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What Houdini and Embezzlers Have in Common

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Harry Houdini was probably the most famous magician of all time. His daring escapes included the "Water Torture Cell" (where he was manacled and suspended upside down in what amounted to an oversized aquarium), and the "Overboard Box Escape", where he was locked in a wooden packing crate that was lowered into the water.

While many who watched Houdini's daring escapes probably believed that he had supernatural powers, Houdini was a master illusionist. Since many of his stunts were performed in full view of his audience, he relied on two key elements to perform the impossible. First, he was dependent on cleverly constructed props. However, his true genius was mastering the art of misdirection -- getting his audience to focus on his hands while he was doing something with his feet, for example.

Although embezzlers in your office do not stand in the spotlight in the same way that Harry Houdini did, they rely on the same two things. Like Houdini, they have clever props (often taking the form of adulterated reports on which the embezzler has worked their "magic"). They carefully plan their crime so that the day-end report from your software correlates to the (somewhat diminished) bank deposit. They can conjure up falsified walk-out statements to give to patients. With a wave of their magic wands, they create "adjusted" insurance claims that over bill insurance companies. And like Houdini, this is all performed more or less under your nose.

A busy dental office is an excellent place to introduce some distraction, and embezzlers become adept at encouraging you to see what they want you to see. Their sleight of hand may include giving you partial reports, providing your reports late and "selective reporting" where certain providers or procedure codes are suppressed

Houdini's life ended prematurely, but not because of one of his highly dangerous magic tricks going wrong. He died of accidental causes -- complications from a ruptured appendix did him in. Similarly, dental office embezzlers normally get caught by some accidental event; the systems and policies that doctors put in place account for the discovery of only about 20% of embezzlement. The remainder is unearthed as a result of some chance occurrence that was unforeseen by both the embezzler and the dentist.

But here the similarity ends -- Houdini was a hero to millions. He accomplished a lot in his life in addition to magic. He wrote nine books, acted in movies, and was an aviation pioneer. He also worked hard to expose magicians who claimed to have divine

powers. Most dental office embezzlers accomplish nothing more than aggressively spending their loot, spending time in jail, and possibly victimizing unaware employers in future.

So how do you see through the "magic"? First, you need to know where to look. Surveys that have been performed on what clues prompt discovery of embezzlement point to behavioral indicators (as opposed to financial ones) revealing the majority of embezzlement. There are a lot of potential tipoffs – embezzlers arrive early, stay late, are reluctant to take vacation and are very territorial about their duties and workspace.

So dentists need to become better observers of staff behavior, and need to have anomalies investigated.

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