

Dental staff fraud - how it affects us all

Canadian Dental Protective Association,
September 21, 2010

More than 1,000
Canadian dental offices
will be defrauded or
embezzled this year by
long-time trusted staff.

More than 40% of Canadian dentists will be victimized at least once in their career

Unbelievable!

Unbelievable, but true!

On the surface, there is a
well-ordered, profitable
dental practice







While you're looking after
your patients

The dollars are flying away!

What could I lose?

- Lowest typical loss - \$5,000 – 25,000
- Average loss - \$25,000 – 100,000
- Highest Canadian loss to date –

\$608,000!!!

What could I *really* lose?

\$25,000 lost at age 45 = \$183,000 at age 70

\$25,000 lost at age 25 = \$904,000 at age 70

\$100,000 lost at age 35 = \$1,600,000 at age 70

What could I *really, really* lose?

- Sleep
- Self-respect
- Trust in all staff
- Self-confidence
- Time
- Adverse publicity
- Emotional cost

Why does this happen to us?

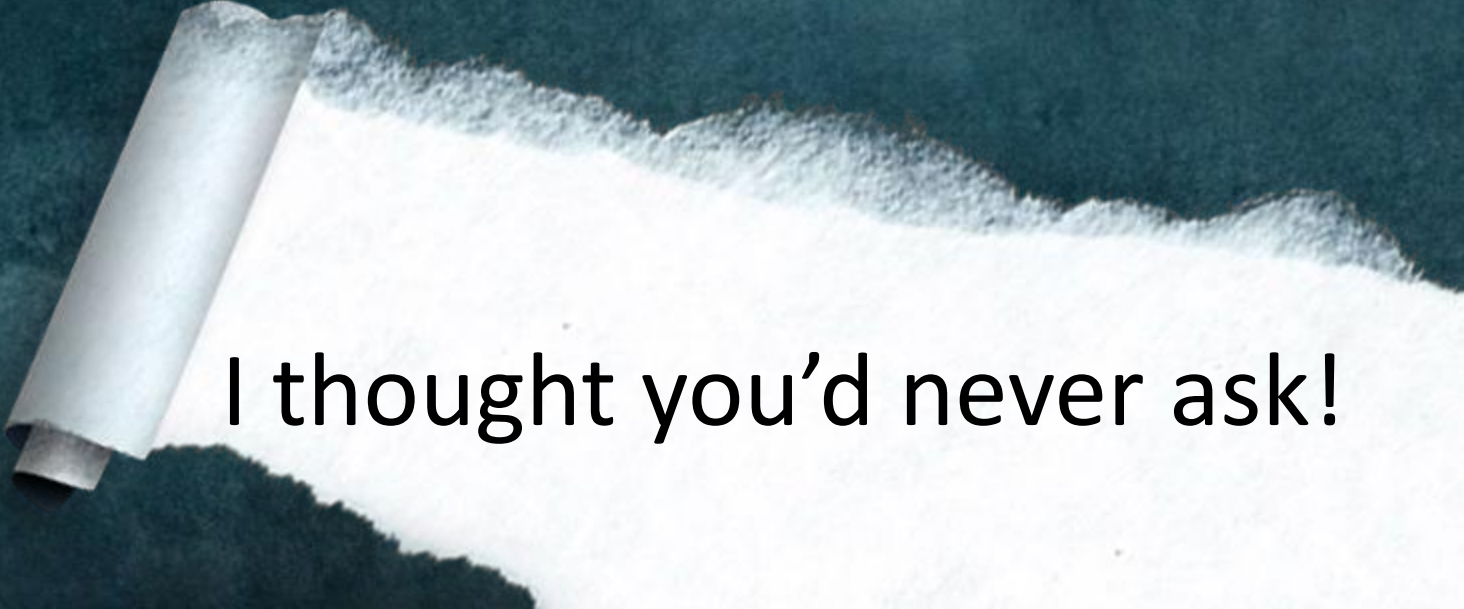
- Trust
- Friendship
- Focus on patient care
- Lack of business training
- Disbelief

Are we doomed to be slaves to theft?

Yes

. . . if we don't take charge of our practices
and start planning and managing properly

So what can we do
to protect ourselves?



