



ORTHO2

Embezzlement Can Happen to You

by **David Harris**

Embezzlement is one of those things you probably think could never happen to you. But, there have been several studies on embezzlement in dentistry as a whole which consistently suggest about 60% of dentists will be embezzlement victims. The probability is understated because some embezzlement is never detected or is unreported, but this understatement can't be quantified.

There have been no comparable studies on orthodontics, and many orthodontists feel that different systems and business processes in orthodontics practices make them less vulnerable.

We don't agree – embezzlers, motivated by need or greed, are focused on their situation, not yours. Thieves have proven themselves quite capable of stealing from orthodontists, and I believe that the probability of embezzlement is no different for orthodontists. Twenty percent of Prosperident's investigative resources are devoted to investigating orthodontic embezzlement.

How should my office handle cash payments?

I tell people that the only sure-fire way is for you to collect the money yourself. Joking aside, practicing orthodontics successfully requires delegation in both clinical and financial areas, and this opens the door to embezzlement.

There are a number of "well-intentioned dabbler" consultants who write about embezzlement in dental offices; unfortunately their experience is usually confined to a few embezzlements, and often they have learned the wrong lessons. Their theme is that if you make your practice a "hard target", it won't get embezzled. The flaw in this logic is that there are more embezzlement pathways in your practice than you could ever control.

I've thought about prevention a lot, and I believe there is no fool-proof system; embezzlers have sufficient creativity to find a way around ANY controls you implement. Policies

are great, but ultimately depend on staff following them. We should not expect embezzlers, who by definition do not follow society's rules, to magically follow yours.

While embezzlement can't be prevented, there is good news. Regardless of the plethora of embezzlement pathways, embezzlers' behavior is highly predictable and this behavior is difficult to suppress.

We have an assessment questionnaire that captures staff behaviors consistent with embezzlement. I will share it with anyone requesting it at fraudnews@prosperident.com. Embezzlement could be greatly reduced if orthodontists could make themselves complete this 10 minute questionnaire every six months.

How do I find out if someone is embezzling money?

That's the easiest question I've been asked all week -- retain us and we will tell you if it is happening.

While this may seem like a self-serving comment, I've seen too many orthodontists try to conduct "do-it-yourself" audits. Lacking both investigative experience and our advanced software, and given the complexities of orthodontic finances, these audits are unlikely to find fraud. What they often do, however, is alert the thief to your suspicions, which can be disastrous.

While it is best to contact a professional, running reports from your software can help. Run the Transaction Summary and Transaction Reports in Edge or ViewPoint, and the Reversals and Fixes in Edge to look for inaccuracies in postings, contracts, and adjustments. This should be done without involving the office staff.

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If I find out someone is embezzling money, what should I do?

What you shouldn't do is let the thief know that you have caught them. People believing they are going to jail have a strong urge to protect their liberty; a frequent reaction is destroying computer evidence. The result can be catastrophic for your practice.

The other thing to avoid is "going off half-cocked". Victims call the police, confront suspects, and call their insurance companies. While all of these things should happen eventually, what most doctors don't realize is the large amount of preparation needed to make each of these actions successful.

The guidance of professionals is vital to ensure that remedial actions are carefully planned and implemented.

How do I prevent embezzlement?

As I suggested earlier, I don't think you can. Thieves are pushed by strong emotions. They know your habits well, and have more opportunities to steal than you could hope to control. The key for orthodontists is becoming sensitized to the behavioral indicia of embezzlement; these are both readily observable and highly reliable. ☺

About the Author



David Harris is a private investigator and CEO of Prosperident, the world's largest dental embezzlement investigation firm. Prosperident is consulted on hundreds of dental embezzlement matters annually.