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Demand continues to rise for help of forensic accountants

The field known as forensic accounting has become an increasingly important, if not vital and indispensable, tool for a wide range of industries.

Those industries include the professions, retail, financial services, schools and universities, charitable organizations, and health care institutions. They also include a host of other contexts where serious economic and legal consequences may arise from fraud, disorganization, a lack of accounting controls or a combination of these factors.

Commonly experienced consequences — often leading to the need for retention of a lawyer — include financial losses, bankruptcy, employee discipline, government regulatory sanctions, and at times, criminal charges.

When retained to address and resolve these issues, many lawyers hire a forensic accountant to consult and assist. Law practices that involve regulatory compliance, governmental investigations and the defense of criminal cases, increasingly rely on forensic accountants to collaborate in the initial investigation, through the legal and factual analysis of the evidence under consideration, and ultimately, the decision making and problem resolution phases of lawyers' representation.

What is forensic accounting? A top expert in the field, D. Larry Crumbley, the KPMG Professor of Accounting at Louisiana State University, describes it as accounting that is suitable for legal review, offering the highest level of assurance, and including the now generally accepted connotation



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of having been arrived at in a scientific fashion. That is, he adds, forensic accounting is sufficiently thorough and complete and of such quality, that it would be sustainable in an adversarial legal proceeding or within some judicial or administrative review.

Although they are accountants first, forensic accountants must possess skills that extend far beyond “bean counting.” These professionals are called upon to use investigative skills, instinct and intuition, ability to evaluate documents, and a critical faculty that can withstand testing (in the scientific context) and judicial scrutiny (in the legal context).

Practically speaking, the current recession, together with the trend of heightened governmental regulation and enforcement, means forensic accountants are being sought out directly by businesses of every stripe — not only to solve problems but to prevent them from occurring in the first place.

These specialists have expanded their pallet to include risk assessments, certain aspects of Sarbanes-Oxley compliance and countless varieties of fraud prevention. Computer and other technological innovations have evolved at warp speed over the past decade. This, combined with the rapidity of enormous financial declines (Enron, WorldCom, Lehman Brothers, to name but a few), have contributed to a greater and greater reliance on forensic accountants to get to the bottom of whatever financial or regulatory issue requires attention. In fact, where investigation and verification is de-

manded, whether by government officials, shareholders, friends or relatives, use of a forensic accountant is almost always welcomed and rewarded.

Dr. Cromley, quoting the founder of the National Association of Certified Fraud Examiners (which has 15,000 members in the U.S. alone), observes that forensic accounting “marries the auditor with the investigator.” These two functions are invaluable in detecting fraud, spotting irregularities and otherwise determining, to a very high degree of certainty, what happened, how it happened and ultimately, the quantitative impact of both.

Those who rely on forensic accountants to infuse our work with greater accuracy and reliability know that they have become an essential part of our toolkit. Lawyers in the fields of regulatory compliance, government investigations and criminal defense cannot properly conduct most investigations without a forensic accountant.

As a result, the demand for these professionals has grown steadily and professional organizations representing them have become active in education, certification and accreditation. These are welcome developments, as professionals and businesses alike foreseeably face more and greater scrutiny as we look to the future.

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