A fraud case will be presented which chronicles the prosecution of Donna Dowell by state attorney Anton Galsen. Dowell was accused of stealing approximately $600,000 from her employer, the law firm of Geddes & Abrams. The case provides a descriptive real world example of a relatively large fraud that was perpetrated on a law firm which lacked basic internal controls and which had an overly complicated revenue sharing structure. The case also provides an opportunity for students to identify the different occupational fraud schemes perpetrated by Donna Dowell. In addition, the case highlights the elements of the fraud triangle as they relate to Donna Dowell’s actions. The case is based in actual facts obtained from public documents in the state attorney’s case file and personal interviews with the state attorney who prosecuted the case.
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Stealing From Clients: the Case of

Fiduciary Fraud and one of the Deadly Sins of Any

Law Practice
Abstract

This case chronicles the prosecution of Donna Dowell by state attorney Anton Galsen. Dowell was accused of stealing approximately $600,000 from her employer, the law firm of Geddes & Abrams. Dowell perpetrated several different schemes, stealing money from both the operating accounts and IOTA Trust Accounts of the law firm. Prior to the theft, Geddes & Abrams had gone through ownership changes and also had been contracted to handle cases for a larger firm in town, Kell & Jones. The case provides a descriptive real world example of a relatively large fraud that was perpetrated on a law firm which lacked basic internal controls and which had an overly complicated revenue sharing structure. The case provides an opportunity for students to identify the different occupational fraud schemes perpetrated by Donna Dowell. In addition, the case highlights the elements of the fraud triangle as they relate to Donna Dowell’s actions. The case also allows student to examine the fiduciary responsibility professionals such as attorneys have when maintaining clients’ money in trust accounts. The case is based in actual facts obtained from public documents in the state attorney’s case file and personal interviews with the state attorney who prosecuted the case.

Keywords: Employee Theft, Fiduciary Fraud, Inherited Employees, Internal Controls
I. A Day of Reckoning

Anton Galsen stood up from behind the big wooden table adjusting his tie as he glanced back at his notes one last time. Donna Dowell had already plead guilty to the crimes that she was accused of; what was at stake now was the severity of the crimes and the appropriate level of punishment that would accompany them. The murmurs from the courtroom subsided and the attention of everyone in the courtroom shifted to Galsen. He took a deep breath and realized that this was his one chance to make sure the court grasped the severity of the situation.

The end of the trial was in sight as Galsen was about to present his closing arguments to the court. Galsen wanted to make sure that Donna Dowell would receive the appropriate sentence for her crimes. He knew the words he was about to speak were important. Addressing the jurors directly, Anton Galsen began his deliberation:

“No, ladies and gentlemen of the jury, I’ve been with the state attorney’s office for over 16 years. I specialize in prosecuting cases involving complex white-collar crimes, economic crimes, elderly exploitation, identity theft, public corruption, and other schemes to people have used to defraud others. Donna Dowell stole this money from her employer so she could live the “good life” a life to which she felt entitled. If Donna had stolen this money to feed or care for a sick child, we probably wouldn’t be here today. I might have walked her right out of this courtroom and put her on probation.

No, Donna is driven by greed; this was not a one-time occurrence. Donna Dowell just didn’t see a check lying on the desk and decide to cash it. Donna Dowell did not find a money bag that had fallen from a bank truck on the side of the road.

On 95 separate occasions Donna Dowell made the decision to steal money from the law firm of Geddes & Abrams…….This was a conscious, deliberate scheme, an occurrence that happened not in a period of days, not in a period of weeks, not in a period of months, but over a period of years. Once Donna Dowell began stealing from Geddes & Abrams she never stopped. Donna Dowell stole $596,000 from Geddes & Abrams. Please find her guilty of Grand Theft!”
As he returned to his table Galsen reflected back on the case. What bothered him was the ability for Donna Dowell to steal over a half of million dollars from her employer. What had allowed her to perpetrate a fraud on such a massive scale? Her fraud spanned a period of almost five years. Surely someone should have suspected something was wrong. How could the attorneys who owned the firm not realize so much money was missing?

II. The Law Firm: Geddes & Abrams, P.A.

State Attorney Anton Galsen thought back to the beginnings of the law firm of Geddes & Abrams, perhaps the manner in which the firm came together was where things had begun to go wrong.

