

# LOOPHOLES

*Keeping Your Family, Your Business and You — In the Loop!*



## Protect Your Company From Check Fraud

by Tom Noce, CPA, CFE

Did you know that check fraud losses in the U.S. exceed \$12 billion a year — more than 4 times losses from other financial consumer frauds? It's true. In addition, liability for check fraud is now determined by a standard of "ordinary care" on the part of the bank and the check issuer. Based on this examination of care, comparative negligence can be determined and a portion of, or all of the liability is shifted from the bank to the check issuer. There are several steps that you can take to help assure that your company does not become a victim.

**1. Secure all unused check stock.** We've seen several instances where a disgruntled employee or outsider has obtained unused check stock and forged checks.

**2. Utilize security checks.** Many commercial vendors offer check products which offer control features to prevent the alteration of previously issued checks. Some features include:

- Controlled Paper Stock
- Laid Lines
- Void Pantograph
- Dual Image Numbering
- Laser or Toner Lock
- Thermocromic Inks
- Artificial Watermarks
- Chemical Void Features
- Copy Band
- Warning Bands
- Secure Number Fonts
- Holograms

**3. Arrange to utilize positive pay programs.**

Through positive pay you transmit electronically to the bank the numbers and amounts of checks you have issued. If a check is presented for payment that has not been transmitted it is NOT PAID. The opposite of this which can be just as effective is reverse positive pay in which the bank sends you a listing of checks to be cleared prior to paying them.

**4. Segregation of Duties.** To the extent possible, segregate duties between individuals involved in preparing, signing and reconciling bank accounts. At a minimum, the unopened bank statement should go to an owner or member of management outside of the process before being given to the individual responsible for the reconciliation.

**5. Secure signature plate.** If an automated check signer is utilized, the signature plate should be properly controlled with access limited to authorized individuals only.

Finally, in case all else fails, **be sure all employees are covered by surety or employee dishonesty coverage.** If you would like assistance reviewing your check systems, please give us a call.

## LOOPHOLES Has a New Look!

As you can see, we've given *Loopholes* a new look this summer. You'll still find great information about current business and financial issues, as well as updates on our team members and YOU, our valued clients and friends. We've also added something just for fun, a short golf tip, provided by valley PGA pro, Jeff Gillotti. We'll continue to add new features in upcoming issues and you can find additional updates on our website, [www.mmgccpa.com](http://www.mmgccpa.com) — let us know what you think!

### MMGCalendar

**September 6**  
*Palm Desert Chamber of Commerce Business Expo*  
*Agua Caliente Casino, 4-8p.m.*

**September 9**  
*Cathedral City Chamber of Commerce Symposium & Business Expo*  
*Doral Resort, 2p.m. Symposium, 4-7p.m. Expo*

**September 11**  
*Fiscal Fitness for Women Fall Series - see page 4*

**September 19**  
*8th Annual Valleywide Employment Expo*  
*Palm Springs Convention Center 9a.m. - 3p.m.*  
*760/416-1430 [www.desertjobexpo.com](http://www.desertjobexpo.com)*

**October 17-18**  
*AG Tax & Estate Law Seminar*  
*Spa Resort & Casino, 8.am.-4p.m.*

Photo courtesy of Palm Springs Desert Resorts CVA



August/Sept. 2002

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LOOPHOLES is compiled by the staff of Maryanov Madsen Gordon & Campbell. The articles and examples presented in this publication are of a general nature only. Please contact us for further information as to how these ideas may apply to your specific situation.

## Business Valuation FAQs

by Les Kornblatt, CPA, CVA

*For this installment, I thought I would share a recent article that I found that highlights the use of an effective tool if you intend to sell your business.*



**“Set your company apart from other offerings by finding and marketing those strengths specific to your company.”**

If you are thinking of selling your company, an effective company profile is an important tool. If your business is just like everyone else's, why should buyers bother with it? Set your company apart from other offerings by finding and marketing those strengths specific to your company.

Most potential buyers respond positively to an emphasis on the future of the company and its growth potential. Some of the strengths to look for in a company are capable and efficient management, strong distributor relationships, quality products at reasonable prices, commitment to service and quality, name recognition, good employee relations, and well-furnished facilities.

A good offering memorandum will give credit to everything that contributes to your company's success. What should be included in an offering memorandum?

- ✓ A list of products and services your company provides
- ✓ A company history, including years of operation, recent performance trends, profitability and future potential
- ✓ A statement of management's reason for the sale and future plans
- ✓ An organizational chart
- ✓ Resumes of management and key personnel
- ✓ Market share and general competitive information
- ✓ An overview of the labor situation
- ✓ A list of assets, and
- ✓ The proposed price and terms (if this is data to be disclosed)

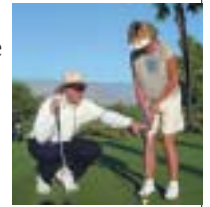
The better your company is organized, the more profitable and easier to operate it will be, which will result in a higher value.

