

# What to do if you suspect embezzlement in your office









## Introduction

You are reading this checklist because you think you may be the victim of a fraud. What you do next can have considerable impact on the ultimate outcome to you.

## Your objectives:

- (1) Minimize future losses
- (2) Preserve evidence
- (3) Maximize Recovery

IMPORTANT FIRST STEPS:	WHY?
 Act normally and keep your suspicions to yourself	Sudden behavioural changes may tip the staff member and result in destruction of evidence, sudden flight or preparation of an alibi.
 Remember that <u>stealth is paramount</u> and that nothing should be done to alert staff that you have concerns	When thieves sense that you are closing in on them, the instinctive response is to destroy evidence. Also, if you are wrong about the fraud (which occasionally happens) it will be much better not to have your staff know that you doubted them.
 Ensure that you keep in mind the difference between <u>SUSPECTED</u> fraud and <u>CONFIRMED</u> fraud	It is risky to take any action, like terminating an employee, without fairly strong proof of the fraud
 Make a complete backup of dental software data and take it off site	If you do not know how to do this, contact the dental software manufacturer for guidance. <b>Do not involve staff</b>
 Recognize the need for specialized advice	Fraud investigation is not a “do-it-yourself” project for most dentists.  Most CPA firms do not have all the tools they need to successfully investigate a dental fraud.  Investigating dental fraud requires knowledge of fraud methodologies, dental software, and the way dentists interact with insurance companies. There are only a few companies in North America with significant experience at this.
 Ensure communication with investigators is secure	Ensure that all telephone and email communications with investigators are secure. Change email password or set up a new email address for this purpose.

DO NOT:	WHY?
 Blame yourself	Over 60% of dentists will be fraud victims in their careers. Fraud is not caused by dentists being unsophisticated in business matters or inattentive; it relates far more to the situation of the fraudster than the dentist.  Fraudsters are smart, desperate people and normally can easily circumvent the controls found in dental offices.

**DO NOT:**

**WHY?**



**Contact police at this point**

Also, no dentist loses their license over being an innocent victim of fraud

Police do not normally have resources / expertise to conduct a dental fraud investigation. Also, prematurely contacting police may limit your options in terms of dealing with a thief. This should only be done under guidance of your investigator.



**Contact any affected insurance companies yet**

This contact is premature until preliminary investigation is done and may prompt an unwelcome audit by the insurance company.



**Ask unusual questions of staff or to ask staff for extra reports**

This will almost certainly tip off a hyperperceptive staff member. This can result in evidence being destroyed. We have seen at least one case where a staff member burned the dental office down to destroy evidence



**Confront the staff member**

This is also premature. This can be effective later in the process, but some investigation needs to happen first



**Terminate a staff member, even if you are "pretty sure"**

Termination now would normally result in a severance obligation to be paid. If the investigation confirms fraud, termination could be "for cause" which does not create a severance obligation



**Make any changes to banking arrangements, computer software (such as an upgrade to the latest software version) etc.**

These actions will arouse the suspicions of the thief and may complicate investigative efforts.

**How we can help:**

- We conduct stealthy fraud investigations on behalf of dentists to determine if fraud is occurring
- If fraud is found, we coordinate the remediation engagement and the activities of other parties including your attorney, CPA, police, your "employee dishonesty" insurance carrier and affected dental insurance companies.
- We conduct over 150 investigations annually on behalf of dentists
- Staff include investigators, dentists, dental informatics specialists and a licensed psychologist

**Confidential inquiries:**

**Email:** [fraud@prosperident.com](mailto:fraud@prosperident.com)