The law firm of Kell & Jones was large, well known firm with a practice that focused on personal injury claims. Kell & Jones began getting calls by potential clients seeking help with worker’s compensation claims. Rather than turn this potential business away, Kell & Jones decided it would be in their best interest to refer the worker’s compensation claims to another attorney and split the fees with the other attorney. Florida bar rules prevented Kell & Jones from just accepting a straight referral fee from other attorneys so Kell & Jones approached attorney David Abrams with an offer. Kell & Jones would refer cases to David Abrams and provide some support in the form of equipment and labor. In return David Abrams would represent the clients in these worker’s compensation claims and split the fees with Kell & Jones. David Abrams knew this was a golden opportunity for him but he was about to receive more work than he could
handle alone. He needed help in the form of more attorneys and a support staff. David Abrams had heard that Marty Clough, of the law firm Clough and Geddes wanted to retire from the practice of law. The law firm of Clough and Geddes had specialized in the area of workers’ compensation. David Abrams approached Dan Geddes about buying out Marty Clough’s portion of Clough and Geddes. The situation seemed ideal, so Dan Geddes and David Abrams decided to become partners.

Geddes & Abrams approached the Tampa Bank for the necessary funding to get their practice off the ground. They were able to borrow $700,000—consisting of a $300,000 term note and $400,000 business line of credit. In addition, they opened an operating account and trust account.

The process of buying the workers’ compensation practice of Clough & Geddes, P.A. went rather smoothly. The new firm now had four attorneys, four assistants, one paralegal, a receptionist, and a bookkeeper, Donna Dowell. In addition, an attorney and his assistant from Kell & Jones also would work with the new partnership. Dan Geddes and David Abrams, began the process of workers’ compensation claims – Geddes & Abrams, P.A. was born.

III. Workers’ Compensation & Attorney Fiduciary Responsibility

Galsen reflected on the Geddes & Abrams practice and remembered his lessons regarding workers’ compensation from law school. He recalled how his professors stressed the importance of the relationship between the attorney and client:

If someone is hurt in the course or scope of their employment, they may approach or be referred to a law firm for assistance in receiving any compensation that may be due to them. The typical
workers’ compensation claim is generally governed by what happens to the client medically. In the case of Geddes & Abrams, the firm would represent the client with the goal of trying to help manage the medical treatment, get the appropriate care and attempt to settle the case once the client had reached maximum medical improvement as deemed possible by the doctor. The typical life span for a workers’ compensation claim is, on average, two years, although, some settle rather quickly and some go on for years or even exceed a decade or more.

When a workers’ compensation settlement check is issued, the check is typically made payable to the client and the firm representing the client. Once received by the firm, the check is generally deposited into a special bank account to be held in trust for the client. Attorneys are not permitted to co-mingle their operating funds with client’s money held in trust. Law firms are even prohibited from keeping any interest earned on IOTA accounts.\(^1\) The proceeds of the check are later disbursed to the rightful owners; the client gets their portion, and once approved, the attorney moves their fees from the trust account to their main operating account. The fiduciary duty – legal relationship of confidence or trust – of the law firm is extremely important in this process. In carrying out its fiduciary duty, the law firm, or individual attorney, must put aside his or her personal interests and act in the best interest of the client. Additionally, the attorney must not profit from carrying out this duty except to the extent agreed upon by the client by means of

\(^1\) The special bank accounts are called IOTA accounts (Interest On Trust Accounts). In Florida, the interest is remitted automatically by the bank to the Florida Bar Foundation.
fees to be paid to the attorney for his or her services. ² When he thought about this, what he remembered the most was his professor’s comment, “Don’t monkey with the client’s money.”

IV. The Business Relationship: Geddes & Abrams Contracts with Kell & Jones

Galsen continued to reflect on the relationships Geddes & Abrams had formed and thought about the importance of trust and fiduciary responsibility in relation to the agreement between Geddes & Abrams and Kell & Jones:

The relationship between Geddes & Abrams and Kell & Jones was not a straight referral agreement. As required by the Florida Bar rules, both law firms would counsel the clients and take responsibility for the cases. The arrangement provided that Geddes & Abrams would keep 65% of the attorney’s fees paid by workers’ compensation cases that had been referred by Kell & Jones. Kell & Jones would keep the remaining 35% of attorney’s fees. Kell & Jones provided the computer and phone systems to Geddes & Abrams. It was Geddes & Abrams’s responsibility to manage each case and eventually turn it into a settlement.

