

SEPTEMBER
2022

Peak Possibilities

Your Monthly Guide to Informed Real Estate Decisions



Investment Community of the Rockies
— COLORADO'S REAL ESTATE INVESTORS ASSOCIATION —

6795 E. Tennessee Avenue
Suite 401
Denver, CO 80224
970-682-4267
icorockies.com

Table of Contents

Page 2

September @ ICOR

Page 3

ICOR Business
Member Directory

Page 4

Rapid Cash
Generator Masterclass

Page 5

You Have To
Start Somewhere

Page 6

Sharing is Caring?

Page 7

To Be or Not
To Be...Trendy

Page 9

Insuring to Value

Page 10

6 Red Flags that
Point to Fraud

The Basic Rules & Concepts of Negotiation

By Tom Zeeb

There are some basic rules and concepts to remember when you are negotiating. I will describe these rules and concepts so that you can get a clear idea of what negotiating is and what things you need to be aware of.

Remember that you are negotiating all the time. This is true for many aspects of your life. Therefore, even if you are not using a specific technique, keep these basic rules and concepts in mind. They are the starting point and framework for any negotiation.

Five Things that Make a Good Negotiator

The right state of mind is important. As is learning the skills necessary to success and improve. Like anything else, there are things that you can do to improve your mindset and skill set.

Consider these five things that make a good negotiator:

1. Understanding that the other side has pressure on them to do the deal as well.

Both sides are under pressure to do the deal. So don't feel too intimidated. Don't think it is just you that needs to perform.

If you start approaching someone like you desperately need to buy, don't forget that they need to sell. Some need to sell more than others. And some really need to sell fast.

Understand that there is pressure on them as well. There is time pressure on them. There is money pressure on them. There are other situational pressures on them. Don't forget that.

Don't always feel that there is just pressure on you. Stop and breath, take a step back, and look at the situation calmly. A lot of this is about going around the other side of the table and thinking like them, feeling like them and recognizing what is going on there.

Just don't forget that they have pressure on them to close the deal as well.

**Join ICOR in
September for
Winning in
Today's Market
with a Proven
Negotiation Stack**

2. Wanting to learn negotiating skills.

You have to want to learn this stuff.

That sounds basic and obvious, but many people think to themselves, "I am a good businessman. I am a good negotiator."

Yes, maybe. But there is a lot you can learn and it is going to take practice.

Commit to wanting to learn about negotiation.

3. The desire to practice.

You need to be willing to practice these skills.

I have a friend whom I told to study these techniques. I recommended a course to him and he said to me, "I am a good negotiator already. I know all that. I don't need help." I said, "Just humor me on this one. You are starting a new job and I think these techniques will really do you good." I had once thought the same thing myself, that I couldn't get any better, etc. That's nonsense! Everyone can get better if they study and practice the right things.

He did actually study the techniques. I got an email from him a couple of weeks later and he said, "That stuff was awesome. I am doing so well now."

Continued on page 3



SEPTEMBER MEETING INFORMATION

September @ ICOR

Winning In Today's RE Market With Proven Negotiation Techniques

Negotiation is the linchpin to successful deals. This will lead you to creative deals and financing, that will be crucial during the early months and years of this new real estate cycle! Join ICOR in September as we cover:

- Eight negotiation techniques to use right now — even in a changing market
- How and why to make the effort to put the techniques into your own voice
- Three variables are needed to get the price and terms you want
- How to use negotiation for any exit strategy

No matter where you are in your investment journey, every deal has the same core elements. Tom Zeeb's program — complete with active participation — will demonstrate how these negotiation techniques will sharpen your skills for every deal — rehabbing, BRRRR, wholesale or commercial.

If you're uncomfortable with negotiation now, understanding these tools will boost your confidence and get you ready for any scenario, regardless of the market.

This program will add value for investors at every level of success and expertise. The techniques meet you where you are and provide steps for moving on and up.

Come for the negotiation techniques but stay for the stories that demonstrate how this approach has been successful.

