Accountancy Corp.

Ron J. Anfuso, CPA, ABV, CFF, CDFA, FABFA
28441 Highridge Road, Suite 110 • Rolling Hills Estates, CA 90274
Phone: (310) 378-6606 • E-mail: rja@anfusocpa.com
Website: www.anfusocpa.com • Blog: blog.anfusocpa.com



Issue 43
Serving all of California

Ron's Corner

I am pleased to announce the promotion of Robert Parker, CPA, MBA to Manager. In his new role, Robert now supervises and oversees the work of other accountants, and assists in professional-staff recruitment. Once I set the strategy on a case, Robert examines the scope of work, and oversees operations to ensure timely due diligence and adherence to deadlines. Among his proven skills are his ability to serve as a reliable contact for attorneys and their clients.

Robert received his undergraduate degree in accounting from Long Beach State University and his MBA from the University of Southern California. His career as a CPA began at Windes & McClaughry Accountancy Corporation, and continued at Ernst & Young followed by PWC (PriceWaterhouseCoopers). He performed in a variety of accounting roles including problem resolution, and forensic and financial investigations.

Robert has been an integral member of my firm since 2012. Under my guidance and the experience Robert gained by working on more than 300 cases, his forensic skills and knowledge has reached an accomplished level in the areas of divorce mediation and litigation, while developing expertise in DissoMaster™ preparation, cash flow analysis, property and account apportionments, tracings, business valuation, and asset and liability division. As a result of the trust and belief I have

Forensic Investigations and Knowledge of Current Tax Law



By Robert Parker, CPA, MBA

From the time I began working for Ron J. Anfuso CPA/ABV, An Accountancy Corporation, Ron stressed the importance of his accountants performing tax returns. Having now completed several hundred returns, many of which involve substantial assets and major tax complications, I have come to realize that having up-to-date knowledge of both forensic accounting and the current tax code have enabled me to become a much more effective investigator.

What I will share with you here is an actual case whereby having completed numerous tax returns equipped me with the ability to uncover a discrepancy that most forensic accountants with little or no tax accounting experience probably would have missed. Actually, this is just one of several cases where thorough knowledge of the current tax code has helped me unmask red flags.

Proctor Versus Proctor

Joseph and Elizabeth Proctor married in September 2010.* Joseph is a chiropractor and Elizabeth served as his office manager. Husband owned four businesses, which included the chiropractic office, a juice bar, a fitness center, and a rehab facility, where he partnered with a medical doctor.

The couple filed for divorce in 2016. They had one child and a family home Elizabeth wished to keep. Wife was willing to swap the home for the businesses, believing the businesses were about equal in value. The opposing forensic accountant wanted to push for a settlement believing the businesses had no value over the most recent two-year period. Although the businesses' credit card purchases seemed to support this claim, Elizabeth was certain the businesses were profitable during that two-year period and was willing to go to trial. Therefore, we chose to expand our investigation.

My next action was to analyze the businesses' tax returns. I created a spread of the parties' corporate and personal tax returns from 2012 through 2016. While doing so, I uncovered significant inconsistencies.

I followed the standard steps of analysis, which included studying the numbers and making inquiries. Through these efforts, I discovered that

in his skills, for the first time in the history of my firm, I have allowed another CPA to serve as an expert witness. To date I have handed Robert this task on a handful of cases and he has demonstrated exemplary ability.

Please join me in welcoming Robert Parker to his new and fully deserved role.

Ron

Need a Financial Expert to Speak to Your Study Group or Bar Event?



Ron J. Anfuso can address any Forensic Accounting topic, including Moore/Marsden; marital standard of living and support needs analysis; financial specialists and Collaborative Law; gross cash flow available for support; DissoMaster™; divorce tax issues; divorce—what to expect; and business valuation.

To discuss your group's needs, call Ron today!

the Proctors had remodeled their home, and Joseph claimed the remodel as business expenses, which distorted the value of the businesses. Had I not studied and evaluated the returns, we may not have known where to look to validate the numbers.

As it turned out, there were several home-remodel expenditures that Joseph categorized as business expenses on his corporate returns. To make the deception more complicated to detect, these expenses were spread over Joseph's four businesses. The remodeling expenditures, which were not mentioned in the parties' personal tax return, were categorized in the corporate returns as medical equipment, medical machines and medical supplies. The total amount wrongly charged to the businesses was \$300,589. Joseph's attorney and accountant were completely unaware of this tax fraud until we presented it to them.

The case had been set to go to trial. However, in an attempt to avoid litigation, the court ruled the accountants to meet and confer and seek an amiable agreement. Our expectation is our client will avoid trial and enjoy a much more favorable outcome as a result of our investigation.

We intend to present the outcome of this case in a revised edition of this article in the newsletter section of our website once this case has settled. (<http://www.anfusocpa.com/forensic-accounting-newsletters/>)

* The above article was based on an actual case. However, the names of the parties involved were changed to protect the parties' privacy.



Frustrated because... **your forensic accountant who is a good expert witness wasn't good enough?**

6 reasons why Ron J. Anfuso is the better choice

- 1) Ron handles almost all of the expert witness testimony for the firm, having made over 400 court appearances.
- 2) Ron projects exactly how far in advance he must plan his testimony for each case and carefully defines every step he needs to perform. The result is thorough preparation, including for the "unexpected," so he doesn't get caught off guard.
- 3) Judges consider Ron to be an honest witness. He has been appointed by judges more than 40 times pursuant to Evidence Code §730.
- 4) Ron keeps referring attorneys informed, promptly returns phone calls and meets his deadlines unless something out of his firm's control causes a delay.
- 5) Ron offers Family Law attorneys the complete package. He is Accredited in Business Valuation, Certified in Financial Forensics and is a Certified Divorce Financial Analyst.
- 6) All of the high standards he sets for himself he demands from his staff.

**Contact Ron J. Anfuso, CPA/ABV — An Accountancy Corporation
to handle the accounting for your next case.**