How the settlement checks were handled was dependent on where the case originated. The settlement checks from cases that were either inherited from Clough & Geddes or were referred from some source other than Kell & Jones were to be processed through the Geddes & Abrams trust account. Any settlement checks from cases that were represented in conjunction with Kell

² See Florida Bar Rule 5-1.1 TRUST ACCOUNTS.
& Jones, even if they were received directly by Geddes & Abrams, should have been processed through the Kell & Jones trust account.

V. The Perpetrator Donna Dowell

Galsen continued to think about Geddes & Abrams and what may have led to the massive fraud that had occurred within their firm. When he thought about it, Galsen could not believe all the responsibility Dowell had been given with no oversight. He also found it perplexing that there were not more obvious red flags to her bosses or co-workers.

Donna Dowell had been employed with Geddes & Abrams as its bookkeeper and office manager since its formation in 2006. Although Dowell did take some business courses in college, she gained most of her knowledge and skills “on-the-job” with little formal training. In her duties as office manager of Geddes & Abrams, Dowell was responsible for all of the administrative functions of the law firm such as paying salaries, ordering supplies, negotiating the rent, etc. so the attorneys could manage cases. Dowell was the sole individual responsible for the bookkeeper duties: she maintained the accounting records, had custody and control of the checks, had the responsibility for processing the settlement checks, paying the bills, reconciling the bank statements, as well as other responsibilities. Dowell performed many of these duties at the previous firm of Clough & Geddes and continued to assume these duties when Abrams bought into the business and the name changed to Geddes & Abrams. Donna Dowell was the only employee who handled the bookkeeping functions and the firm did not have an external auditor.
In addition to working at Geddes & Abrams, Dowell was very busy at home. Donna Dowell was married with children, two young sons, ages eight and six at the time of the merger. By the end of 2007 Donna Dowell was pregnant with a third child, a daughter who would be born in 2008. Donna Dowell was in charge of handling the household bills. Her annual salary was $37,500. Her husband was either out of work or underemployed most of the time. Donna Dowell was the primary wage earner in her household. Although she did not receive a large salary, Dowell managed to be involved in many activities with her family, including great vacations to places such as the Caribbean.

VI. What Do You Mean Our Account is Negative?

It was November 8, 2010, almost five years since Geddes & Abrams had partnered to form their practice and entrusted Dowell with most of the office and bookkeeping duties of the firm. Daniel Geddes and David Abrams met with a representative at Tampa Bank to refinance their business line of credit. After executing the new loan documents, the bank representative mentioned that Geddes & Abrams’s trust account was overdrawn in the amount of $54,503.82. This was the first time Geddes & Abrams realized there was a problem with their accounts.

Immediately, the attorneys approached their office manager, Donna Dowell, to determine what had happened. Dowell supplied what appeared to be an email from the bank explaining that some checks written from the operating account had been posted to the trust account in error. She presented a check from the operating account to Daniel Geddes for his signature so that funds could be transferred to cover the negative balance in the trust account. Before agreeing to sign
the check, Geddes asked for documentation to show exactly where the mishap had occurred. After receiving the paperwork from Donna, Daniel Geddes went back to his office to review the facts. Quickly, he realized that the documents Dowell provided to him did not make any sense. At about that time, Donna Dowell quickly left the office, never to return.

VII. The Investigation

After Donna left the office, David Abrams began investigating the overdrawn trust account further. During his investigation, Abrams was informed by the Tampa Bank that the Geddes & Abrams, P.A. operating account also had a negative balance and that a significant amount was owed on the line of credit. In going through Dowell’s office, remnants of bank statements were discovered which indicated she had made alterations to the statements to conceal entries that may have invited further inquiry into the firm’s accounting records. In addition, drafts of a letter apparently composed by Dowell were found containing David Abrams’s name on the signature line. The letter purported to advise the Tampa Bank that the overdraft was due to his negligence and that Donna C. Dowell was to remain the point of contact for the firm. Records of the trust and operating accounts were also obtained so Abrams could determine just how great the issues were, and what he found was astonishing. David Abrams was dumbfounded with what he had discovered. How could something like this have happened?

It had only been a few days since Geddes & Abrams had suspected that a fraud was occurring within their firm, and they still did not know the extent of it. David Abrams decided it was time
to take action. Luckily, Abrams was friends with Justin Lotter, chief assistant to the Florida State Attorney. Abrams enlisted the assistance of the State Attorney’s Office to get things in motion to understand the wrongdoing that had occurred. It was at this point that Abrams began his relationship with Anton Galsen of the State Attorney’s office.