I thought you'd never ask!







We've got to

our bad habits and rethink
how we run our practices



RULES



5

RULES

FOR SECURING
OUR PRACTICES
AGAINST THEFT



understand
why
people do
what they do

Who are the thieves?

- New employees
 - Deliberate theft
 - Opportunistic theft
 - Limited opportunity
 - Can be largely prevented



Irina

Who are the thieves?

- Long-time staff
 - Personal need
 - Trusted for many years
 - Unlimited opportunity – potentially huge loss



Mary

What motivates thieves?

- Opportunity
- Perceived need
- Rationalization

What motivates thieves?

- Opportunity
 - Easy access to money
 - Excessive trust
 - Inappropriate delegation
 - Lack of supervision
 - Lack of awareness
 - Cash in practice

What motivates thieves?

- Perceived need
 - Need is desperate
 - Gambling
 - Drugs
 - Shopping
 - Inadequate income
 - Poverty
 - Child or spouse support
 - Lotteries

What motivates thieves?

- Rationalization
 - It's really okay because
 - It's only for a short time
 - I'll pay it back as soon as (. . . .)
 - He'd only waste it on something stupid
 - She makes too much money as it is
 - I don't get paid enough for all my hard work
 - This is a money mint – I want my share!
 - **If I hear him complain one more time about how much it costs to repair his BMW I'll scream!!!**

However

Regardless of their motives or inclinations,
we must remove the opportunities



2

understand
HOW
theft can occur

I don't get it - how can they do it?

More ways than you can count!

- False insco billing
- Cheques to phony suppliers
- Stealing cash
- Transferring payments between accounts
- Fake patients
- Bank fraud

More ways than you can count!

- Adding hygiene units
- Hijacking income tax deductions
- Increasing payroll hours
- Duplicate computer systems
- False (or no) receipts



3

Make it
TOUGH
For them to steal



Lock the barn door!

Preferably before the horse is gone!

Proper controls
are needed

What areas?

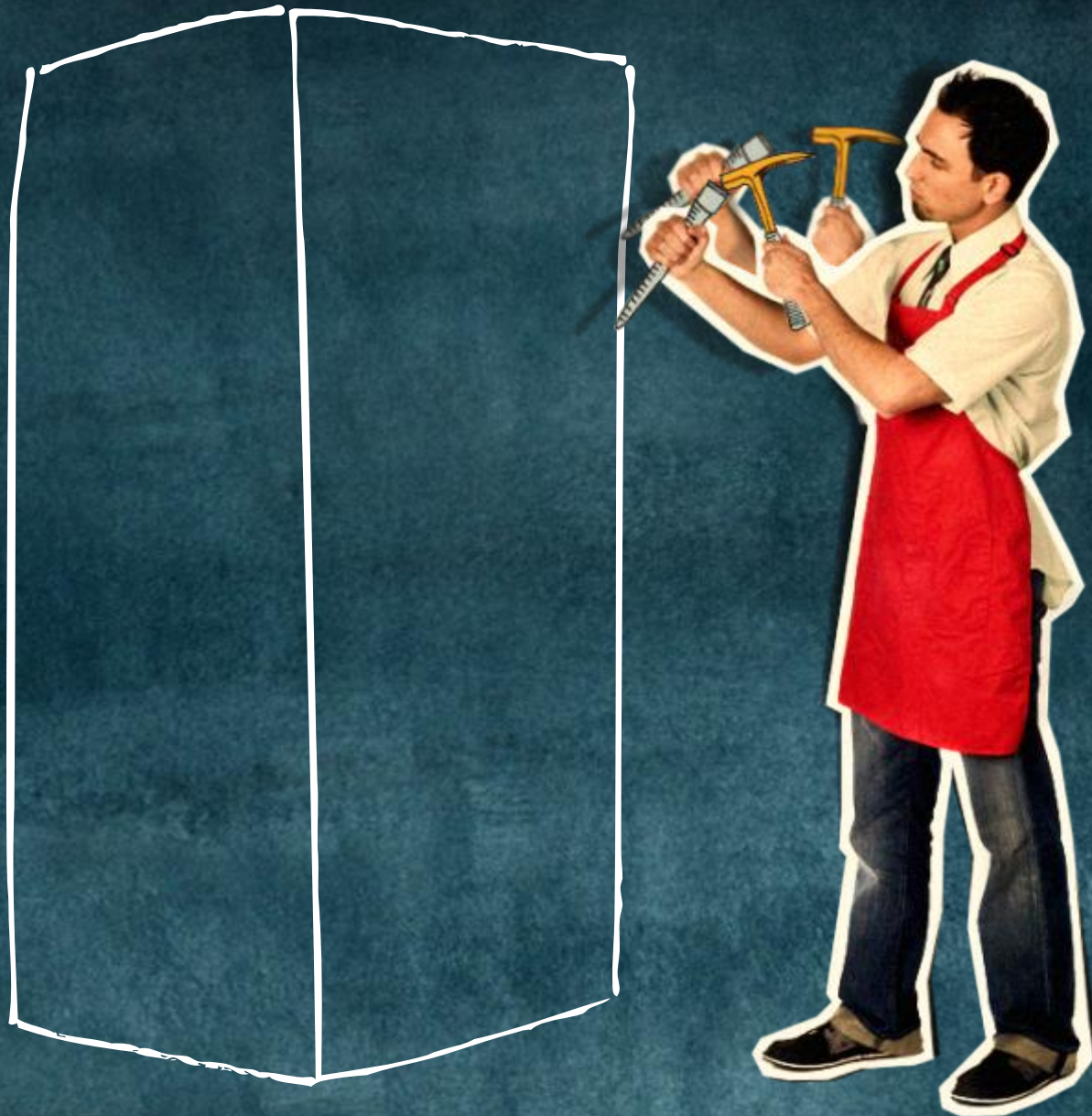
- Staff
- Banking
- Payroll
- Computer reports
- Cash flow
- Payables
- Receivables
- Insurance



