

Why follow-the money in a divorce case?

In divorce cases, the spouse will often attempt to hide assets and/or make claims that their earnings are lower than known by the other party. The ramifications of which lead to a lower settlement and/or child support order. The following is an example of how a spouse tried to hide assets and earnings.

The husband was the bread winner for his family and handled the family's financial affairs. He paid the bills. He filed the tax returns. In this particular case, the husband was a co-owner of a business and the wife believed he was out of town on business engagements. However, he didn't leave town as he was playing house with his mistress. When the wife learns about his long-term affair, she files for divorce. Sadly, the wife's life unravels as she learns about the extent of her husband's lies.

The prior year, the husband began preparing his finances for the divorce as he knew it would be in his future. He began to hide assets and lower his income potential. The wife learned about the financial changes when reviewing the husband's responses to divorce interrogatories. But are the husband's responses truthful? Only conducting background research and completing a forensic accounting review of financial records could make this determination. Here are a few examples of what was said versus what was determined in financial records and interviews:

What was said ...	Financial Records / Background Research
Sold his interest in business to his business partner	<ul style="list-style-type: none"> • No sales proceeds found in bank records • Business partner does not provide proof of payment in response to subpoena
No longer self-employed by his business but by a new employer	<ul style="list-style-type: none"> • No deposits found from new employer • New employer stated he was not an employee nor contract laborer • Money is still transferred from old business account
Listed assets were minimal	<ul style="list-style-type: none"> • Vehicle(s) were transferred to friend(s) with no sales proceeds deposited • Vehicle(s) still parked at 2nd household, but tags not renewed • Existing bank accounts were closed; new bank is unknown
Tax returns since start of affair were filed as Married filing Separately (MFS) versus Joint	<ul style="list-style-type: none"> • Tax returns do not match income needed to maintain one household, let alone two households • Wife had no knowledge that returns were not joint; wife did not file a corresponding MFS return
Lease application for 2 nd household stated his former business partner was his prior landlord and his brother.	<ul style="list-style-type: none"> • Business partner did not own the property, nor was he the lessee • Business partner was not related to husband

In short, the husband's business partner and friends assisted him in hiding assets and minimizing income. The Court accepted he was telling the truth as he answered under Oath. The Court cannot be expected to do the research to determine if the husband lied. There is no penalty for the lies unless they

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are uncovered. It is the wife's attorney responsibility to ascertain if there were any falsehoods. Many times, the attorney does not have the tools to conduct the background research nor the expertise to analyze a variety of financial records. This is when a good private investigator and forensic accountant can make a difference. In this case, the husband's lies backfired. The forensic review demonstrated the husband was still the joint owner of his business and receiving income from it. The assets still existed under the husband's control. All of which impacted the value of the wife's divorce settlement and exposed the husband to potential criminal charges.

Katheryn Scott is a retired FBI Sr. Forensic Accountant, a Certified Fraud Examiner, and an Alabama licensed private investigator who is a recognized expert in white-collar fraud cases. Ms. Scott is the co-owner of Driftwood Investigations LLC, which has the expertise and resources needed to research the truthfulness of interrogatories, and trace responses to financial and public records. While sometimes costly, a forensic accounting review will make a difference in your client's divorce settlement.