



Litigation Outlook: Forensic Investigations in Divorce

Divorce isn't pretty. But sometimes it's downright ugly, with spouses hiding income, deflating business values or otherwise trying to diminish whatever could potentially be divided between them.

Valuations based on false information don't serve either party fairly. To get to the truth, valuation professionals are often called upon to become involved in forensic investigations. For the most part, the aim is to find hidden assets or income. Here are a few of the more common techniques used to temporarily diminish value:

Hiding cash or expensive items — A spouse may open multiple bank accounts to hide cash. Or perhaps he or she will store jewelry, artwork or securities in a secret safe deposit box. Some spouses loan assets to friends or relatives for “safekeeping,” or hide an inheritance or large gift.

Hiding personal expenses in a family-owned business — A spouse may try to hide a condo, a car or other expenses by paying for them through a business. If these are personal assets, the other spouse may be entitled to a portion of them. An expensive gift given outside the marriage and paid for by the business may belong back in the profits of the business.

Misstating business stats — The most common methods used to decrease the value of a business? Accelerating expenses, decelerating payments, misforecasting, hiding new contracts or purposefully increasing debt. An owner may also “sell” valuable assets or inventory temporarily to a friendly customer.

As valuation experts, we are aware of these tactics and are on the lookout for them in cases of divorce. We also work with

private investigators, Certified Forensic Financial Analysts and Certified Fraud Examiners when appropriate. Our goal is to get the true picture of the assets involved for an accurate valuation.

For more information about forensic investigations in divorce, please contact our office.