For full details or to register visit
www.icorockies.com/events



Colorado Springs

Tuesday, September 13th

Hyatt Place Colorado Springs
503 Garden of the Gods Rd West
Colorado Springs, CO 80907



Denver

Wednesday, September 14th

PPA Event Center
2105 Decatur St
Denver, CO 80211



Northern Colorado / Fort Collins

Thursday, September 15th

C.B. & Potts
1441 E Horsetooth Rd
Fort Collins, CO 80525

September Meetings

ICOR – Colorado Springs

In Person

Tuesday, September 13th, 6 PM-9 PM (MDT)

ICOR – Denver

In Person

Wednesday, September 14th, 6 PM-9 PM (MDT)

ICOR – Northern Colorado / Fort Collins

In Person

Thursday, September 15th, 6 PM-9 PM (MDT)

Webinars & Workshops

Beginner Investor Subgroup

Webinar

September 1st

Deal dissection: Analyzing a profitable deal from A to Z. We will analyze the numbers, rehab, expectations and decisions made that resulted in profitable and unprofitable deals. Join other new investors in a small group setting to share ideas, ask questions, and network.

Marketing & Negotiations Wksp: "Find The Deal, Make The Deal, & Get Paid"

Workshop

Saturday, September 17th

There are 5 elements that drive a successful real estate business. Join us and you will learn these 5 frameworks for finding deals

5 Levels Of Asset Protection For Real Estate Investors

Webinar

Wednesday, September 21st

Real estate investors face more risk than other investors. This training will cover estate planning and business law strategies for protecting real estate and other assets.

Find out more and register online at www.ICOROCKIES.com/events



The Basic Rules & Concepts of Negotiation

Continued from page 1

He negotiated 25% discounts across the board from all the vendors he was dealing with. He said his boss is thrilled beyond belief and can't believe what a great choice they made hiring him. He applied these techniques and totally changed the dynamics of the way that his company is doing business with other companies.

He said some of the stuff sounded basic but you just don't always think about it, especially in a big picture perspective that ties it all together.

Commit to practicing the skills it takes to be a successful negotiator.

4. Understanding negotiating skills.

Start to think about negotiating as an art and as a science.

It is something coherent that you can learn and it just takes some practice. Be wanting to learn negotiation skills and become a better negotiator. Practice the negotiating skills that you learn. You will only get better through practice.

5. Wanting to create "win/win" negotiating situations.

I know you hear the term "win-win" a lot and it might sound a little cheesy, however it really does make all the difference in the world.

Not viewing someone as the winner and someone as the loser is one of the major things that separate negotiation from high-pressure sales techniques.

High pressure sales techniques sometimes make you feel like a loser. Especially if you are the one who forked over a lot of money for something you maybe didn't need or really want.

In a win-win situation, you would say "I think I got a good deal. I got some of value out of that". That will make a difference in the way you are perceived by the other party and by the business community in general. It will make people want to refer you to others.

