



Where Accounting Meets Crimefighting

Kord Thomas

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Where Accounting Meets Crimefighting

A more exciting career option for accounting students

By Kord Thomas

Every accounting student is familiar with the glazed-over eyes of their friends and family members when the student starts to talk about their major. The uninterested expression comes as the friend or family member envisions a life of solitude and tax returns in some windowless back office. Many students share the worry that they will be relegated to that same fate; they wonder how they can use their interest in and talent for the language of business in a way that will be exciting and stimulating.

Forensic accounting provides an option for students looking for an unconventional career in the field of accounting. Forensic accounting is an interesting and dynamic career option that provides an important service to society and the modern economy.

What is Forensic Accounting?

According to the Cambridge Dictionary, Forensic accounting is “a process of examining a person's or organization's financial records to help find out whether a crime has been committed, or to help with a legal case.”ⁱ This field is where accounting meets crimefighting. Perhaps the most notable example of forensic accounting in recent history is the story of Al Capone.

Al Capone was one of America's most famous mobsters; he rose to power by smuggling alcohol during the prohibition, and he created a massive crime organization. Law enforcement agencies were unable to prove his more serious and violent crimes, so forensic accountants stepped in to find evidence of his financial crimes. According to Kelly Phillips, a senior

contributor for *Forbes*, Capone had once bragged that “They can't collect legal taxes from illegal money.” Still, Phillips goes on to point out that contrary to his boasting, special agents from the IRS were able to build a case against him, and he was sentenced to 11 years in prison and a hefty fine for 22 counts of federal tax evasion.ⁱⁱ

Forensic accountants work with financial records to prove when a financial crime has occurred. According to Yigal M. Rechtman, a forensic accountant and partner with RSZ Forensic Associates, forensic accountants “bridge the gap between what someone perceives to be true and what the evidence shows is the reality.”ⁱⁱⁱ Just as doctors or medical examiners help determine the cause of death of a murder victim, forensic accountants help determine how and where a financial crime was committed, and they can testify in the same way as any other expert. Forensic accounting is the perfect job for the accountant looking for a little more excitement in their career.

The Importance of Forensic Accounting

Over the past century, the economy has become vastly more complex, as have the laws which surround the economy and regulate financial crimes. With the increased complexity come more opportunities for fraud and crime. As such, forensic accounting has adapted to counter these problems. According to Rechtman, the field expanded greatly in the 1990s due to legislation that made CPAs

partially responsible for countering fraud in the financial market.^{iv}

Forensic accounting has been in the public eye more than usual in recent years due to the controversy surrounding former President Donald Trump and his tax returns. When the Manhattan District Attorney, Cyrus Vance, was finally able to secure the thousands of pages containing Trump's financial records, he brought in a forensic accounting firm, FTI Consulting, to help interpret the records, create an exhaustive timeline mapping the flow of money, and identify any discrepancies or fraud.^v

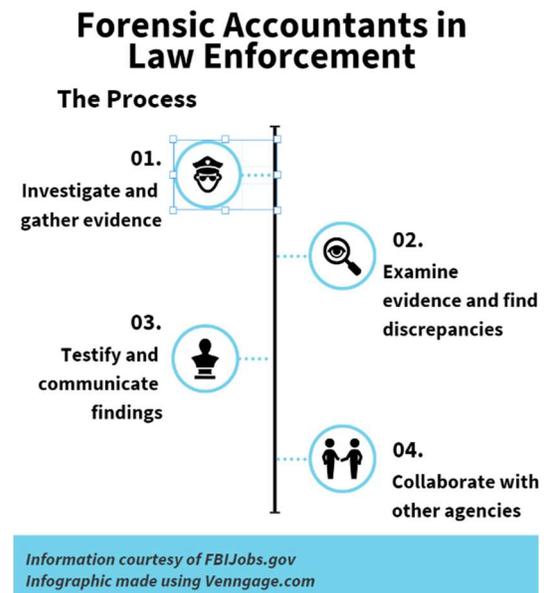
The investigation of Donald Trump's tax returns was a high-profile example of a financial crime. But crimes of that nature happen every day. From corporate fraud to Ponzi Schemes and money laundering, law enforcement agencies have their hands full trying to investigate and counter all the criminal activity that happens in the financial sector. Agencies such as the FBI and the Treasury Department need forensic accountants who can identify and investigate these crimes and help protect innocent people from fraud.

What do Forensic Accountants do?

According to the FBI, their forensic accountants "tackle complex challenges with every assignment. They work hand-in-hand with Special Agents to keep America safe by tracing and linking funding sources to criminal activity and national security matters."^{vi} These accountants have not been banished to a back office to sort through musty tax returns all day; they're in a compelling and engaging career, providing an important function for the safety of the nation and society as a whole

Forensic accountants working in law enforcement agencies have four main tasks, according to the FBI (see Figure 1).

Figure 1:



These forensic accountants participate in every step of the criminal investigation, and get to experience the thrill and satisfaction of a career in law enforcement while still using the talent and passion they have for accounting. This combination makes forensic accounting the perfect career for the accounting student looking for a less traditional, more exciting career path.