Anton Galsen recalled his initial meeting with David Abrams in mid-November 2010. The meeting was not what he expected. As David Abrams began to discuss what he had uncovered thus far, Galsen got the impression that Abrams was concerned with much more than the law firm. Abrams seemed visibly shaken in front him. Galsen wondered to himself if there was some kind of inappropriate relationship between Abrams and Dowell? Was it possible that Abrams and Dowell were having an affair? Could Abrams be in on the scheme?

After some discussion with both partners, and within 2-3 days, a warrant for Dowell’s arrest was issued. She was arrested and booked into the Hillsborough County Sheriff’s office jail.

**VIII. It All Finally Comes to the Surface**

From December 2010 through January 2011 Galsen and his staff poured over years of bank records obtained from Geddes & Abrams and reconstructed transactions to determine the extent of the fraud. Galsen not only utilized information from these documents, but also research from Geddes & Abrams, Kell & Jones and a local CPA, George Hinkle. During this process Dowell’s criminal history was also researched.
Apparently, this was not Dowell’s first offense. Dowell’s criminal history began in New Hampshire in 1996 when she was involved in a personal theft and put on probation. After moving to Tampa, her next major offense occurred in 2003 while working at Plume, Inc. Dowell obtained a personal credit card using her boss’ credit. In this case, she was charged with grand theft and sentenced to 18 months of probation. The next offense occurred in 2000 while Dowell worked at Southeastern Copper. In this case, Dowell wrote ten checks to past and present employees, forged their signatures and deposited the checks into her personal account. With these checks totaling approximately $6,000, Dowell was charged with grand theft and sentenced to six months in jail; however, she only served four months home detention because of her family circumstances. In addition to these occurrences, there were several instances where Dowell was charged with passing bad checks but these charges were ultimately dropped because full restitution was paid to the victims.

IX. The Fraud Schemes

After reviewing the years of bank records it was finally clear what damage Dowell had managed to inflict on the law firms involved. As can be seen in Figure 1 below, Dowell was credited with a total theft of $595,588.21 from the Geddes and Abrams accounts using several different schemes. The restitution figure for the crimes differed slightly from the theft amount as Dowell was required to pay restitution for all of the checks she wrote or forged from the Geddes and
Stealing From Clients: the Case of Fiduciary Fraud and one of the Deadly Sins of Any Law Practice

Abrams accounts made payable to her and her husband as well as all of the damages suffered by Kell & Jones.

Figure 1. Breakdown of Criminal Acts by Donna Dowell

<table>
<thead>
<tr>
<th>Criminal Act</th>
<th>Damage Breakdown</th>
<th>Counted as Theft</th>
<th>Counted as Restitution</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 checks drawn from operating &amp; trust accounts payable to Donna Dowell or a similar name.</td>
<td>$122,295.75</td>
<td>$122,295.75</td>
<td>$122,295.75</td>
</tr>
<tr>
<td>30 checks drawn from operating &amp; trust accounts payable to Michael Dowell or a similar name.</td>
<td>$89,335.79</td>
<td>$89,335.79</td>
<td>$89,335.79</td>
</tr>
<tr>
<td>7 checks drawn from trust account &amp; used to pay line of credit</td>
<td>$189,646.59</td>
<td>$189,646.59</td>
<td></td>
</tr>
<tr>
<td>276 checks drawn from operating account &amp; 1 check drawn from trust account to pay personal expenses</td>
<td>$194,310.08</td>
<td>$194,310.08</td>
<td></td>
</tr>
<tr>
<td>Kell &amp; Jones Lost Fees</td>
<td>$82,224.71</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kell &amp; Jones Lost Costs</td>
<td>$30,921.25</td>
<td></td>
<td>$30,921.25</td>
</tr>
<tr>
<td>Kell &amp; Jones Replacement Money to Clients</td>
<td>$299,903.92</td>
<td></td>
<td>$299,903.92</td>
</tr>
<tr>
<td><strong>Total Theft/ Restitution Amount:</strong></td>
<td>$595,588.21</td>
<td></td>
<td>$624,681.42</td>
</tr>
</tbody>
</table>

Damages at Geddes and Abrams

Table 1 shows four categories of thefts committed by Donna Dowell. There were 60 checks totaling $122,295.75 that had been drawn on the Geddes & Abrams, P.A. operating and trust accounts that were made payable to Donna Dowell or some variation of her name. There were 30 checks totaling $89,335.79 that had been drawn on the same accounts that were made payable to
her husband Michael Dowell or some variation of his name. Seven checks totaling $189,646.59 had been drawn on the Geddes & Abrams, P.A. trust account that were paid to the Tampa Bank for the purpose of paying down the business line of credit. Another two hundred and seventy six checks were drawn from the operating account and one check from the IOTA trust account of Geddes and Abrams totaling $194,310.08 were used to pay Donna Dowell’s personal expenses.

