



Hamilton County LAW LIBRARY NEWS

Professional legal information, services, and education

October 2015

Beware the Shell Company: Scams Can Go Unnoticed

By Richard G. Witkowski of Nicola, Gudbranson & Cooper LLC. Reprinted with permission.

Shell companies or shell corporations are legal vehicles for certain types of legitimate business activity, such as for seeking financing before business is off the ground. Unfortunately, they can also be convenient mechanisms to conceal large-scale financial fraud, and should be a concern for all individuals, non-profits and businesses.

While they have been used by drug cartels, corrupt government officials, cyber criminals and scammers, shell companies can also be set up on a smaller scale by employees, vendors and customers to conceal garden-variety frauds in your company's accounts payable and billing functions. Shell companies can be used to conceal the nature, origin or destination of misappropriated funds and the identities of their true owners. Once a shell company is successfully established as an approved vendor or customer in your company's

accounts payable and billing system, its legitimacy is often no longer questioned.

If your employee who has the authority to make or approve purchases and disbursements to vendors controls a shell company and is able to get this entity on the approved vendor list, your organization can sustain significant losses through its accounts payable.

Unfortunately, shell companies can be easily created by fraudsters. It is easy to incorporate and register a shell company with a state, thereby establishing the appearance of legitimacy. Illegitimate nominal directors and shareholders can easily be designated in the filings with the state to conceal the true identities of the individuals in control. Undisclosed co-conspirators, friends and relatives are easily recruited to fill these positions. Bank accounts, web pages and emails are easily created by the

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Hamilton County Law Library

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<http://lawlibrary.hamilton-co.org>

Tech Tip: How to Borrow an Ebook from the Law Library

By Julie Koehne, Assistant Law Librarian, Systems

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<http://lawlibrary.hamilton-co.org>



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- Understanding Trusts and Estates Edition: Fifth, 2013
- Anderson's Ohio School Finance, A Practitioner's Guide Edition: Fifth Release: 2013
- Ohio Bankruptcy Handbook Edition: 2015 Release: EB15E
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fraudsters using the registration information to support and further the deception. One key to avoid being a victim of fraud through the use of a shell company is strong internal controls and segregation of duties in your company. In regard to purchasing goods and services, one employee should never be given the authority to requisition goods or services, approve the purchase, select the vendor, verify receipt of the goods or services and initiate payment. Granting this much authority to one individual creates the opportunity for a fraud. If the employee is experiencing financial difficulties and lacks integrity, you have all the ingredients for a significant fraud loss. Another mechanism to prevent shell company fraud is to scrutinize thoroughly all approved vendors before they are put on the vendor list. Prior to becoming an approved vendor, a company or individual should be thoroughly investigated by someone who is not directly involved with the approval of cash disbursements.

The investigation should include interviewing the vendor's management and review of its filings with the state, web page, email accounts and credit (e.g., Dunn & Bradstreet) rating. The employee assigned the responsibility for investigating vendors should be provided with some training and a list of required inquiries.

Post office boxes should not be accepted in the absence of a verified business street address. Online presence is critical to most active organizations. The lack of a web page, online content about the company's goods and services and management profiles is a red flag. Any questionable information, dis-

crepancies or inconsistencies need to be pursued, thoroughly investigated and resolved.

Once a vendor is on the approved list, most employees and managers do not normally question the vendor's bona fides. Your vendors need be actively reviewed and the list updated regularly to eliminate inactive vendors.

Most significant accounts payable fraud schemes involve some use of a shell company and a breakdown in the internal controls of the victimized entity. Proper segregation of duties and a thorough and regular investigation of your company's vendors are the key mechanisms to preventing fraud losses.

For more information, contact [Richard Witkowski](#).

NOLO Books

The Law Library purchases books from Nolo and other publishers who offer basic guides to legal issues like landlord-tenant, consumer law, neighbor law, and many other topics. Used as an entry point to an area of law, they serve as helpful guides and sources of information. The Law Library's EBSCO content includes a wide range of Nolo books in full text. That's a handy way to access the information anytime, anywhere (depending on your type of subscription to the Law Library) and to download useful chapters. You'll find the link to EBSCO on the desktops in the library and on our list of databases for off-site access when you're logged into the [library website](#).

Upcoming CLE

Free to subscribers; \$50 for non-subscribers
To register, call 513.946.5300, email reference@cms.hamilton-co.org, or register via the website <http://lawlibrary.hamiltoncountyohio.gov/classes/cle/>

Ohio Child Custody Law Update

Presenter: Cathy Cook

Wednesday, November 4, 2015

Noon-1pm

Approved for 1.0 hour of general CLE in Ohio. Kentucky credit is pending.

CLE Course Materials

We have just completed a review of the CLE books in the Law Library's collection, replacing many of them with more current material from the OSBA and NBI, mainly. The CLE books are near the Ohio materials and the reference desk. Ask a librarian to point them out or call us to have one held for you. Do you wish we'd have more information on a particular topic? [Just let us know](#) and we'll look for additional material.