ICOR Business Member Directory

Service	Contact/Business	Phone	Email
Brokerage	Mor Zucker Team Home Denver	303.874.1327	mor@teamhomedenver.com
Contractor/GC	Vern Robinson Ridge Construction	303.881.1169	vern@ridgeconstructioninc.com
Contractor/GC	Diana Maldonado Many Build	720.354.2630	alex@manybuildsolutions.com
Estate Planning	Pam Maass Law Mother	702.706.0036	pam@lawmother.com
Financial Planning	Chris Tanner New Direction Trust Company	877.742.1270	info@ndtco.com
Financial Planning	Jason Powers Unbridled Wealth	303.957.9175	jpowers@unbridledwealth.com
Insurance	Eve Hoelzel Farmers Insurance	970.970.8019	eve.dstansfield@farmersagency.com
Insurance	Isela Owens	719.219.8498	iselaj623@gmail.com
Lender	Tadd Jones Boomerang Capital Partners	480.779.9779	David@boomerangcapital.com
Lender	Shelly Quintana Northpointe Bank	720.314.4406	shelly.quintana@northpointe.com
Lender	Chuck Townsend Forrest Financial	303.877.3221	chuck@forrestfinancial.com
Lender	Greg Osborne Bridge Capital Resources, LLC	303.475.5873	gregosborne@bridgelending.com
Lender	Justin Cooper Pine Financial	303.916.5366	justin@pinefinancialgroup.com
Lender	Tyler Ideker Indicate Capital	303.567.6333	tyler@costfund.com
Property Mgmt	Cory Rasmussen Atlas Real Estate	303.242.8980	info@realatlas.com
Property Mgmt	Peter Jakel PMI Aspire	720.738.8500	peter@pmiaspire.com
Property Mgmt	William Jarnagin	254.855.4229	wjarnagin@valiantresidential.com
Property Staging	Joanna Brown Property Sparrow	303.900.0642	joanna@propertysparrows.com
Property Evaluation	Benson Juarez Privy	303.523.4490	benson@teamprivy.com
Rehabbing	Derrick Marlin ELEVATION	720.545.0490	derek@elevationinvest.com
Tax Planning	Larry Stone Stone Wealth Strategies	970.668.0772	info@coloradotaxcoach.com
Title	Bill McAfee Empire Title, Colorado Springs	719.499.0968	bill@etcos.com
Title	Debbie Myers First American Title	970.658.4702	DMyers@firstam.com
Wholesaling	Chase Diamond The Diamond Group	908.664.2593	chase@diamondgroupco.com
Wholesaling	Jose Sala 5280 Haus	720.633.0617	jose@keygleehaus.com

Tom Zeeb's **THE RAPID CASH
GENERATOR MASTERCLASS**TM
*How to Quickly Make Money Without Money In Real Estate*TM



September 17th, 2022 | 9—5pm | Denver, CO

1 Master Marketing:
*From Marketing Tumbleweeds
to Marketing Stampede*

- ✓ Cut through the noise, destroy the competition & get sellers contacting you! Strategies that work in today's market (the economy has changed things)
- ✓ How to become a magnet for CONSISTENT motivated seller leads

4 The Numbers:
How to go from Uncertainty to Clarity

- ✓ Learn to Identify the 3 critical numbers & how they work together Determine these numbers with ease
- ✓ What to do if you get stumped on the numbers

2 Seal the Deal:
*Getting the Seller's from "No"
to "Yes"*

- ✓ The special techniques that get sellers to drop their price fast Learn the frameworks to negotiate with ease (even if you fear it)
- ✓ How to get the best price & best terms to maximize your profits

5 The Right Contracts:
From How to protect yourself so Legal Ignorance to Legal Precision

- ✓ Learn the key clauses your sales contracts must have Finally understand the tricky legal lingo so you don't get yourself in trouble
- ✓ you never get legally stuck with a bad deal

3 Property Value:
*From Uncertainty to Certainty
When it Comes to Value*

- ✓ The three keys to a property's estimated resale value The best resources to get a property comparable value
- ✓ How to determine the value

Join Tom Zeeb:
Saturday September 17th
To Learn these 5 Frameworks
At the Master Class
Register Tonight
Or Go Online
www.ICORockies.com/events



You Have To Start Somewhere

When I first started my real estate investing career, I was a very small fish in a very big pond, when it came to financial real estate knowledge. Like many today, I was constantly struggling with finding good resources for hard money, private money & bank loans. Who could I trust? Who could I afford? How will I continue payments if the flip took twice as long as planned? There was no shortage to the list of questions and concerns in my head. I always struggled with the fact I was dishing out 2-4 points plus 10-12% interest on financed money, thinking all that money would be far better in my pocket than the lenders.

However, I had to start somewhere.

Don't we all?

If someone had asked if they could show me how to start a financial system in my own life, that would eventually allow me to replace the need for outside lending — replace the bank — I would have been ecstatic!