The checks payable to Donna Dowell and Michael Dowell began as early as January 2007 and continued until November 2010. Table 1 below shows examples of some of these checks made payable to the Dowells. Galsen thought it was curious that these checks were never noticed by anyone at the firm. It was also quite obvious that Dowell must have been benefitting from these checks as she seemed to have extra money to spend on vacations and new cars. All of the checks made payable to the Dowells were endorsed with Donna Dowell’s name. Figure 2 demonstrates an example of one of the checks written by Dowell and then endorsed by her as well. Sometimes the checks were endorsed twice, once according to the payee, and then countersigned D.C. Dowell for deposit into Dowell’s personal account at First National Bank of Tampa.

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dowell C. Dowell, Esquire</td>
<td>$1,980.75</td>
<td>03/18/03</td>
</tr>
<tr>
<td>D.C. Dowell-Bruntle, Esquire</td>
<td>$2,500.00</td>
<td>10/28/04</td>
</tr>
<tr>
<td>DC MacDonald-Bruntle, Esquire</td>
<td>$5,965.11</td>
<td>02/28/05</td>
</tr>
<tr>
<td>Michael James Dowell, Esquire</td>
<td>$10,727.50</td>
<td>06/24/03</td>
</tr>
<tr>
<td>Michael James Dowell, II</td>
<td>$4,500.00</td>
<td>07/25/03</td>
</tr>
</tbody>
</table>
With respect to the 7 checks used to pay down the line of credit Dowell did not directly benefit from these checks, but her actions allowed her other thefts to continue. These checks were included in the thefts because Dowell did not have permission or authorization to remove these funds from the account.

In addition to writing checks directly to her husband and herself, Dowell used checks to pay her credit card and personal expenses from the Geddes & Abrams, P.A. operating account totaling
$194,310.08. Dowell used the Geddes & Abrams operating account personal expense payments from January 2006 until October 2010. A large variety of personal expenses were paid on a regular basis with no questions from Geddes or Abrams. Table 2 below demonstrates a sample of the 276 checks written by Dowell to cover personal expenses. As can be seen in the table the types of personal expense demonstrated are not legitimate law firm business related expenses.

Table 2. Examples of Personal Expenses Paid on Behalf of Donna Dowell

<table>
<thead>
<tr>
<th>Payee</th>
<th>Amount</th>
<th>Date(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americredit</td>
<td>$414.33</td>
<td>5/10, 8/30, 10/31 &amp; 12/28/2006</td>
</tr>
<tr>
<td>Chase Mortgage</td>
<td>$893.72</td>
<td>6/2 &amp; 7/3/2009</td>
</tr>
<tr>
<td>Citibank</td>
<td>$5,600.00</td>
<td>8/17/2001</td>
</tr>
<tr>
<td></td>
<td>$4,000.00</td>
<td>1/11/2002</td>
</tr>
<tr>
<td></td>
<td>$3,500.00</td>
<td>8/23/2002</td>
</tr>
<tr>
<td>Dressbarn</td>
<td>$100.54</td>
<td>10/4/2005</td>
</tr>
<tr>
<td>GAP</td>
<td>$77.80</td>
<td>6/2/2005</td>
</tr>
<tr>
<td></td>
<td>$167.33</td>
<td>7/15/2005</td>
</tr>
<tr>
<td>Home Depot</td>
<td>$320.66</td>
<td>6/2/2005</td>
</tr>
<tr>
<td>JC Penny</td>
<td>$400.00</td>
<td>8/10/2004</td>
</tr>
<tr>
<td>Target</td>
<td>$611.10</td>
<td>2/3/2005</td>
</tr>
<tr>
<td>T-Mobile</td>
<td>$177.50</td>
<td>8/1/2004</td>
</tr>
</tbody>
</table>

Damages Suffered by Kell & Jones

The law firm of Kell & Jones was also victims of Donna Dowell’s actions. Settlement checks received from Kell & Jones clients were endorsed and deposited into the Geddes & Abrams trust account instead of being directed to Kell & Jones for processing. While it could not be
determined that these funds benefitted Dowell directly, it is believed that these funds enabled the fraud at Geddes & Abrams to continue. The damage caused to Kell & Jones totaled $413,049.88. Of the total $413,049.88 in damages suffered by Kell & Jones, $299,903.92 belonged to clients. Kell & Jones were responsible for reimbursing their clients for these funds.

