

RED FLAGS OF FINANCIAL ABUSE FOR TAX ACCOUNTANTS

Missing or incomplete documentation. Has your client received full and complete documentation regarding a transaction they engaged in? Is the tax information you have been provided regarding the transaction accurate and professional?

Substantial changes in income. When compared to the prior year, has your client experienced an unusual change in interest or dividend income? If your client has experienced a significant decline in income, is it explainable? Where did the money go? If your client experienced a large increase in income, does it seem too good to be true?

Promissory Notes and Gifts. Has your client been loaning money pursuant to long term promissory notes at interest rates that are not competitive? Has your client been gifting large sums of money to questionable third parties?

Exotic instruments. Has your client engaged in investing in exotic forms of investment that they do not understand and cannot explain?

Fees. If your client employs a broker, does the broker enjoy discretion over your client's investment? If so, does it appear from year end statements that an excessive number of trades are occurring that may be resulting in excessive fees to the broker?

Investment Advisor. Does your client employ an investment advisor? Do the investments look questionable or perhaps unsuitable given your client's age and financial situation?

Capital gains or losses. Does it appear that your client is reporting an unusual amount of capital gains or losses compared to their historical experience?

Exchanges. Has your client engaged in a 1035 exchange that is not suitable and may have resulted in merely fee-generating activity for the promoter of the exchange?