

Embezzlement in OMS practices

David Harris
CEO

Prosperident



HIDDEN CAMERA! \$500 DISAPPEARS



Maryann Schafer
Westerville OH



E161HQ

99%

8/10/2021
+PM 12:06:22

Q



8/10/2021 10:59:23



I KNOW HOW
THIEVES
THINK
BECAUSE....



HOW MANY ARE VICTIMS ALREADY?

Source – David Harris Analysis of
2019 Council on Dental Practice
Survey on Employee Theft in the
Dental Practice

THE STATS

Average
amount stolen
>\$100,000

Average
duration
1.8 years

Typical # of
methodologies
3

WHY DO PEOPLE STEAL?

■ **Need** or **Greed**

Misty Casanova, San Antonio TX
\$420k



RATIONALIZATION

Everyone
knows stealing
is wrong

Thieves need
to rationalize

The doctor will
never miss it...



have done for me and my family. I will always appreciate the gesture you gave. I can not express how grateful I am to have the opportunity to be an intern at your office and continuing to work for you throughout the years. I have learned a lot and continued to learn from you as I became office manager.

I came to you about taking something that wasn't mine, something that belonged to you. I should have done that and I deeply regret doing that. I do not remember when I started doing it and I'm also not sure how much I've taken. I can say that it was not more than \$500. I am being honest with you. I do not have a problem repaying you but I am asking please do not proceed with the investigation. I have not done nothing else to you or your office. Insurances and patients

payments are all in their accounts. I have no more cash are all left in your

account. I have no more cash are all left in your

EMBEZZLER'S DECISION

Balancing
unsupervised

- Steal from deposit
(no need to conceal)

Balancing
supervised

- Teach PMS to lie!



PROSPERIDENT SAVED A MARRIAGE

- Do I need a divorce attorney?
- Husband is working lots but no money
- We already asked CPA and software trainer – inconclusive!



ASHLEY EATON – THE SUSPECT

These aren't
orange scrubs!

Check thief – didn't steal cash

Stole \$7,000 per month

Total theft \$260,000

Started stealing immediately.



WARNING SIGNS

Territorial

Alone Time

Profitability low.





“BUT OUR
DAYSHEETS
ALWAYS
BALANCE”



TEACHING MOMENTS



NOT SAFE EVEN IF PMS =
COLLECTIONS



IT'S NOT JUST CASH



THOROUGH PRE-
EMPLOYMENT SCREENING





The “inherited employee”

- ▶ **New practice owner**
- ▶ **Doctor had no inkling of theft; hired us to improve financial controls**
- ▶ **We recommended a “pivot.”**