If someone had asked me when I was starting out if I'd like to reroute some of my own money through a vehicle that would allow me to dictate my own loan terms for deals — there would have been a resounding "Yes!"

If someone had asked me when I was starting out if I wanted to put my money into a vehicle that would grow at a minimum set rate year over year, uninterrupted, even while I'm using that same money on deals, I would have jumped at the opportunity!

Someone eventually did explain it all to me, and it's called the Infinite Banking Concept.

I had to start somewhere.

Don't we all?

You can be your own bank. You can borrow from yourself, instead of the lender. You can have your money growing in two places at once. You can have immense flexibility in the money you borrow. You can even use that same money for retirement income. You can provide a legacy to the next generation. All of it is possible. None of it is outside of your reach.

"A little action often spurs a lot of momentum," says N. Scalini. I have to agree. If I had started when I was first getting in to real estate investing, I would be sitting in a whole different playing field right now. However... You have to start somewhere.



YOUR REAL ESTATE STRATEGY MIGHT BE MISSING A GAME CHANGER

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TAX EXPERT

LARRY STONE / LARRY@COLORADOTAXCOACH.COM / COLORADOTAXCOACH.COM

Sharing is Caring?

May I share with you? I am going to share with you about one of my clients but not any information about his real name, where he works, his projects or anything to break my confidentiality agreement with him. He has given me permission to share this with you.

I will call him John Smith (usually used to check into hotel rooms when you want to keep your identity secret). John is a CPA with many years' experiences. He works for a major company in a key financial role and receives a high salary (according to CPA standards) with large bonuses. He also is a real estate professional in that he does fix & flips and has a portfolio of short- and long-term rental properties.

When I met John, his question to me was what could I be doing better? This is a great question because it is easy to assume you are doing everything right — especially in your own field. I suggested a Discovery Session where we found significant opportunities to reduce his taxes and save him cash. With that discovery, I suggested a detailed tax plan so we can educate him how to achieve these cash savings. When we completed the detailed tax planning, he said that he always prepared his own tax returns using turbo tax. I acknowledged this and thought we were complete.

Later he called and asked me to look at his tax return. I stated the only way I could really do that work was to recreate his tax return from the source documents. He engaged us in that project. Upon completing that work, we compared the tax return he prepared with the one we prepared, he found substantial cash savings with the one we prepared and submitted it to the taxing agencies.

For three years, we have prepared tax returns from his source documents and compared them to the ones he did himself. His total cash savings from this exercise have been a little over \$76,000. When asked what he is doing with this cash savings, he stated he was using it to expand his purchases in real estate.

What is important to understand is that this is not an isolated story. In 2020, our last full measurement year, our clients saved \$572,026 cash by reducing their taxes. Our total cash savings for clients are \$7,247,023. These cash savings are not accidental but on purpose. Our intent is to reduce your taxes and save you cash. How much did your tax professional save you in cash last year?

We believe it is not simply good enough to prepare your taxes and submit it to the taxing agencies but that we must add value by reducing your taxes so you can keep more cash. Our work begins with the Discovery Session to determine if we can really add value. In the Discovery Session, we look for mistakes and missed opportunities in your tax

situation to see if you can benefit from working with us. If you are interested in keeping the cash you work hard to get, you should contact us for a Discovery Session by calling 970-668-0772. We will be glad to assist you.

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DISCOVERY SESSION

A meeting designed to identify mistakes and missed opportunities in your tax situation and to give you guidance on how to quit wasting dollars paying taxes you don't owe.

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FINANCE EXPERT

TADD JONES / TADD@BOOMERANGCAPITAL.COM / BOOMERANGCAPITAL.COM



To Be or Not To Be...Trendy

Design can have a major impact on the home, which could leave you guessing as to what will be popular in 6 months, when your project is done and ready to sell. Luckily, there is plenty of guidance out there. In fact, possibly too much. Vogue says the colors from the 70s are in, while Good Housekeeping says the 80's colors are the ones to go with and Trulia says the 90s are back. And while they all seem to agree that florals are good, Realtor.com says they need to "go away". There are a lot of people saying Mid-Century modern is on its way out, but Home and Gardens wants to introduce it to you as timeless and on-trend. Ask your local designer and they are likely to give an up-to-the-minute assessment (that differs from their opinion of last month), along with a healthy dose of attitude. What to do? Research all the trends and predict what the future will hold? Or better yet, how about ignoring it all?

