

THE FATHER OF FORENSIC ACCOUNTING

/ By Gundi Jeffrey



BOB LINDQUIST, often referred to as the father of forensic accounting, has proved over and over that crime does pay. Not his own, but rather bringing high-profile criminals to justice and restitution to many of their victims.

Over the past four decades, he has chased fraudsters, stock market manipulators, money launderers, embezzlers and corrupt government officials across all continents and more than 20 countries in a relentless pursuit of truth and justice.

"It's been a great journey into the unknown," is how Lindquist describes his more than 2,000 investigations on behalf of many governments and corporations, including the saga of Bre-X Minerals, the Volcker Commission search for the assets of Holocaust victims, the World Bank Loan program and one of the largest income tax evasion cases ever prosecuted in the United States.

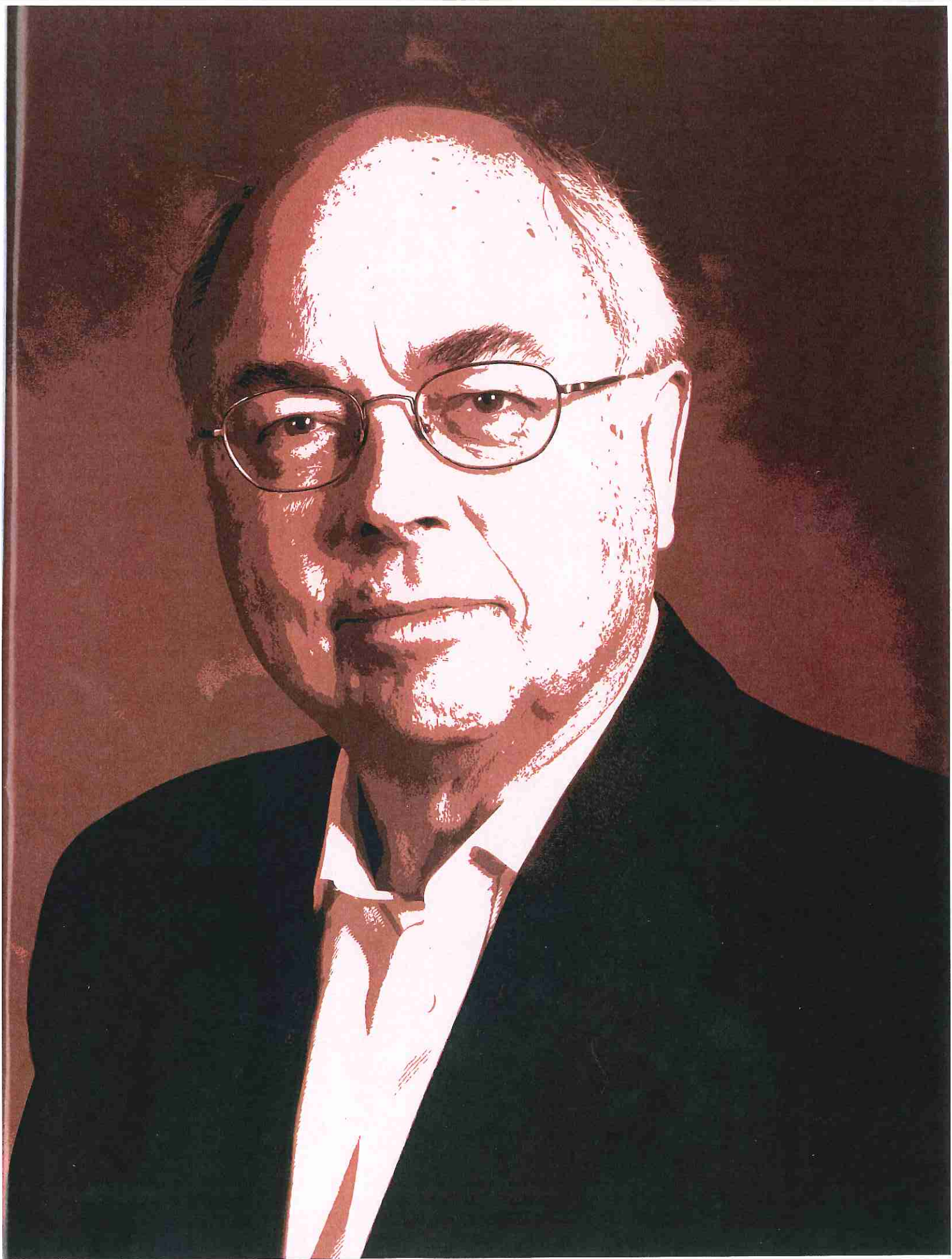
After joining what was then Touche Ross in Canada as an auditor in the late 1960s, it took Lindquist just a few years to realize he wasn't cut out for that kind of work. "I knew I was neither auditor nor accountant. I was not afraid to take risks, loved to race cars and to explore unknown areas and cultures," he says. He wanted more of this in his career.

Lindquist got his first taste of "more" in 1972, when a firm partner asked him to proofread a draft report on the collapse of major Canadian finance company Atlantic Acceptance Corp. that resulted in investor losses of \$70 million. Touche Ross had been retained to figure out what happened.

Chapters in the report, such as "The Five Wheels Transaction and its Reversal," referred to well-known names of the day such as Commodore Business Machines, Toronto stock promoter Allen Manus and the Grand Lucayan Beach Hotel in the Bahamas. In one day, he explains, a sum of \$750,000 was processed through six transactions called "A Financial Merry-Go-Round."

"That level of intrigue really struck me," Lindquist says, "what these gentlemen did to embezzle money from the company. I thought it was clever but also a great challenge to figure things out. This was the first time something in accountancy actually stirred some interest in me."