17 years at practice

Compulsive Gambler

Stolen amount: \$155K

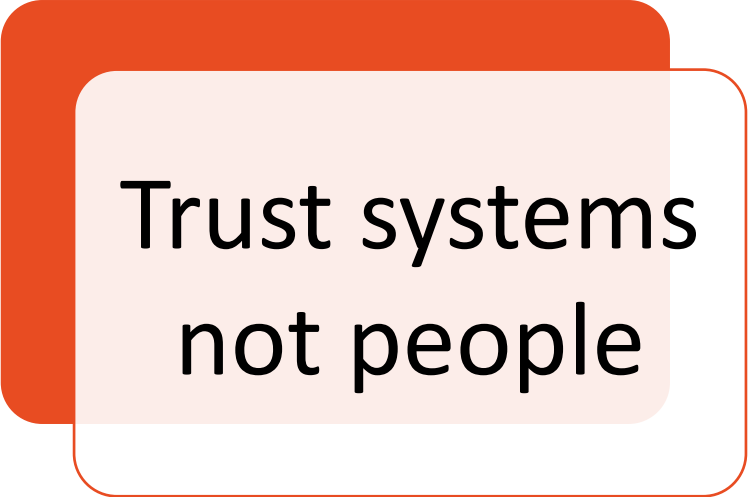
Also stole \$580k from former owner

Evolved from unconcealed to concealed with transition

Kimberly Sousa,
Rhode Island



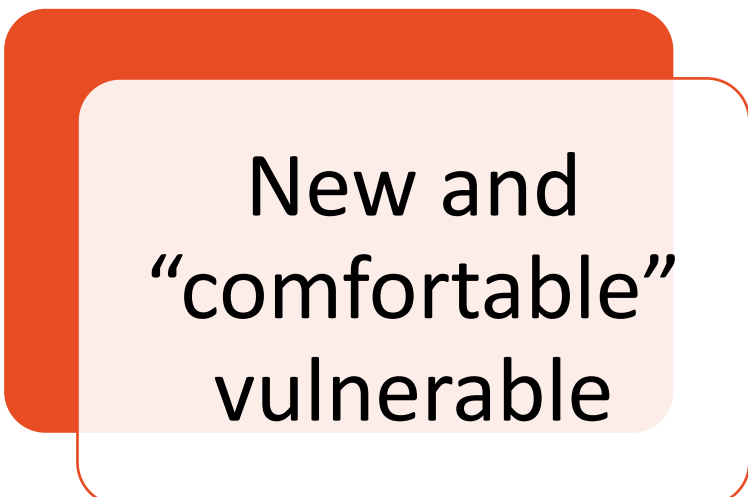
LESSONS LEARNED



Trust systems
not people



Thieves
adapt



New and
“comfortable”
vulnerable

Outsmarting Thieves

Victoria Wafford
Oceanside, CA
\$1.6 million



Facilitate
whistleblowing



Pre-employment
screening



Oversee (or else!)

Whistleblowing

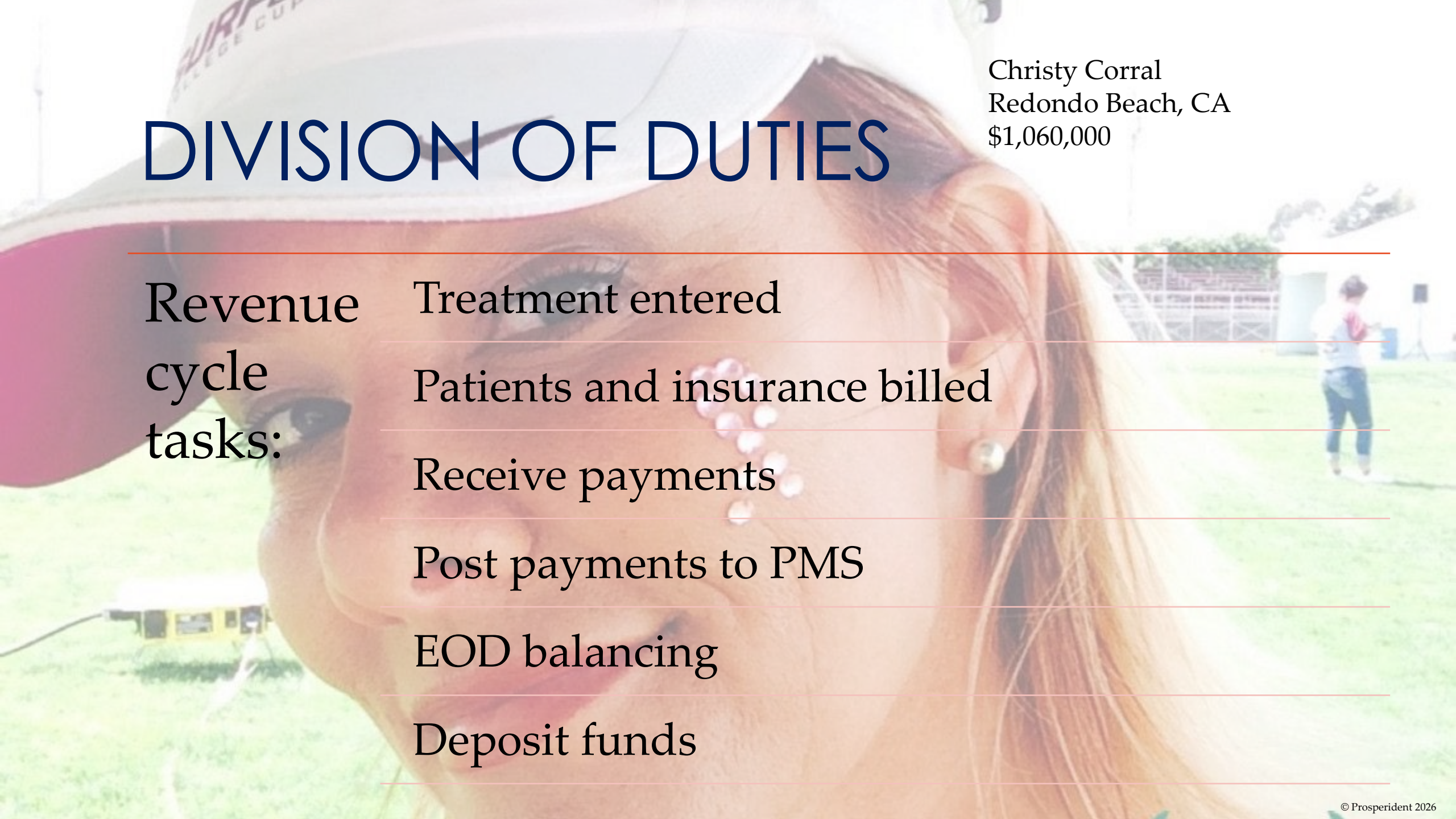
- Less common in dentistry than other businesses
- Provide comfort for employee with concerns
- Whistleblower policy
- Financial reward?