Andrew Bang, one of our loan officers and experienced flipper (200+ homes) points out: "Every home I buy I ask myself this simple question: Do I want to fit in or do I want to stand out? How can I get the most money possible in the quickest time possible? I look over the house and the neighborhood and ask: Do I want to fit in or stand out? Most of the time I am fitting in. Why? Because I have never regretted fitting in with beige/grey walls and a bland but new kitchen. I have regretted the blue kitchen I did once. I did regret the treehouse I built to try and stand out. I did regret the mural I paid a local artist to paint in a family room."

Fitting-in appeals to a larger market than standing out. One plus to this is that it leaves room for the new buyer to 'make it their own' rather than imposing your design choices or going wherever the winds and whims of fashion & style will blow. The buyer can always change something or add something to personalize the home in their own way.

To find that middle ground, you can always add a single accent wall, which can easily be repainted by the buyer. One advantage of doing that, as pointed out by one of our favorite realtors, is that everyone has to find something to not like about a home and that needs to be changed - why make it tough? "Give them an orange wall in the hall and make it easy on them, and easy on you when they demand a change." Although avoid wallpaper as it is much harder to change than paint.

There are two trains of thought when it comes to rehabbing a house and there are successful real estate investors on both sides. While being trendy may have its advantages, broadening the design choices available to the buyer will lead to streamlined operations for you and a bigger pool of interested buyers, all of which means reduced turn times and headaches on your projects. And we'd never say which is 'right' but just say no to the dog wallpaper entryway. Trust us.



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*1 point origination is for experienced flippers

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Privy gets you direct access to MLS data. Our software automatically scours the MLS to find the best real estate investment deals, based on what other investors are having success with. Privy gives you access to investor comps, with before and after data, so you can quickly determine the value of any deal your analyzing.

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Insuring to Value

One of the most frequent challenges I encounter as a Professional Insurance Expert with clients, is educating them about insuring a property with “replacement cost” value is not the same as “market value”. According to Investopedia.com, the definition for Total Insurable Value (TIV) “is the maximum dollar amount that will be paid out on an insured asset when deemed to be a constructive or actual total loss.” This definition outlines the maximum dollar amount needed to rebuild a property versus the current real estate “market value”.

A driving factor of the premium cost is the total insurable value of a dwelling. Generally, the higher the amount of dwelling or building coverage, the higher the insurance premium. Many customers, want to minimize the insurance cost, so they would like to reduce the building coverage. Many carriers no longer will allow this option as they would like to make sure the property is insured to current replacement cost to rebuild. I am able to create a customized reconstruction evaluation report that can include renovations. This can assist my customer, by not over insuring or under insuring the property.

Insuring to value requires property owners to discuss and review with their Insurance Agents the building reconstruction analysis every year to avoid over or underinsurance situation on a claim. Over insurance is when a building is higher than the real replacement cost. Owners are

paying for additional premium, but the insurer will only pay for the true replacement cost to rebuild the property with the same functionality as before the loss. Many consumers believe that over insurance will pay that specified dollar amount, this is incorrect as it only pays up to the replacement cost of the claim. Underinsurance is when the property insurance policy has insufficient limits/coverage to repair or rebuild a structure. In other words, it does not cover the full value of a potential loss. The owner is left paying the difference out of pocket.