Covering Her Tracks

In addition to the check forgeries, Dowell had the address on the firm’s bank account changed to her personal address, although she had no authority to do so. This action enabled her to receive the bank statements and make any necessary alterations and/or hide other documentation such as the printouts of the cancelled checks. Galsen pondered this fact. How could something like this have happened? Were the representatives at the bank so used to dealing with Dowell that they didn’t think anything of it when she made the request? Or did Dowell use some other means to make it appear as though the request was coming from Abrams as she attempted to do when the negative balances were discovered? Why were the partners not reviewing the bank statement or even asking to see them?

Galsen reflected how much effort Dowell put into covering her tracks. Sometimes when the settlement money was received for a workers’ compensation claim, Dowell would send only a portion to the client. She would create a fake settlement statement to give to the client to cover the difference. She would then forge the name on settlement checks and deposit them into the Geddes & Abrams accounts. Sometimes she would just cash the checks coming in and keep the funds for herself. Dowell would cover the money she was stealing from one client settlement by
taking client funds received from later settlements to pay the clients whose funds had previously been stolen. The use of this “lapping” scheme allowed her to further perpetuate the fraud.

X. Testimony from the Trial

The trial did not occur until late 2011 – almost a year after the fraud was uncovered. In recalling the testimony, Galsen found it hard to believe that Dowell was not caught sooner. He began to wonder whether Marty Clough had used his best judgment when deciding to hire Dowell. Galsen recalled specific portions of the testimony related to Dowell’s criminal history, controls within Geddes & Abrams’s firm, the ability for Dowell to commit the fraud, and the Dowell’s rationalization for her acts:

Testimony on Dowell’s Criminal History

11/20/011 Cross-examination of Donna Dowell by Anton Galsen

Q. What did you do while you were on home detention? Did you work?
A. Uh-huh. Yes, sir.

Q. Do you recall where you were working?
A. I was working for Clough & Geddes.

Q. Did you tell your employers at Clough and Geddes what you had done?
A. Mr. Clough was informed because he had to agree to have me work there.
One must wonder if Daniel Geddes or David Abrams ever knew of Dowell’s prior criminal history. Would they have kept her on staff, let alone given her so much responsibility if they had?

**Testimony on Internal Controls**

11/20/11 Direct examination of Daniel J. Geddes by Anton Galsen

**Safeguards & Procedures – Geddes & Abrams, P.A. Operating Checks:**

Q. What was the standard practice for issuing checks and any safeguards or procedures that might have been attached to the issuance of Geddes & Abrams operating checks?

A. Typically what would happen would be that the operating accounts would be used to pay for things such as employees’ salaries, the payments of bills such as rent or the payment of client costs. So the check would be given to us with the bill, except for the payroll because we’d recognize who the employees were and approximately what they earned. And if they all looked appropriate, then it would be David Abrams or I that would sign them.

Q. You said “David Abrams or I.” The checks that were issued didn’t require two signatures?

A. No, sir. Both of us had check-signing authority, and one signature was sufficient.

**Safeguards & Procedures – Geddes & Abrams, P.A. Bank Accounts:**
Q To your knowledge would there be any legitimate business reason for Geddes &
Abrams, P.A. bank statements to go to the defendant’s home address?

A No, sir, none at all. As a matter of fact, the safeguard that should have been followed
and in place would have been for either Mr. Abrams or I to open all of the bank
statements as they were received, pretty much review the checks to make sure they were
all made payable to an appropriate source, that all of them had been signed by Mr.
Abrams or I, and there was nothing on the statements to draw attention to any
difficulties, such as, you know, overdrafts or anything of that nature.

It is interesting that Geddes understood what controls should have been in place but failed to
enforce or follow them. It is also important to note that neither attorney had responsibility for
carrying out this task. How quickly could the fraud have been uncovered if the necessary
controls had been in place?