*This article was originally published in Business Valuation Strategies by Practice Development Institute.*

## Putting On \$1.90 Per Day

by Jeff Gillotti, P.G.A.

I've often said that the best way to become a good putter is to putt for money. I've decided to alter that philosophy slightly; I think you should putt at money. During this time of year I find many of my students trapped in their houses by the blistering, summer sun ("But it's a dry heat!" — I always find humor in that statement as I lay in the emergency room suffering from heat stroke). But I digress. As long as you're confined indoors we might as well use this time to become a better putter. For this drill all you need is \$1.90: A silver dollar (or one of those silver chips you brought home from Vegas), a fifty-cent piece, a quarter, a nickel, and a dime. Figured it out yet? I'll explain.



First set the silver dollar down on a fairly uniform area of carpet. Drop a few golf balls down about three feet from the coin. Practice three-foot putts until you hit the coin each time. Replace the silver dollar with the fifty-cent piece. Become proficient at this and replace the Kennedy with a quarter. Repeat this drill until you can hit the dime each time from three feet. It's not as easy as it sounds. Once you can efficiently roll the ball over Eisenhower's face, try this drill from six feet and ten feet. Once you can consistently hit a dime from ten feet, the next time you play golf, the hole will look as big as a chicken bucket.

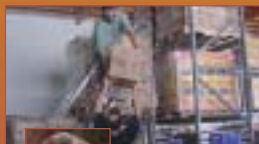


## “Coachella Valley Snapshots”

This spring, *The Desert Sun* introduced a new section filled with photos from events across the valley. It is supported by twenty valley businesses, including us! Our sponsorship supports the paper's Newspapers in Education program, which brings newspapers into classrooms across the valley at no cost to teachers or students. Look for our ad each month where we highlight some of our team members and the organizations that they assist. If you've missed a few, check out the "Snapshots" section of our website at [www.mmgccpa.com](http://www.mmgccpa.com) and get to know us better!

## Maryanov Madsen Gordon & Campbell, CPAs

*Proudly supporting those who make time to make a difference!*



Lyle Pierceall, CPA  
Partner

- Food in Need of Distribution (F.I.N.D.), Treasurer
- Community Foundation of Riverside and San Bernardino Counties, CFO
- Palm Springs Lions Club, Past President, Member

Food In Need of Distribution (F.I.N.D.), a local non-profit food bank provides assistance to children and others in need. Working through a network of 60 member non-profit agencies in the Coachella Valley, F.I.N.D. has provided food assistance to more than 54,000 individuals this year.

Lyle Pierceall

Palm Springs 320-6642



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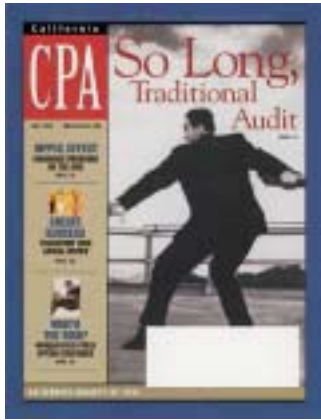
- National Charity League, Treasurer
- Guide Dogs of the Desert Volunteer
- Angel View Crippled Children's Center, Volunteer

The National Charity League, Palm Springs Chapter provides thousands of hours of volunteer service to area non-profits throughout the year. This year, chapter members worked the Bob Hope Chrysler Classic, earning money to provide scholarships to young women graduating from local high schools.



Linda Rode

Indian Wells 568-0032



Tom Noce co-authored an audit article with Thad Scott which was featured in the July issue of California CPA.

## Inside Information

### Achievements & Awards:

Congratulations to **Mary Anderson**, who passed the sixth and final section of the Accredited Pension Administrator Exam, in the top 10 percent! She should receive her official APA certification later this year. Excellent Job!! Kudos also to **Steven Erickson** who was recently elected to the Board of Directors for Greater Palm Springs Pride; to **David Suss** who was re-elected president of Temple Isaiah in Palm Springs; and to **Kim McNulty** who was appointed to the board of the Palm Springs Economic Development Corporation.

### New Team Member:

MMGC is delighted to welcome **Leah Corner, CPA** as a Senior accountant in our Palm Springs office. Leah relocated to the desert from Fargo, North Dakota where she was a CPA with Eide Bailly LLP — welcome, Leah!

### New Arrivals:

A special welcome and congratulations to **Lynn DeKock and her husband Nick** on the birth of their first child, **Danielle** who arrived on July 9 weighing 6lbs. 12oz. and measuring 19" long! Lynn is a senior accountant in our Palm Springs office.