One of the largest most recent fires was a One Billion Dollar loss. This was the Marshall Fire from December 30, 2021. This even was a catastrophic loss where fire ambers went from one house to another, and entire subdivisions were destroyed. Due to large magnitude of the claim, this caused a ripple effect with contractors and building materials. The shortage of both contractors and building materials caused a very large increase to rebuild each dwelling. I have personally heard of rebuild costs up to \$600 per square foot for homes impacted from this fire.

As a Licensed Insurance Professional, I suggest preparing a list of all the property improvements as well as out of pocket expenses made for your property. Ask your Insurance Agent to create a customized reconstruction report to confirm you have adequate “replacement cost” coverage. If you would like a third-party opinion, feel free to contact me.



Sure, you have a roof over your head, but do your investments have the right coverage?

How can I help? Let's set up a time to review your policies!
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CEO OF HAMMERZEN

GITA FAUST / GITA@HAMMERZEN.COM / HAMMERZEN

6 Red Flags that Point to Fraud

As technology evolves, it becomes much easier to identify and even prevent workplace fraud. Unfortunately, however, the advancement of technology also makes it easier for fraudsters to do their thing, especially when you don't know the warning signs of fraud. Computers and software help a great deal, but they can only do so much when you don't even know where to start looking.

Countless red flags can indicate a fraud scheme going on right under your nose; it is vital that you educate yourself, management, and employees on the warning signs of fraud to work collectively to catch and prevent any fraud scandals. While there are thousands of different types of fraud schemes that occur, these six signs can be attributed to almost all of them:

1. Accounting inconsistencies. If you suspect that somebody within your company is committing fraud, review your financial reports every week. Irregularities in data can manifest in simple forms, such as strange balances and unreconciled accounts, and complex forms, such as on-top entries (entries made after the books are "closed").

For example, suppose a construction company controller does not reconcile the accounts for several months. Management continuously requests that he does, but they do not push him enough, so the accounts remain unreconciled. Eventually, the company let go of the former controller and hired somebody seemingly more competent. However, when the new controller reconciled the accounts, she found that the numbers were not in agreement; upon further investigation, the new controller discovered that the former employee had been committing fraud and stealing from the company. Management should have realized early on that unreconciled accounts were abnormal; they could have prevented the whole scheme if they had taken action earlier.

However, it is not always easy to identify accounting irregularities that point to fraud. Workers who commit fraud typically know what is expected of them to keep the numbers within that expected range. As a result, sometimes investigators have to dig deeper into the data to uncover the irregularities within the books.

2. Weaknesses in control. Control deficiencies are a major red flag for fraud. It is normal in many companies that some processes are not as secure as they should be, but when there is a significant deficiency in control procedures, it should be cause for concern.

There are several different characteristics of control weaknesses, the first being a significant lack of separation of tasks. For example, suppose just a few people or just one person has complete authority over a

specific financial sector or task. In that case, it creates several opportunities to commit fraud with little risk of being caught. For example, if one employee receives payments, records the data, makes the deposits, and reconciles the statement, they can easily conceal any fraud. However, if the work is delegated among several employees, the chance of fraud being committed is much less likely.

Several other things can indicate that there are control deficiencies within your company: when employees can easily override the limits of authority, when (again) accounts are not reconciled regularly, and when accounting records are just generally poorly maintained. Unfortunately, many companies who let control weaknesses slip also fail to look into any major issues; oftentimes, they will just ignore or fix the problem without digging deeper into the root of the issue. So, if you notice control deficiencies within your company's accounting procedures, it is definitely worth it to take a closer look.

3. Missing or incomplete information. Accidents happen, and human error is a thing, so a lost document every once in a while does not entirely cause alarm. However, when information goes missing regularly, you should dig deeper (and even if it is not a regular occurrence, you should still do some research if the missing information is too suspicious to ignore).

Suppose that a company's bookkeeper continuously struggles to find canceled checks requested by the auditors, so the auditors rely on carbon copies alongside the general ledger detail. Unfortunately, the payees on the carbon copies were not accurate; the canceled checks were actually issued to the bookkeeper. He destroyed the canceled checks whenever the bank statement arrived and hoped that the auditors would not request copies of them.

