

FRAUD AND EMBEZZLEMENT  
IN THE DENTAL OFFICE

*You are not immune*

PART ONE OF A  
TWO PART SERIES



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It is a sad reality that in our dental profession, a high percentage of dental offices will experience some sort of fraud or embezzlement and much of it is completely undetected. In my opinion, it is not detected for three main reasons. One, the dentist is very busy focusing on patient care and doesn't have the time to oversee or police every aspect of his or her practice. Secondly, we love and trust our employees, which is why we employ them. We often think of our team as extended family. We tell ourselves, "No way this would happen to me" or "My team would never do anything like that." Lastly, despite our best efforts, we don't know how or where to look so that we may safeguard our sensitive information and finances.

**THE MINDSET OF AN EMBEZZLER**

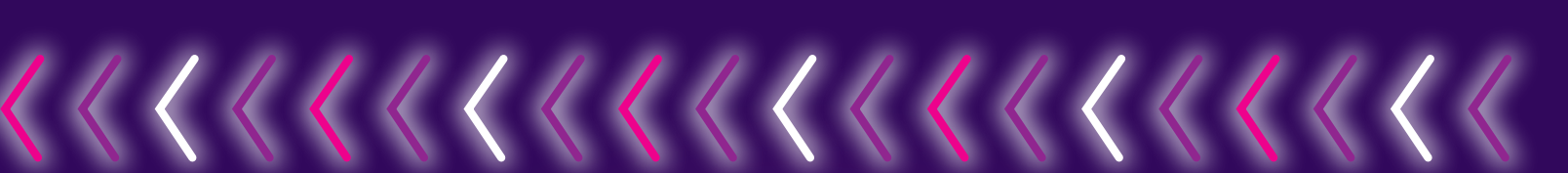
Many that commit fraud or embezzle, justify their actions and may not even think it is a crime. It may start out with only a few dollars, or taking something small from the office such as supplies; however, embezzlement and fraud usually escalate when confidence sets in.

Let us explore some possible scenarios to understand the mindset of an embezzler.

**EXAMPLE 1**

Let's look at Susan, a front desk employee who collects money. Susan is working hard and doing a good job; however, times are tough and bills need to be paid. This person sees what the doctor's fees are and that the doctor is living a good life, therefore won't "miss" a cash payment, or won't notice the use of the practice credit card to pay a phone bill. After all, the dentist charges so much and Sally feels she works just as hard, with the same hours, so she deserves it.

Now at first, Susan might justify her actions by thinking to herself "it is just a loan and I will pay it back." Worse, perhaps Susan doesn't feel a need to pay it back, as the doctor "should have paid me for that snow day" or something of that sort, and now feels they are even. If Susan gets away with it, the next thing that happens is she will feel it is easier to repeat such behavior. As Susan gains confidence, she starts getting more creative, perhaps sending in false claims for work on her friends or family that the doctor never actually did and deletes the claim from the computer after they are produced. After all, it's not the doctor's money, it's the insurance company's money and they rip everyone off and make too much money so it's ok... you get the point!



### EXAMPLE 2

Another front desk staff member, Karen, is angry at the doctor because she feels she earned another paid week of vacation or a bonus and the doctor denied her request. Well Karen knows that the office reimburses patients' credit card accounts when there can be an overpayment between the patients' portion and what the insurance paid, resulting in a credit on their account. All she has to do is go to the credit card machine and input the credit card number and credit them what is owed. Karen comes up with the idea that she can credit her own credit card the same way. She convinces herself that nobody will detect it because it won't be a huge amount, and she will make it an odd amount to make it believable, perhaps 127 dollars or so. If she gets caught, well she can say that she was trying to pay the office for the bleaching gel she used and it was not supposed to be a credit. Karen also knows that the credit card statement does not have names or credit card numbers on it so how will it ever be traced to her? These monthly statements only show long transaction numbers listed on them with a credit or debit amount. Karen now decides she will do it weekly and it will be a different amount each time as to not draw suspicion.

### EXAMPLE 3

Let's talk about Jane, the trusted dental assistant who does not deal directly with finances. Jane is the person responsible for ordering supplies in the office. She does such a good job and the office always has what is needed. As we know the supply catalogues have many nice things in them that we could use at home such as Band Aids, expensive vitamins, analgesics, etc... It might not feel like a big deal to order 50 dollars' worth of items here and there, as Jane is the one who is responsible for opening the packages and stocking the shelves. After all, Jane is helping the doctor and she feels she is doing him or her a favor, because all of these items are an expense to the office and the doctor can write them off. Other staff members may also just take a few things off the shelves for home. The scenario just described is a more "innocent" scenario.

### EXAMPLE 4

Then there is Steve, another assistant who is a little more risky. Steve, knowing that the doctor's DEA is on file with the supply company, in the middle of his normal order for the office, decides to order a bottle of 100 Tylenol with codeine. After all, if Steve is questioned about it, he can always say it was an error, or that bottle never came. However, if Steve did get away with it, perhaps he will try to order Percocet next time. A lot of money can be made by selling narcotics on the street. Steve thinks it's no big deal and he will stop as soon as he catches up on his overdue rent and car payment. Once that is paid and since it was so easy and undetected, Steve might feel he needs a new car. If the doctor's DEA is not on file with the supply company, he can still order instruments and small equipment and sell them on eBay. Again, you get the point... this starts to escalate.

### EXAMPLE 5

Any member of the team who knows the doctor's DEA number and a person's phone number and address can call in a narcotic prescription in many states. The prescription can be for a friend, or for his or herself. In many instances it can be a fictitious name altogether. These pills can be sold or abused by the team member or the person receiving the prescription. The doctor is responsible for safeguarding your DEA number and prescription pads, and it is only the doctor who should print or call in prescriptions.

### EXAMPLE 6

A team member, Leigh, who collects checks or cash, decides to keep a check for herself, then credits the ledger of the patient so the patient never receives a bill, since their payment would have been credited. This check or cash is never actually deposited in the bank account, instead, this check is endorsed over to the team member or even someone else altogether and the doctors signature is forged. The check is then cashed. This is usually only possible if the checks are written to the doctor and not the name of a business. A bank will not sign over a check written in the name of a business to an individual. It must be deposited only.

Unfortunately, the above examples are real and happen to dentists' every day. I can tell you this, because every one of these happened to me personally and on a large scale. I have shown you all possible scenarios and in part two we will discuss how to prevent them from happening to you. So before then think about the scenarios mentioned and if they could possibly be happening in your office.

« « **“Steve thinks it’s no big deal and he will stop as soon as he catches up on his overdue rent and car payment. Once that is paid and since it was so easy and undetected, Steve might feel he needs a new car.”** » »