*With so many reports,
it's too much work!*

I'll never keep up!

But if you have the right tools . . .





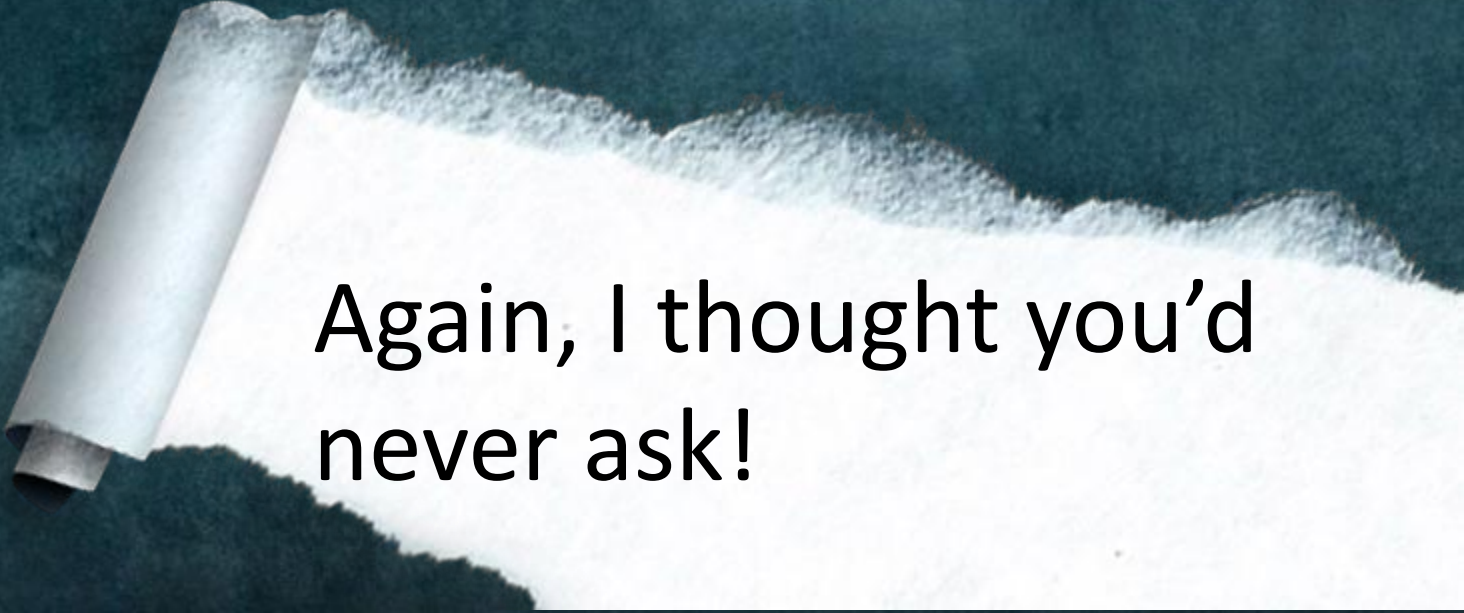


What are the “right tools”?
How can I set them up?

10-minute manager

- Series of daily control reports
 - Cash
 - Services
 - Deposits
 - Hours
 - Daily summary
- Monthly co-ordinating reports

Can Prosperident
set them up for me?

A torn piece of white paper is positioned in the lower right quadrant of the image. The paper has a rough, deckled edge and is partially unrolled, showing a cylindrical shape on the left side. The text is printed in a black, sans-serif font on the flat surface of the paper.

Again, I thought you'd
never ask!

Prosperident does not sell the tools

- We give them away!
- Regular e-mail to subscribers only
- You will receive practical instructions
- You will implement them yourself
- Subjects
 - Interviewing, hiring and firing safely
 - Monitoring daily production vs receipts
 - Ensuring the full financial chain
 - and much more

Why?

- Prosperident is not a “consulting” company
- Prosperident’s business is focused only on
 - Fraud prevention
 - Fraud investigation
 - Fraud remediation

We want you to

- Learn more about your business
- Watch for irregularities
- Call someone like us if there are problems



4

get the right

professional

resources to do the job

What resources are available?

- Lawyers
 - Dismissal of staff
 - Legal challenges and prosecution
- Accountants
 - Tax implications of fraud
- Fraud specialists
 - Forensic investigation
 - Computer analysis of dental systems
 - Overall strategy and planning

What *does* Prosperident do?

- Forensic investigation
- Fraud discovery
- Identification of perpetrator(s)
- Remediation and recovery
- Rebuild self-esteem and control
- Protect against present and future theft

We are the only Canadian company in
the exclusive field of dental office
forensics and investigation

We work with your lawyer and
accountant to provide resources not
otherwise available to them