When you notice that information goes missing, look into it. Keep an eye out for any patterns, like blocks of time, particular customers or vendors, transaction type, certain employees, and other such things. One or two missing documents is no big deal, but when it becomes frequent, and all of the documents are related, then you should definitely investigate.

4. Apparent deception. If somebody is acting suspicious, you should be suspicious. When people try to hide information, alter documents, or generally engage in suspicious activity, it understandably raises suspicions about fraud.

An example of deception would be a claimant filing for disability



insurance. Still, she does not mention her ownership interest in a business related to her current job (the job she is apparently unable to perform due to her disability). Meanwhile, a fraud investigator discovers this ownership and becomes skeptical of the claimant, thinking that she might actually be working at the business even though she "cannot" work at her regular job. However, if the claimant is not working at the other business and therefore has nothing to hide, why would she hide it?

When people lie about little things, they are more than likely lying about bigger things. Even if they do not lie and just omit certain information (such as asset ownership, licensing, or other such facts), it still shows that they might be trying to hide something. Deception is usually not isolated, so take it as a sign of other issues; if you feel that it might be related to an instance of fraud, look into it.

5. Behavioral changes. If your employee's behavior shifts significantly, you should consider it an indicator of something shady going on. Keep an eye out for both behavioral and lifestyle changes. For example, when an employee commits fraud, he might become less cooperative, argumentative, and drastically more stressed. The employee might also suddenly display newfound signs of wealth, such as luxury purchases or vacations.

For instance, everybody at a small firm was stunned when the controller showed up to work in a brand-new luxury sports car. The controller and his wife did not make enough money to afford such an expensive purchase, but nobody said anything for fear of sounding judgmental. Then, roughly one year later, management found out that the bookkeeper had been working to defraud the company, and the fraud scheme was the source of funds used to purchase the sports car. If somebody had said something and management had investigated earlier, the firm could have saved thousands of dollars.

Of course, outlying factors aside from fraud might be causing behavioral and lifestyle changes, but these might be signs of something nefarious going on behind the curtain. Therefore, it is essential that you watch these employees and their behavior red flags carefully because there is a chance that all of these changes point to fraud.

6. Tips from employees. Tips from employees prove to be the most effective method for detecting fraud. However, it is crucial to ensure that the tips you receive are credible. In contrast, anonymous tips might be just as helpful; employees willing to put their name behind their suggestions are typically more credible. On top of that, tips backed by more information are more reliable.

A vague tip might sound like, "John was at his computer and was acting a bit strange." However, there are no details to back up the suspicion, and the details provided are extremely vague in and of themselves. On the other hand, if Jane reports that "John was at his computer hours after his shift was over while there were very few other employees in the office, he acted extremely shifty when anybody approached him." Not only does Jane openly express her concern to management, but she also gives several details that augment the credibility of her tip.

While all employee tips carry some weight, you should definitely investigate the more credible ones. Keep in mind that sometimes people report false information in order to cause trouble, so try to gauge the potential motivation of the employee that tips you off as well.

If you get the feeling that you might have a fraud scandal on your hands, then you should dig deeper into the details. Many companies use accounting software to track their money inflow and outflow, and some software has audit logs that you can check; QuickBooks is a good example of this.

QuickBooks is not the only software that needs to be reviewed for inconsistency. We have found discrepancies even on the free online software and paid ones, too, such as AppFolio, Buildium, and Yardi, to name a few. So always get the books reviewed by a consultant to find those inconsistencies and ensure the accuracy of your financial records. After all, we are in real estate to build our wealth!

One of the most important things to keep in mind is that your sense of intuition is invaluable; investigate if you feel that somebody might be committing fraud in the workplace. If you investigate and there is no fraud occurring, then at least you took precautions; if you choose to ignore your hunch and one of your employees is committing fraud, then you could lose thousands. So, trust your instincts and know the signs of fraud, so you can learn how to catch it and even prevent it in the first place.