For those who are not interested in a career in the public sector, private forensic accounting firms provide a career path in the exciting field without any of the drawbacks inherent in working for the federal government.

Arrowfish Consulting is one such firm. According to the firm's homepage, their firm "applies accounting, financial analysis, and investigative skills to uncover truth, assist in financial investigations, and ultimately provide credible analysis that may be relied upon in

court or mediation.” They later state that they have provided their services, “across a wide variety of industries to attorneys, insurance companies, business owners, banks, and individuals.”^{vii}

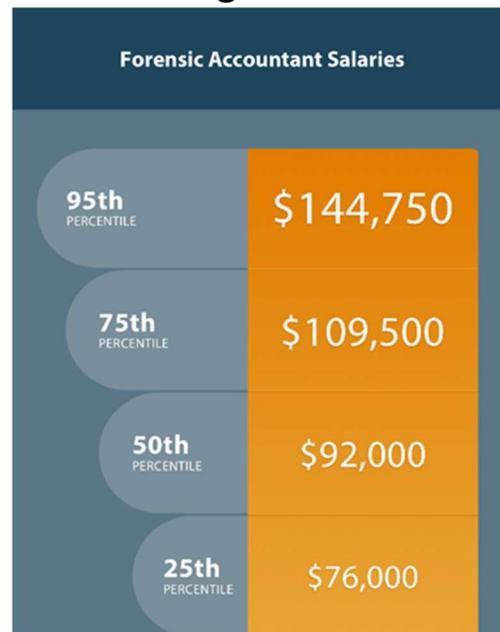
While firms such as Arrowfish do not have the jurisdiction and legal authority that forensic accountants with federal or local authority do, they provide important services and can be called upon to help investigate a wide range of issues in both criminal and civil matters.

A Career in Forensic Accounting

According to Rechtman, forensic accountants often take one of two paths in their studies.^{viii} The first is an emphasis on financial accounting, specifically auditing, from which comes an understanding of fraud and how to recognize it. The other common area of study is tax accounting, since many financial crimes involve tax fraud or evasion in some way. Rechtman goes on to state that while some forensic accountants graduated with degrees in finance, economics, or other related subjects, most trained accountants are CPAs. Rechtman did note that in recent years, more and more people with backgrounds in information systems have begun to enter the field, as accounting has become more digital.^{ix} After this formal education, those wishing to start a career in forensic accounting can begin working in the field immediately and gain the experience and knowledge they need.

Of course, future accountants will always want to know about their potential salary; as figure 2 indicates, forensic accountants tend to do quite well for themselves.

Figure 2:



Source: Robert Half 2019 Accounting and Finance Salary Guide

The figure shows that forensic accountants generally make more than enough to support themselves, and while it is true that an accountant could make more money working as a tax or audit specialist, the emotional benefits of working in a more exciting field will far outweigh any salary differences.

Additionally, experience or knowledge in forensic accounting translates to any type of accounting, even tax or audit accounting. Eric Kreuter, a partner with Marks Paneth LLP, wrote that “CPAs who gain knowledge of forensic accounting through reading, specialized continuing professional education, and hopefully hands-on client experience will be more prepared to market their skills and add value to their client engagement teams.”

As Kreuter explains, an understanding of these concepts will make even standard CPAs more valuable and more marketable by giving them additional insights and knowledge of how to avoid fraud and ensure that their firm, business, or client is protected against financial crimes.

To Sum Up

Accountants are often portrayed in popular culture as atrociously boring and asocial, working in tiny, dimly lit back rooms sorting through stacks and stacks of financial records. But just because someone has an interest in or a talent for accounting doesn't mean that they will inevitably end up resigned to the stereotypical life of a CPA. Forensic accounting offers a more stimulating and riveting career that allows accountants to use their skills to better society.

ⁱ "Forensic Accounting," Cambridge English Dictionary. Accessed March 25, 2021, <https://dictionary.cambridge.org/us/dictionary/english/forensic-accounting>.

ⁱⁱ Kelly Phillips Erb. "Al Capone Sentenced to Prison for Tax Evasion on This Day in 1931." *Forbes* (2018).

ⁱⁱⁱ Yigal M. Rechtman, "The Past, Present, and Future of Forensic Accounting." *CPA Journal* (2020).

^{iv} Ibid.

^v Tom Winter and Rich Schapiro, "Prosecutors Just Got Millions of Pages of Trump Documents. His Taxes Are Just the Beginning." *NBC News*, February 26, 2021, [https://www.msn.com/en-](https://www.msn.com/en-us/news/politics/prosecutors-just-got-millions-of-pages-of-trump-documents-his-taxes-are-just-the-beginning/ar-BB1e1sMs)

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^{vi} "Forensic Accountants." *FBI Jobs*. Accessed March 25, 2021, <https://fbijobs.gov/career-paths/forensic-accountant>.

^{vii} "Forensic Accounting." *Arrow Fish Consulting*. Accessed March 25, 2021, <https://www.arrowfishconsulting.com/services/forensic-accounting>.

^{viii} Yigal M. Rechtman, "The Past, Present, and Future of Forensic Accounting." *CPA Journal* (2020).

^{ix} Ibid..