PROPER PRE-EMPLOYMENT SCREENING

Tiffany Lynae Lovell
Yuba City CA
\$203,000





Christy Corral
Redondo Beach, CA
\$1,060,000

DIVISION OF DUTIES

Revenue
cycle
tasks:

Treatment entered

Patients and insurance billed

Receive payments

Post payments to PMS

EOD balancing

Deposit funds

THREE RULES

Vanessa Lentino
Vallejo, CA
\$201,000

Treatment
entered by
clinician

No more than
two tasks

The two not
consecutive

KEYS TO OVERSIGHT

1. Source PMS reports independently!
2. Every practitioner signs off on daily production report.
3. Practice owner or Reconcile PMS collections to bank deposits monthly. Graph monthly variances.



BEHAVIORAL WARNING SIGNS

Guilty plea in \$1.9 million embezzlement from dental firm

Associated Press

OLYMPIA — A woman who worked as a dental office bookkeeper and her husband have pleaded guilty to swiping about \$1.9 million, one of the biggest and most complex embezzlement cases in the state capital.

In a plea agreement,

Thurston County prosecutors said Thursday they would recommend a 10-year prison term for Lori L. Doughty, 39, formerly employed by Fisher Jones Family Dentistry in Olympia, and a year and five months for her husband, Michael G. Doughty, 46, both of Lacey.

Both were charged with

“Alone time”
free after entering their pleas to multiple felony counts Thursday in Superior Court pending sentencing on May 11.

“I believe we made a statement that embezzlement will not be the end in Thurston County,” a prosecutor Joseph Jones said. “The Doughtys have recovered about \$80,000 and the Doughtys will likely be ordered to make restitution after they get out of prison, but lawyers said it was likely that much of the uninsured loss would be recovered.”

Co-sponsor James M. Jones

“We feel like we have a great future, and now we can move on,” Jones said.

In documents filed in court, prosecutors wrote that the Doughtys maintained a lavish lifestyle with a scheme so tangled that a forensics examiner had to be hired to trace the funds and determine how much was taken.

Investigators wrote that Lori Doughty forged company checks to pay off credit cards for herself and her husband and laundered some of the money through her husband's business, First Response Emergency Medical

examiner Ken Wilson wrote that between December 1998 and July 18, 2005, when Lori Doughty was arrested, the couple spent \$200,000 on clothes, \$100,000 at restaurants, \$185,000 on hotels, \$74,000 on airline tickets and \$32,000 at Starbucks.

Her husband, arrested in August, was originally charged with 18 felonies but pleaded guilty to four — unlawful use of criminal proceeds, money laundering and two counts of forgery.

Lori Doughty, 39, was charged with 19 felonies, including

“Conspicuous displays of honesty”

Cuts corners

Territoriality

Won't cross train

Won't take vacation

Resists outside advisors

PUBLIC RECORDS

PULLMAN POLICE

WSU POLICE

Friday

Friday



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IF EMBEZZLEMENT IS SUSPECTED

- Don't "flap your wings and cluck"
- Stealth is paramount
- Thief is looking for indication you know
- May take desperate measures to avoid jail.





How we help
practice owners:

- FIRST LOOK
- Stealthy investigations
- Proactive systems
- Litigation support