



By: Paula Hubbs Cohen

James C. Sell, P.C. — Results You Can Trust



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From classic Ponzi schemes to real estate and mortgage fraud to having his life threatened, James Sell has pretty much seen it all.

In addition to being President and CEO of James C. Sell P.C. for nearly three decades, Sell's background includes serving as the Director of Regulation for the Arizona Corporation Commission Securities Division, serving on the audit and accounting standards committee of the Arizona State Board of Accountancy and on the FBI Citizens Academy Board of Directors. Head of the firm that bears his name, Sell is widely regarded by legal luminaries as a leading forensic accountant, with extensive experience in the areas of receivership/conservatorship proceedings, bankruptcy, complex real estate transactions, securities and more.

Attorney-at-Law recently sat down with Sell to find out more about the field of forensic accounting and the expertise he and his firm offer to the legal and financial communities.

"One business that I was receiver for was CSC Financial Services. It was the largest escrow servicer in Arizona with approximately 30,000 active accounts at the time it was placed in receivership. I was able to clean up and reorganize the business operations and as a consequence, I was able to sell its operations as a viable business. This in turn increased the return to the victims."

— James C. Sell

Q, Attorney-at-Law: You and your firm are highly regarded for your roles as expert witnesses, court-appointed receivers and special masters for both the public and private sector. What other services and expertise do you specialize in?

A, James C. Sell: A sampling of our professional services includes providing expert testimony, forensic accounting, comprehensive litigation support and electronic data base construction and management. I believe that two of my key talents are my ability to explain complex accounting terms and transactions so that virtually anyone can understand what happened and my ability to clean up and reorganize legitimate business operations. In addition, members of the firm are exceptionally skilled at victim interviews, victim tracking, correspondence and distribution services as well as specialized tax services. The bottom line is that we help attorneys and their clients through the specialized forensic accounting, data management and victim relations skills that we provide to the litigation team.

Q, Attorney-at-Law: What else sets you apart from other forensic accountants?

A, James C. Sell: What makes our firm stand head-and-shoulders above others is the passion we bring to each assignment to determine what really happened, rather than



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the portrait that was painted through creative accounting techniques or outright fraud. We bring a wide range of business and technical expertise and experience to every assignment we accept and because of the breadth of background and skills that we have, we're able to analyze complex financial transactions and accounting concepts and communicate our findings in a convincing and effective manner.

"Every case is unique and has its own special twist to it. Cases can typically be broadly classified but that is usually where it ends, because every fraud has its own unique personality."

— James C. Sell

Q, Attorney-at-Law: Your firm enjoys a top-notch reputation as being expert in computer forensics and electronic discovery services. How do you provide clients these types of services?

A, James C. Sell: Using sophisticated technology and forensically sound procedures and tools, we help our clients with all the phases of electronic discovery and computer forensics involved in cyber-crime investigations. For example, our cutting-edge Information Technology systems and our IT professionals have the ability to provide clients an information database that is compliant with federal and

state rules and procedures of law. We also have the ability to provide clients information storage and the tools to quickly search, index, retrieve and present millions of documents. Our computer systems provide an easy-to-use interface while helping to reduce the costs and burden associated with litigation efforts.

Q, Attorney-at-Law: How does current technology, and/or emerging technologies, play into financial fraud?

A, James C. Sell: Unfortunately, the use of technology to commit fraud is not a new phenomenon, but with the advent of high quality copying machines and computer-generated documents, the fraudster's ability to create apparently legitimate, but none the less false or misleading documents, has become virtually limitless. There is a saying that the

documents speak for themselves, but a fraudster with access to a computer and a state-of-the-art printer or copy machine can create a false document that can say whatever he wants it to say.

Q, Attorney-at-Law: You've spoken at length in professional settings about white collar criminals. What makes them tick?

A, James C. Sell: One aspect of fraud that has long fascinated me are the four core attributes that are present in white collar crimes. They are as follows: First, white collar criminals have a level of technical competence. You often hear people comment 'he or she was so smart, if only they had applied their talent to something legitimate, they surely would have succeeded'. Second, white collar criminals seek out and achieve a position of trust and they always violate that position of trust. In fact, the trust attribute is the source of the term 'confidence' in 'confidence game' - you have to gain the mark's confidence in order to con them. Third, the white collar criminal has a compelling financial need, often in the form of a non-sharable problem such as gambling, drug abuse, divorce, medical problems and/or the fear of admitting failure. The fourth attribute is rationalization, wherein the perpetrator justifies the criminal acts. 'I just borrowed the money and intended to pay it back, I am underpaid for what I do, my plan would have worked if I only had more time or if the government wouldn't have shut me down' are

common and often-heard rationalizations. The white collar crime perpetrators seldom have any remorse for their acts or for the plight of their victims. They are simply sorry they got caught and are preoccupied with their own problems and the consequences of the discovery of their acts.

Q, Attorney-at-Law: How did you become a forensic accountant? What got you interested in the field?

A, James C. Sell: I always say that forensic accounting chose me, I didn't choose it. What happened is that I became infected with forensic accounting due to exposure. I sat in too many kitchens and living rooms of elderly victims and listened to their stories and the disastrous consequences of the fraud perpetrated upon them. Despair is the absolute worst human emotion and it is hard to be exposed to that emotion in others without being permanently affected by it. The loss of irreplaceable funds can effectively be a death sentence for some victims.



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"Jim's best qualities are integrity, honesty and intelligence. He's a CPA and Certified Fraud Examiner, so he has a lot of history and a lot of practicality related to how to deal with issues. I met him in 1988 when he hired me to represent him and his company when they were appointed as receivers in a state court proceeding. The first case we worked on was a mortgage Ponzi case, where a company named Avanti Mortgage had raised \$40 million in funds, but the funds ended up going places where they shouldn't have gone. Jim was hired to do forensic accounting on the business and attempt to marshal the assets so that the investors could get a return. Through third-party litigation, the investors ended up with a substantial return of their principle. That's a big deal in a Ponzi scheme."

— Larry Wilk, Partner, Jaburg/Wilk PC

"I met Jim when he was brought in to run operations of American National Mortgage Partners, which was a Ponzi scheme. He believed in his ability to develop a workable plan of reorganization for Dexter in spite of others who said to just liquidate, which would have resulted in all of his constituents being wiped out. But because of Jim's leadership and because he's an unbelievably smart guy, he made business decisions which were not only correct but also preserved a huge amount of value for his constituents. He's not only a great accountant, he's a great businessman. A lot of people who are appointed as receivers don't really have the passion for it, but Jim's a guy of high passion. He's driven by doing a great quality job, by getting it right and he won't get pushed around."

— Mark Franks, Owner,
Dexter Castle Megastore Group

Q, Attorney-at-Law: Accounting has kind of a staid reputation with the general public, but is forensic accounting considered a dangerous profession? Have you ever felt or been threatened?

A, James C. Sell: Threats do occur in real life and not just on TV. Most of the threats a forensic accountant receives involve the threat of being sued, but in all honesty, my life has actually been threatened on more than one occasion. The most notable time was by the Undersheriff of an Arizona county during a fraud investigation involving the misuse and theft of county and federal funds. The threats have never stopped one of my investigations and fortunately, I'm still alive.

"With any piece of litigation, it's one thing if a person can do the accounting and reach conclusions, but it's another thing entirely if they can be the type of person on the stand that will sway the jury with their intelligence. Jim's an excellent witness and I've have had many cases where the judge commented on how practical and how incisive he's been."

— Larry Wilk, Partner, Jaburg/Wilk PC

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