Opportunity

11/20/11 Cross-examination of Donna Dowell by Anton Galsen

Q. Why did you do it?

A. Because I have a problem with it, and it is very easy.

Q. You have a problem with what?
A. It was easily accessible.

Q. The money was easily accessible?
A. Yes, sir.

Q. Do you acknowledge that what you did was wrong?
A. Very much so, yes.

Q. And that it cost Geddes & Abrams quite a bit?
A. Yes.

Q. That it cost Kell & Jones quite a bit?
A. Yes, sir.

Q. Yet knowing that you might be here today, you couldn’t stop doing it?
A. No, sir.

Q. At any time, whether you were writing checks to yourself or you’re writing checks to people that you owe money to or you’re sending money to your bank account, did anybody at Geddes & Abrams ever come to you and say, Dowell, this doesn’t look right, this bank statement doesn’t look right?
A. No.

Q. They never caught that the bank statements were even going to your house? No?
A. No.

Q. How come you never forged Mr. Geddes’s signature?
A. Because Mr. Geddes’s signature was harder.
Q. Mr. Abrams’s signature was just a squiggly line?
A. Yes, sir.

Q. And so because Mr. Abrams’s signature was easier to forge, you forged his and not Mr. Geddes’s?
A. Yes, sir.

Galsen wondered if there was less opportunity to commit the fraud, would it have been possible for Dowell to steal from Geddes & Abrams. Should Geddes & Abrams share in the responsibility for the fraud? Daniel Geddes mentioned that one signature was sufficient, but it should have been apparent that Abrams’s signature could be easily forged.

**Rationalization**

11/20/11 Direct-examination of Donna Dowell by Dowell’s legal counsel

Q. Mr. Kell of Kell & Jones is apparently having a hard time accepting that you told him that before this thing started there were actually some monies that were taken because of a shortfall in the Geddes & Abrams accounts apart from any theft by you; is that correct?
A. Yes, sir.

Q. And did that actually – is that actually what started these thefts from them?
A. Initially

11/20/11 Cross-examination of Donna Dowell by Anton Galsen
Q. How much were you making per year for Geddes & Abrams as a salary in October of 2009?
A. $37,500.

Q. Did you take money from the Geddes & Abrams operating account and put it in the First National Bank of Tampa?
A. Yes, I did.

Galsen entered Dowell’s bank statements into evidence prior to continuing the questioning.

Q. There is a deposit of almost $5,000 on June 16th. Do you see that?
A. Yes, I do.

Q. And then you see a $5,000 check written on June 17th?
A. Yes, I do.

Q. Do you remember what that check was for?
A. A down payment on a car.

Q. And was that Geddes & Abrams money?
A. Yes, sir.

Q. What kind of car was that?
A. A caravan.

Q. And where is that car now?
A. Repossessed.

Q. At some point did you file for bankruptcy last year?
A. Yes, I did.

Anton reflected on this testimony. It appeared as though Dowell was doing what was needed to keep the business going even if this meant stealing from their partners and their clients. These acts; however, seemed to fuel the fire for the continuation of the thefts to benefit not only the firm but also Dowell herself.

XI. In The Hands of the Jury

With his work on the case having finally come to a conclusion, Galsen reflected on his experience in bringing this case to trial. With all of the apparent issues—lack of controls, absence of segregation of duties, lack of fiduciary responsibility on the part of Geddes & Abrams and Dowell with the handling of the workers’ compensation settlement monies, and lack of oversight with their accounting records—it is no wonder that Dowell was able to perpetrate this fraud for such a long period of time and for such a substantial amount. Dowell’s past criminal record was a clear indication that she had issues that would not be easily resolved. Could some type of employment screening either on the part of Clough & Geddes or Geddes & Abrams have prevented this mess? Didn’t Marty Clough question Dowell’s background given that she was on home detention when she came to work for him? Donna Dowell obviously had not learned her lesson before and had no regard for how her actions would affect her co-workers, Geddes & Abrams, Kell & Jones, and the other innocent victims—the clients. Galsen hoped that maybe this
time Dowell would finally learn her lesson. Now all Galsen could do was wait – wait to see what
the jury’s verdict and Dowell’s fate would be.

XII. Discussion Questions

The discussion questions are broken up into four categories: 1) Fiduciary Responsibilities, 2)
Forensic Accounting, 3) Fraud, and 4) Management’s Responsibility over Internal Controls.