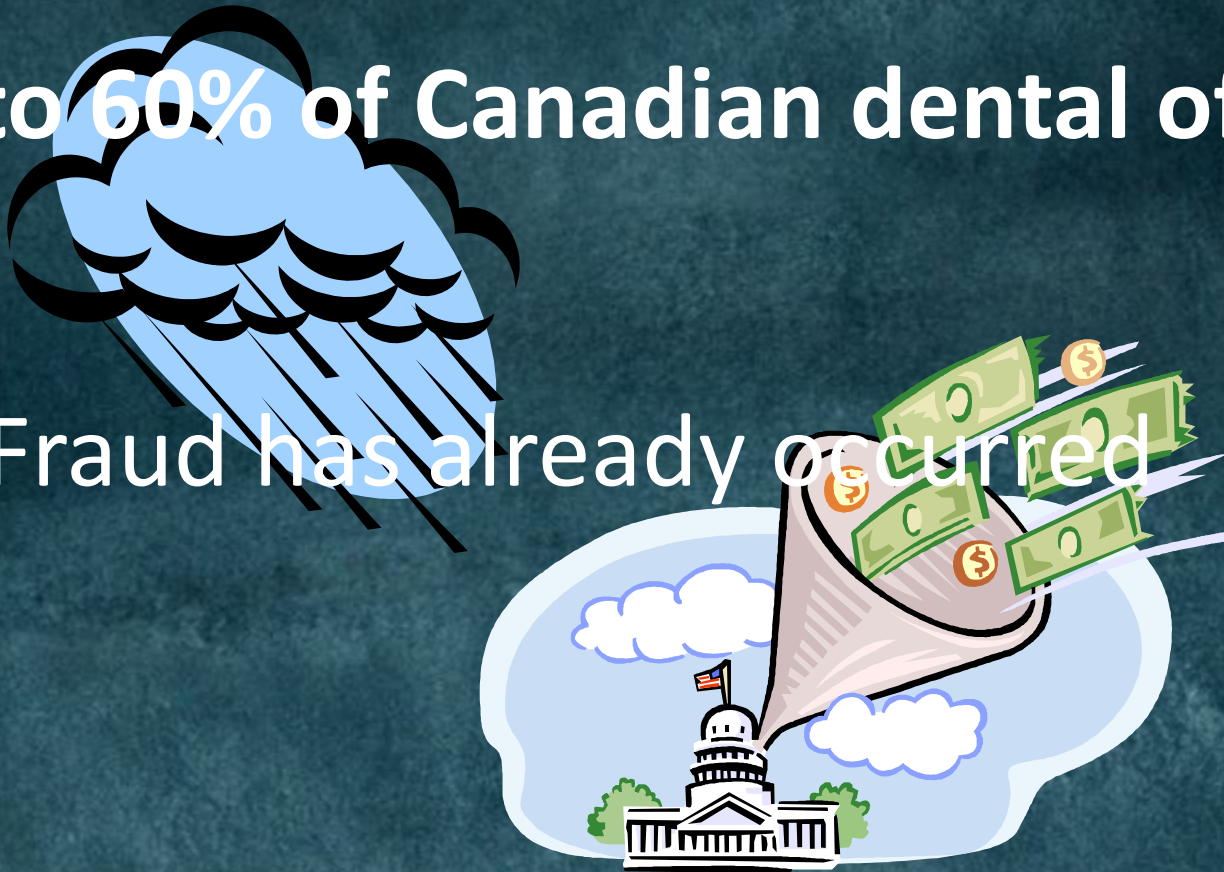
Why couldn't my accountant find fraud?

- not familiar with dental software
- deal with reports provided by the office, *but the fraud has already occurred within the dental software*
- not able to assess and judge behaviour
- **Doesn't have a criminal mind!!!**
(we hope!)

Almost as universal as

In up to 60% of Canadian dental offices

Fraud has already occurred



What if you think it's happened to you?

What happens then?



5

YOU NEED TO
KNOW WHAT'S
GOING ON

Without the staff's knowledge

- Log in remotely to your computer
- Download your data
- Analyze with over 400 parameters
- Identify irregularities
- **Red** or **yellow** flag suspicious areas
- Report to you

Report

- Is there apparent fraud?
 - Strategy “A”
- Is there **no** apparent fraud
 - Strategy “B”

Report

- Apparent fraud?
 - Possible deeper analysis
 - Consult lawyer and accountant
 - Determine how to deal with perp
 - May contact College, police, inscos
 - Attempt to recover loss
 - Help staff and patients come to terms with situation

Report

- No apparent fraud?
 - Great relief for all concerned
 - Help establish fraud-proofing for future protection

Actions to be taken

- Discussion of strategy
- Work together with accountant and lawyer
- Careful dismissal of staff
- Contact with police and/or College and/or Insko
- Protect your interests
- Re-establish security
- Recover confidence and self-respect

Aftermath – the continuation of practice

- Help staff understand
- Establish good practices
- Ensure good community relations
- Help dentist and family regain confidence
- Monitor computer three times yearly
- Look for irregularities and report

Special considerations and risks

- Firing any staff must be done *very* carefully
- Protection of data is essential
- Protection of reputation is vital
- Public relations steps may be necessary

RULES

- UNDERSTAND PEOPLE'S MOTIVATION
- UNDERSTAND HOW THEFT OCCURS
- SAFEGUARD FINANCES WITH GOOD PRACTICE
- USE PROFESSIONAL RESOURCES
- USE AWARENESS AND KNOWLEDGE

Rules For Staff

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4 BLAH

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Use your office manual
Stick to it, just as you will
the staff knew!
trust them
they will work better than ever

- Staff will follow your office manual
- So will you!1
- The staff knew!
- Trust them
- They will work better than ever

And after all . . .

- Just another of life's nastier episodes
- Bad memories will fade away
- Quality of life will be restored
- “Tomorrow is another day!”

Prosperident

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