He coined the phrase "forensic and investigative accounting" to describe the work done on that case—"forensic defined the standard of conduct suitable to a court of law and investigative described the type of work"—and said the case itself was the launch pad of a new career.



A few assignments followed—chief among them an investigation of Harold Ballard, owner of the Toronto Maple Leafs NHL hockey club, who had fraudulently charged some wedding expenses to the Maple Leaf Gardens' hockey stick expense account.

In 1975, he decided to open his own shop, which in 1977 was joined by Don Holmes to become Lindquist Holmes & Co., the first firm to specialize in forensic accounting in Canada. "The cases we became involved in had profile and received press that included references to us and hence the public awareness of us grew."

He'd found his true calling. "My involvement in investigations allowed me to probe into the unknown, using not only my accounting and business knowledge, but also my people skills.

"I love the chase and I also enjoy defending someone who has been wrongfully accused."

When asked if he has a favourite among the thousands of cases he has investigated, Lindquist finds it difficult to choose. "Each case has brought me a level of incredible personal and professional satisfaction," he says, adding that "they were all truly life experiences."

In 1990, after the death of dictator Nicolae Ceausescu, the new Romanian government called on Lindquist to find the money Ceausescu had stashed away during his years in power. An investigation in Austria, Switzerland and Greece identified for recovery millions of dollars in a foreign financial institution in Cyprus. "This case carried a civic duty to help people begin to enjoy their newfound freedom believing the anti-corruption regime would make a difference in their lives," he says.

In April 1990, Lindquist and a colleague met officials from the World Bank on their first trip to Romania to discuss its loan program during Ceausescu's reign. Eight years later, he was retained

by the World Bank to assist in its own investigation into allegations related to the improper use of the loan proceeds.

The Romanian file wasn't his first offshore case. In 1988, an investigation into Johnny O'Halloran, who had made himself immensely wealthy through the patronage of a weak government leader—actually Eric Williams, the father of Trinidad's independence—led to a recovery of \$7 million for the people of Trinidad.

During 1997 and 1998, now a partner of Price Waterhouse in the U.S., Lindquist was one of the lead investigators for the Volcker Commission, looking at dormant bank accounts and other assets deposited into the Swiss Bank Corp. by victims of Nazi persecution. In 1996, the Swiss Bankers Association said it had identified a total of 775 dormant accounts. In December 1999 it was reported that the three-year audit of the Swiss banks found records of 54,000 accounts that were probably linked to victims of Nazi persecution.

This case, he says, led to a billion-dollar settlement by the major Swiss banks and a greater willingness by the Swiss government to provide access to financial information where it is suspected that money held in the country came from the proceeds of crime.

Also in 1997, counsel for Bre-X Minerals Ltd. in Canada asked Lindquist to find out how the data on which Bre-X had relied for its prior public statements about the "world's largest gold deposit" in Indonesia were false. As a result of what was described as the biggest gold swindle in mining history, Bre-X Minerals collapsed in 1997 when its shares became worthless on discovery of the fraud.

Antigua and Barbuda called on him from 2004 to 2008 to investigate allegations of corruption on the part of the former govern-

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ment under Lester Bird, resulting in a recovery of \$12.5 million. This one carried some personal risk. "Our office in Antigua was actually firebombed two days after I left town one time."

What piques Lindquist's social conscience is that, in so many of these cases, not only are the wrongdoers exposed, but there is some form of financial compensation for their victims. "That makes me feel good," he says.

It's also personally satisfying to see his investigations support lawyers in arguing a successful prosecution or to help them defend someone wrongfully accused.

"My role is to establish an effective investigation for counsel," he says. "It doesn't matter whether it's a civil or criminal matter. If a plaintiff lawyer, for example, is looking for a cause of action, he might ask me to find out what has gone on. I do the investigation and point out the good and bad news, so that he knows the facts of the case and can then decide how best to plead it. The same happens if the defendant retains me. I will look at the case to see if there are any holes in it, to ensure the lawyer fully has all of the information necessary to make his decision." In one of his cases, he adds, "the lawyer described me as 'his secret weapon' because I was always working behind the scenes."

Lindquist often starts with very little to go on. For the O'Halloran case in Trinidad, the country's attorney general gave him a fistful of press clippings—that's all he had in the way of background information. "I took those and, based on them, I built a case. I enjoy finding the truth when the odds are against it."

The string of successful sleuthing earned Lindquist a Lifetime Achievement Award from the Association of Certified Forensic Investigators of Canada in 2004.

"There is no doubt that accountants have been performing investigations for quite some time and have, as well, been appearing in a court of law as a witness of fact or as an expert witness providing opinion evidence on matters pertaining to accounting," his presenter said, adding that it wasn't until 1975 that "forensic and investigative accounting" was coined. "Canadians should feel proud of the fact that the term and discipline, which had its genesis in Canada, has now spread around the world."

Lindquist left Canada for the United States in 1993, where he remains today. In the years since, he has hung his hat in several firms, including Price Waterhouse and Citigate Global Intelligence and Security. In 2000 he came full circle, hanging out his own shingle once more as Lindquist Forensic Accounting Investigations LLC, based just outside Washington.

"I tried to retire a few years ago, but the opportunity to work with the NHLPA arose," he explains. From 2007 to 2009 he was the financial advisor for the National Hockey League Players Association on collective bargaining with the NHL. "Then, new cases arrived and the last three years have been the busiest for me in some time."

Although he's no longer a pioneer—this past decade, the discipline of forensic accounting has matured, with its own designation (certified fraud examiner) and is offered by many professional firms—the work continues to engage Lindquist. "It's fascinating and intriguing to play at a high level in the world of the unknown. When you get a new case, you have no idea whom you will meet, what you will be asked to do, what will happen. And, when you can do this within a foreign culture, it doesn't get any better than that."

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