



THE GRIFTER WITHIN



This is a striking story about how a dentist was defrauded of two million dollars.

The person responsible had been in the office the entire time.

The scheme became known during what was supposed to be a routine appraisal.

We reviewed the standard financial statements prepared by the chartered accountant and compared them to the production reports generated by the dental software.

The numbers did not match.

Not even close.

There was a major gap between the revenue recorded in the dental software, the amounts billed to insurers, banking records and the figures reported to the chartered accountant.

The first warning sign was that certain expenses were far above industry norms when measured as a percentage of gross revenue.

That was our first red flag.

We then reviewed production by provider and determined that the practice was generating approximately \$70,000 per month in dental work.

The owner was the sole dentist, a hands-on practitioner working a four-day schedule, so that level of production made perfect sense.

However, the bank statements reflected nothing close to the collections that should have followed from the appointment volume, production charges, and hygiene schedule.

So, we dug a little deeper to get the appraisal correct.

We had no desire to function as fraud investigators.

It had become clear that something was seriously wrong.

As tactfully as possible, we asked the owner why the practice was reporting approximately \$500,000 in annual revenue when the dental software suggested it was generating more than \$800,000.

He was perplexed but readily admitted he had no clue about the finances.

None.



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Oblivious.

Oh dear...

He never knew nor asked for the password to the dental software.

Did not look at nor request day end reports to examine procedures vs charges & deposits.

Naively, he had genuinely believed the practice was producing about \$500,000 annually.

That is when the story took a far more troubling turn.

Years earlier, his ex had agreed to stay on as the full-time receptionist, office manager, and bookkeeper as part of their marital settlement.

By doing so, he avoided having to sell the practice or family home to settle the net family property.

She remained in the position of dominant authority several years after the separation.

She controlled insurance billing, credit card and cash collections, cheque payments, bank deposits, deliveries, accounts payable and payroll.

She exercised complete control over every facet of the business.

By then, the warning signs were impossible to ignore.

We then had the uncomfortable but necessary task of asking the owner to confront her about the glaring discrepancies between the fees recorded in the dental software, the deposits received, and the income reported to Revenue Canada.

It took him a few weeks to get back to us.

When he finally called, the distress in his voice was unmistakable.

As it turned out, she had been skimming money all along.

Before the marriage ended, and certainly in the years that followed.

He was devastated.

Years earlier, she had persuaded him to leave the administrative responsibilities to her so he could focus entirely on patients and dentistry.

Eventually, he discovered that she had opened a separate account at another bank with a name that closely resembled the practice's primary business account.

That other bank had no idea what was happening.

Embezzlers often hide in plain sight.

Imagine discovering that your former spouse had declined a traditional settlement, insisted on keeping the job, and then used that position to conceal and continue the fraud.

At the time of the separation, he believed he was making a sound financial decision. Allowing her to retain her all-encompassing role seemed advantageous because her salary was tax-deductible, unlike a lump-sum cash settlement.

After our appraisal, he made some effort to pursue the matter through civil proceedings, but we never learned the outcome.

A grifter can stand right in front of you, and you may never recognize it if they have earned your trust.

After all, the first three letters of the word "**confidence**" are "**con.**"

Take this as a warning.

In dentistry, there are often two kinds of practices:

1. Those that have already been stolen from;
2. Those that simply do not know it yet.

If you need the names of fraud experts who specialize in working with dental practices, send me a private message.

More grifters are targeting the profession.

Dental practices are often viewed as attractive targets because of the flow of money through the business.

And in some cases, the person who steals from you may already be inside your circle of trust.

Click [HERE](#) for a FREE copy of the 11th (and final) edition of my book.

TEXT me @ [\(416\) 520-7420](tel:4165207420) for a FREE estimate of the fair market value of your practice.

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