The Library on YouTube

Did you know that the Law Library has a [YouTube channel](#)? We have a few short videos on YouTube now and will add more over the coming year. If you know someone who should join the Law Library, please send her or him the link to our Welcome or Benefits video. If you have suggestions for quick tutorials on tech topics or other matters, [be in touch](#).

Follow Us Online

The Law Library has a social media presence. Follow us on Twitter, like us on Facebook, see images on Instagram, and watch videos on YouTube. All of our accounts on social media platforms are linked from the Law Library's website. See the Connect icons on the footer of any page.



Law Library Board Meeting

The Hamilton County Law Library Resources Board will next meet on Thursday, October 15 at 12noon, concurrent with a meeting of the directors of Cincinnati Law Library Association. Meetings of the Hamilton County Law Library Resources Board are open to the public. The meeting will be held in the Robert S. Kraft Boardroom in the Law Library.

Lexis for Solo Attorneys

What's your any device, anywhere, anytime legal research solution? Attorneys in solo practice who are also subscribers to the Law Library may add on Lexis Advance for a very reasonable rate. This service offers Ohio, Kentucky, and Indiana cases and codes, Shepard's, Sixth Circuit Appeals, district and bankruptcy cases, regional law reviews, SCOTUS cases, USCA, and more. For an application and more information, see our [Lexis for Solo Attorneys](#) page on the library's website or ask any member of the staff.

Subscriber Benefits

All subscribers have access to the following valuable resources and services:

Circulation privileges to borrow from over 40,000 print volumes for up to six weeks at a time

Access to extensive electronic databases from the Law Library, including LexisNexis, Shepards', Westlaw, IntelliConnect, Hein Online Law Journals and Federal Register, and over 70 Aspen /LOISLaw treatises in 16 substantive areas

Wireless network throughout the Law Library

Polycom videoconferencing

Five meeting rooms with speaker phones

Professional reference service by our law librarians, available via e-mail, telephone, and in person

Free document delivery by fax or e-mail of print and electronic materials

Inexpensive CLE seminars throughout the year, on legal research and substantive topics

Bi-weekly news updates in various practice areas

In addition, solos and attorneys whose firm has a subscription have 24 hour remote access to Fastcase.com case law, Aspen/ LOISLaw treatises, HeinOnline and IntelliConnect.

You and the Legal System: Neighbor Law: Veteran's Benefits

Attorney Elizabeth Zak is our next speaker in the *You and the Legal System* series for the public. Ms. Zak will discuss Veterans' Benefits on Friday, October 23 at noon in the Law Library.

The program is free to the public. To register, call 513.946.5300 or register via our website at <http://lawlibrary.hamiltoncountyohio.gov/classes/you-and-the-legal-system/>

Please note that this is not a CLE event; it is intended for the general public. However, attorneys are welcome to attend and may want to pass along the program announcement to clients, staff and community organizations. If you would like more information, please contact [Laura Dixon-Caldwell](#).

You and the Legal System is brought to you as a public service by the Hamilton County Law Library, in conjunction with the Cincinnati Bar Association's Lawyer Referral Service. Save the date for the next event in the *You and the Legal System* series. Attorney Jonathon Allison will discuss Employee Rights on Friday, November 13.



Elder Law Resources

Law Library subscribers have access to a variety of resources on Elder Law. If you have questions about accessing these resources, contact the reference staff at reference@cms.hamilton-co.org or 513.946.5300

Advising the elderly of disabled client: legal, health care, financial and estate planning
KF390.A4 F7513 2014

Anderson's Ohio elder law practice manual
KFO140 .L66 2015

Elder law and financial strategies: planning for later in life
KF390.A4 H96 2015

Elder law answer book
KF390.A4 F58 2011

Everyday law for seniors
KF390.A4 F7535 2010

Guardianships
KFO106 .G82 2013

Long term care: how to plan and pay for it
KF3826.N8 M38 2014

Medicare and medicaid guide
KF3608 .A4 M436 2013

Ohio elder law
KFO91.A3 O365 2015

Ohio elder law handbook
KFO91.A3 A293 2015

Ohio elder law institute
KFO91.A3 O35 2013

Resolving legal and financial issues in elder care in Ohio
KFO91 .A3 E43 2011

Working with aging clients : a guide for legal, business, and financial professionals /
KF390.A4 R67 2015

Online Resources/Remote Access

Aspen/LoisLaw Elder Law Library:

Forms & Checklists

Representing the Elderly Client

Elder Law Forms Manual

The Elder Law Portfolio Series

Elder Law Answer Book

Social Security & Medicare Answer Book

The Elder Law Report

Special Needs Trust Handbook

Loring and Rounds: A Trustee's Handbook

CCH

Medicare and Medicaid Guide Newsletter

Medicare and Medicaid Guide Explanations and Annotations

Social Security Reporter

EBSCO

Complete Guide to Medicaid and Nursing Home Costs

Long Term Care

Social Security & Medicare Handbook

Social Security, Medicare and Government Pensions

*Remote access is available to subscribers who are solos or firm attorneys whose entire firm has a subscription to the Law Library.

Upcoming Events:

October 23: You and the Legal System: Veterans' Benefits

November 4: Ohio Child Custody Update CLE

November 20: You and the Legal System: Employee Rights



October 2015 Law Library Newsletter

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