## Up Close and Personal

We are pleased to introduce you to Bill Cuff who joined our Indian Wells office as a principal of the firm earlier this year. Bill's expertise is corporate management and he was chosen to head MMGC's Management Advisory Services (MAS) division. Bill has a B.A. in Economics from Yale University and an MBA from Columbia. His professional experience includes Vice President, Specialty Foods for Nestle; President of Bachman, the \$80 million regional snack food company in Pennsylvania; and President/CEO of Diamond, the \$225 million nut processing company in Stockton. Before relocating to the desert, Bill was President/CEO of GreatFood.com,



Bill Cuff, Principal

a Seattle-based Internet start-up that was acquired for cash by 1-800-Flowers prior to the E-commerce meltdown in March of 2000. Prior to joining the firm, Bill founded The Cuff Group, providing management consulting to organizations in the Coachella Valley. He currently assists our clients with strategic, marketing and organizational planning, leadership development, customer service development, executive coaching and succession planning.

Bill and his wife Erin have five children and five grandchildren. In his spare time, Bill enjoys swimming (he's a regular at the Del Webb pool!), reading, food, music, and movies. We're delighted he joined our team.

## MMGClient Spotlight

For more than 30 years, Ric & Rozene Supple have been broadcasting the best in local and national radio and actively supporting the community that they serve. R&R Radio Corporation's family of stations includes talk-radio favorites KPSI Newstalk 920AM & KGAM 1450AM; the new Mix 100.5FM, formerly Power 100.5, which changed its format earlier this year, dropping the rap (thank you!) and focusing on upbeat adult contemporary; and the "oldies" standard, KDES 104.7FM. Connecting with their listeners and giving back to the community is central to R&R Radio's entire team. Ric & Rozene lead by example, volunteering their time, talents and treasure to a number of valley non-profits, including Desert Regional Medical Center and the Nortel Networks Palm Springs International Film Festival, and their stations support a host of civic events throughout the year. But the Supples' latest "hit" isn't radio – it's their Camelot Theatres in Palm Springs. Here they show the best in art cinema year-round and if you haven't seen *My Big Fat Greek Wedding* or *Sordid Lives* get there fast – they are very funny! Check their website, [www.camelottheatres.com](http://www.camelottheatres.com), for current listings or call 325-6565. Contact the stations at 325-2582 or visit them on-line at [www.newstalk920.com](http://www.newstalk920.com) and [www.mix1005.fm](http://www.mix1005.fm).



Photo by Eithan Kaminsky



**Alex is World Series Bound!**

Howard Gordon's grandson, Alex, is on his way to the Babe Ruth World Series, again! His team of 14 year-olds, the Hazel Dell Metros, will be representing the Pacific Northwest. The series will be played Aug. 17-24 in Clifton, N.Y. Follow the team on the web at [www.geocities.com/adasww/2002](http://www.geocities.com/adasww/2002) or at [www.brlworldseries.com](http://www.brlworldseries.com). Or, call Howard and he'll keep you posted. Go Alex!

**Ric & Rozene Supple**

**R&R Radio Corporation/  
Camelot Theatres**



## 10 Tips for Reducing Employee Turnover

by Bill Cuff, Principal, MAS

Employee turnover is an increasing challenge for most businesses, particularly here in the Coachella Valley. Here are 10 tips that may be helpful with this challenge:

**1. Be a leader.** "Those who know where they are going and are excited about getting there will draw others to them." In other words, if members of your organization have respect and confidence in you and believe that you will lead them to success the chances are higher that they will stick with you. Most of us like to be part of a winning team.

**2. Clearly define individual responsibilities, objectives, and**

**budgets.** People usually prefer to know what is expected of them.

**3. Give individuals the "freedom to succeed."** Most of us do not like to have someone constantly looking over our shoulder.

**4. Create opportunities for employee development and learning.** Generally speaking, human beings are strivers — as well as competitors.

**5. Understand the motivations of employees in your organization.** Not everyone has the same motivations (some are motivated by promotions; some by money; some, by flex time; etc, yet most appreciate others being interested in them.

**6. Show respect and concern for members of your organization.** Common decency and "little things" do matter.

**7. Provide honest and timely feedback to employees on their performance and the performance of the organization.**

People usually like to know "where things stand."

**8. Listen to members of your organization and do not "kill the messenger".** A major problem with overly demanding bosses with a temper is that others tend to avoid them. Honest feedback from the troops is vital.

**9. Establish realistically high expectations for individuals in your organization.** While we may be demotivated by abusive bosses, we tend to be inspired by bosses who are convinced that we can accomplish more than we think we can.

**10. Last but not least, realize that money does talk.** To beat the competition, you most likely need to have the best people. The best expect the best. Money may not be the only motivator or even the most important, but organizations that are "penny wise but pound foolish" often suffer from higher turnover.

***"Those who know where they are going and are excited about getting there will draw others to them."***



## Time to Get Fiscally Fit!

Join Michele Moore, CTFA & Leslie Crane, CPA for the next "Fiscal Fitness for Women" course. The fall series will take place Wednesday evenings from 4:00 to 6:00 p.m. in our Indian Wells office. The series begins on September 11 and continues on September 18, 25, and October 2. There is no charge to attend. Please call Janelle Sheppard at 320-6642 to reserve your space.

### Maryanov Madsen Gordon & Campbell

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