



SDSU Student Accounting Society

Meeting Minutes: CalCPA

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Presenters:

Megan K O'Neill	CPA
Siobhan P Strott	CPA
Andy Nguyen	CPA

Presentation:

Forensic Accounting 101

Forensic Accounting and the litigation process

- What is Forensic Accounting
 - Forensic means suitable for use in court of law, you bring credible numbers to the litigation process

Why isn't being a CPA enough?

- Forensic accountants need to be detail-oriented, have critical eye, be curious, ask questions, and notice stuff that seems out of place
 - Experience: as a junior staff you organize documents for the attorney and file so they are ready when they need the information
 - Experience, and attentions to detail are the main aspects. The more often you go through the process, the more details out of place will catch your eye.
- You use the discipline of finance, accounting while applying the the legal process
- We must be teachers and we have to be able to explain. If the judge does not understand then the judge will use the other side information. Being able to explain brings credibility

Types of litigation in forensic accounting

1. Economic damages (biggest)
 - a. Personal injury, wrong termination, wrong death
 - i. It's the civil side can deal with loss of earnings
 - ii. With the big fires SDG&E got the blame, they burned down nurseries, the forensic accountants calculated loss of earning they have because it takes a while to grow back the trees and suffered a loss on their business because of the fires
 - b. Business interruption, Breach of contract
 - c. Intellectual property cases (trademark/patent infringement)
 - i. There was a counterfeit case that a group was taking products from Mexico and selling them for more in the US Market with new labels on the bottles

- d. Professional liability (legal, accounting malpractice)
 - i. Being accountants you shouldn't have an opinion in the legal aspect. It should be: If this were true then ...
- 2. Family law/Marital dissolution cases (has the most legal law driven)
 - a. Business valuations
 - i. You have to know how to value
 - ii. How much does each get
 - iii. What is fair
 - b. Income available for support
 - i. What is considered income
 - c. Tracing of community and separate property interest
 - i. This can come from trust or business entity
 - ii. You work with a lawyer to know more
- 3. Business Valuation (smallest, It's like magic accounting)
 - a. Business planning (Trust)
 - b. Mergers & Acquisitions

General process of litigation

- Plaintiff files lawsuit
- The complaint gets summoned to defendant
- Both parties can ask questions
- Discovery Period
 - Interrogatories
 - Request for production
 - Request for admissions
 - Depositions, then the other side gets to see what the other side has
 - Expert witness designation
- After: Once all information is given to each party the pre-trial conference starts
- Next is going to mediation/arbitration or a trial
 - Most companies like insurance go through mediation and result in a settlement so they won't lose money in the legal process
 - The other side is going to trial where the result is a judgement/verdict, which can also result in an appeal also

Industry Standards and Resources

- Qualifications (held by most practitioners)
 - Certified public accountant (CPA)
 - Certified in Financial Accounting (CFF)
 - Certified Fraud Examiner (CFE)
 - Accredited in Business Valuation (ABV)
- Industry Standards and Resources
 - AICPA (www.aicpa.org)
 - National Association of Forensic Economics (www.nafe.net)

- Local Resources
 - CalCPA (www.calcpa.org)
 - Membership is **FREE** for students (CalCPA and Forensic Services Section)

Forensic Accounting firms in San Diego

- Brinig Taylor Zimmer, Inc.
- Gurseley Schneider LLP
- Torrey Partners
- CBIZ
- Dolan/Xitco
- Addleman & Associates
- The Kaseno CPA Firm
- Gregory A Kaseno, APC
- CPA Firms

CalCPA

- Founded in 1909
- There are more than 42,000 members
- San Diego Chapter
 - Each chapter has responsibilities on chapter level and state level
- Serves the profession via:
 - Continuing Professional education CPE

Benefits

- Info about profession
- Access to scholarships
- Discounts on CPA courses
- EP student events
 - Meet fellow associates, 2nd year associates
- Opportunities to connect with professionals
 - More smaller firms are active in CalCPA
- Serving as a campus supervisor

Questions:

Did you have to study law before?

- No, I didn't, the lawyers love to teach you. It wouldn't be necessary, If there was an intro class to law then it would be fun

You have three types of cases what is the concentration of each?

- I depends on the firm. Business valuation is smaller. Civil aspect can be more standard.

Do you think it would be different in the government sector?

- Not sure. If you are talking like government, SEC then not really. The US Atotrney uses Brinig Taylor Zimmer to subcontract. There was a ponzi scheme case we covered the defrauded people who wanted their money back