Fiduciary Responsibilities

1. The importance of fiduciary responsibility by the attorney was mentioned in the case of
Geddes & Abrams, P.A. What is fiduciary responsibility? Is the fiduciary responsibility of the
attorney any different than the responsibility of a public company officer to its shareholders or a
CPA to its clients? Compare and contrast the differences and similarities.

Forensic Accounting Questions

The following questions are designed to examine the legal and industry terms that are often used
by fraud examiners and attorneys with respect to the types of criminal acts perpetrated by
Dowell.

2. Define the following legal terms: larceny, embezzlement, and defalcation. Explain the
key difference between larceny and embezzlement and give an example of each.

3. Are all thefts by employees considered embezzlement or could an employee theft be
classified as larceny?

4. Does the term defalcation apply in this case?
5. The Association of Certified Fraud Examiners (ACFE) defines three sub categories of asset misappropriation when the misappropriation is cash: 1) Cash Larceny, 2) Fraudulent Disbursements, and 3) Skimming. Define each of these terms:

6. Using the ACFE’s Occupational Fraud and Abuse Classification System, identify and classify Dowell’s crimes from this case.

7. Define the term predication. At what point in the case was there predication of the fraud?

8. Discuss the actions of the partners Daniel Geddes and David Abrams early in the discovery of the overdrawn IOTA Trust Account. If they suspected that Dowell may have been stealing from the firm, how should they have proceeded?

9. What are the ramifications of the owners examining the computer records after they discovered the wrongdoing?

**Fraud Questions**

While Geddes and Abrams is NOT a publically traded company some of these questions are based on Statements on Auditing Standards. The questions allow students to examine the different aspects of fraud as addressed in SAS 99.

10. SAS 99 identifies two types of misstatements with respect to the auditor’s consideration of fraud: (1) Misstatements arising from fraudulent financial reporting, and (2) Misstatements arising from misappropriation of assets. With respect to Dowell’s crimes in this case discuss how the various schemes would fit into these two types of misstatements.
11. SAS 99 describes the “Fraud Triangle” based on research by criminologist Donald Cressey. Identify and discuss the three dimensions of the fraud triangle with respect to Dowell’s actions at Geddes & Abrams.

12. Another factor of fraud that has been discussed in research that was not included in SAS No. 99 is concept of capacity (Wolfe & Hermanson, 2004). Wolf and Hermanson (2004) define capacity as the perpetrators personal traits and abilities to commit the act. Where the personal traits and abilities to commit the act include the person’s intelligence, confidence, ego, coercion skills, effectiveness at lying, immunity to stress, as well as their position within the firm. Discuss Dowell’s capacity to perform this fraud and how this factor differs from the other three factors already incorporated within the fraud triangle.

13. SAS No. 99 superseded SAS No. 82, Consideration of Fraud in a Financial Statement Audit. SAS No. 82 contained a number of traditional red flags that could signify a high risk of fraud. With respect to the current case, what were the red flags or factors that may have indicated a higher risk of fraud within Geddes and Abrams?

14. What is the legal definition and requirements for a determination of fraud? In your opinion would Dowell’s actions meet the requirements for a determination of fraud in this case? Explain and justify your answer for each of the elements required for fraud.

Management’s Responsibility over Internal Controls

15. The level of management involvement and oversight in an organization generally contributes to the ability for a fraud to not only occur but for it to continue. Discuss the management involvement and oversight within Geddes and Abrams, P.A.
16. Discuss the Committee on Sponsoring Organizations’ (COSO) Internal Control Integrated Framework and its five components of internal control. How does this framework apply to small businesses with respect to fraud prevention and detection?

17. Segregation of duties is often necessary within an organization to limit the potential for fraud. Discuss the duties that must be segregated. How did the presence or absence of segregation of duties contribute to the perpetration and continuation of the fraud at Geddes & Abrams, P.A.? How could segregation of duties have been used as both preventive and detective controls at Geddes & Abrams, P.A.?

18. Compare and contrast employment screening and fidelity bonding and discuss how they could have been used as effective internal controls in this organization. Explain how Geddes & Abrams, P.A. should have treated Dowell as an inherited employee.

19. If Geddes and Abrams had an annual audit, how would this have impacted Dowell’s actions? Would the audit be a preventative or detective control?

20. Geddes & Abrams were using the cash basis accounting for all of their accounts. How would Dowell’s crimes been impacted if the firm had used accrual based accounting procedures?