

Exposing Dental Embezzlement And Protecting Practice Owners

David Harris: Ep #556



David Harris

The first thing I'll say is, trust your gut. Your intuition is telling you that things aren't right. They probably aren't. Unlike most businesses, your exchange of services and maybe goods for money is a little bit imperfect. That's a lot harder to do in dentistry. And that opens some doors for investors. The best number I can give you is that 70 % of dentists will become victims sooner or later.

Dr. David Phelps

you

Dentists, before you sell your practice, pause, because the fastest exit is often the one you regret most. Next Tuesday, October 7th at 7 p.m. Central, I'm hosting a free web class, Before You Sell Build Options Not Regrets. In this training, you'll discover why most dentists underestimate their true freedom number by 15 to 20%.

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how to turn your practice into an optionality engine instead of a burden, and how to spot the traps of rushed exits and toxic DSO deals before they cost you control and income. This isn't theory. It's a blueprint to exit the hamster wheel and design freedom on your terms. Register for the web class and start building options you won't regret at [freedomfounders.com slash web class](https://freedomfounders.com/web-class).

David Harris, founder and CEO of Prosperident, didn't set out to become the dental industry's most feared investigator, but after a desperate call from a dentist in 1989, he launched a 30 plus year mission to uncover the rampant, often invisible crime of employee embezzlement in dental practices. In this episode, you'll hear actionable advice on pre-employment screening.

the most common behavioral red flags of embezzlement, the emotional side of confronting theft and how to do it well, and the critical importance of systematizing checks and balances before it's too late. This episode delivers hard lessons in protecting your practice, your profits, and your peace of mind. Please welcome Mr. David Harris. David Harris, it's always a pleasure to have an opportunity to have a conversation with you. You have been well known and well respected in our industry.

helping practice owners, business owners discover the unfortunate issue that really affects all industries and particularly small business are prone to unfortunately investment by employees often very trusted employees people that we like and been with us for a long time and I think that's the nature of who we are as dentists and you know us very well is that we don't like conflict. We try to encourage a great relationship so we like to be friends with everybody. I mean if we could have the perfect world everybody would love us. Of course that's not the real world.

Tell me the backstory, David, about how you became involved in investigating dental embezzlement and what led you to found Prosperity.

David Harris

I'd like to tell you that I had a plan, I saw an opportunity and I went after it. That isn't exactly the way it happened. I got dragged into this, I'll say kicking and screaming David in 1989. A guy I'd been in high school with who had become a dentist called me in desperation one day. He knew I had an investigative background and that I guess I could claim some ability to think like a criminal.

So he called me, he said, David, I think my front desk person is stealing from me and I really don't have anyone else to call. So timing was perfect. I had recently quit my job. I was an investigator for a bank. I got frustrated one day and quit. So I'd been home about two weeks. I was bored. And when this guy called it, it seemed kind of interesting. So I said, sure, I'll go to your practice tonight after you close and let's get to the bottom of whatever this person's doing.

So I went to his office. Now this was 1989 BC. In other words, before computers, when practices used the old pegboard system. It was kind of the manual anti-see in the practice management software. And in those days, the amount that each patient owed was kept on a thing called a ledger card, an actual physical card. And when I got there, my friend kind of shoved this pile of cards at me. And I said, now we're going to do this a little bit differently. Show me where she works. So.

My friend took me over to her desk and I started going through the drawers in her desk. And at this point, my friend is kind of going bug-eyed like, you going to get me in trouble for this? You know, are we invading her privacy somehow? And I explained to him that it isn't actually her desk, it's your desk, she just works there. And what I found taped under one of the drawers in her desk was what we call in the trade, her cheat book. So this is where the person who's stealing writes down what they're doing so they know what's real and what's not in your accounts.

And now in 2025, the cheap book is more likely to be an Excel spreadsheet. But in 1989, it was an old fashioned notebook. So I found the notebook and the whole thing unraveled pretty

quickly from there. And a couple of hours later, we had a fairly good picture of what she had done. The amount she'd stolen was about \$35,000, which wouldn't really crack the radar today. But in 1989, that was a pretty significant theft. My friend said to me, thank you. I want to impose on you for one more favor.

I'm going to fire her tomorrow morning and I'd prefer not to do that alone. So can you come back in the morning?" And I said, sure, I'll probably be bored tomorrow. So of course I'll come back. So we fired her. It was over and done within about 10 minutes. My friend was grateful. He promised to buy me dinner that I'll mention I'm still waiting for. And I just kind of shrugged my shoulders and walked away thinking, well, that was interesting, but I didn't really envisage a career path for myself.

Well, two weeks later, lightning struck. And what happened, David, was I had an appointment at my own dentist's office and I had my hand on the front door and I was about to go in and I looked through the glass panel in the front door and sitting at his front desk was the same woman I fired two weeks ago. That is not what I said next. I cursed a bit and I turned around quickly hoping she didn't see me and I sprinted to a payphone because in 1989 I didn't carry a cell phone.

Dr. David Phelps

No.

David Harris

called the practice, used a little bit of deception to get past her and get to my doctor. And when he picked up the phone, I told him about the time bomb ticking away at his front desk. And he asked me, what the hell do I do now? I started answering the question and about a sentence and a half later he hired me. And that was my first client.

Dr. David Phelps

Interesting.

David Harris

And by the time I finished his work, the local Henry Scheinrep realized what I was doing and he had a couple of other dentists that he had concerns about, so suddenly I was in business.

Dr. David Phelps

So that brings me to my next question is how prevalent is embezzlement in our industry?

David Harris

A lot more than most people think. The best number I can give you, and there are clearly some unknowns and some interpolation that we have to do, but the best number I can give you is that 70 % of dentists will become victims sooner or

Dr. David Phelps

And I've seen this, I witnessed it from afar, but the point that in your first case, the woman, the front office staff member who you fired one day, two weeks later, she's in another practice in the community. How often does that happen? And what do you say about prosecution?

Because maybe it has to do with the amount of money, but if something's not done, then the person who perpetrates the fraud says, well,

If I got a little slap on the wrist, I lost my job, who cares? I can move on. How often is that happening?

David Harris

Well, let's talk about short-term and long-term actions because prosecution and our success rate of getting these people prosecuted is almost 100%. Okay. But it takes time. So I was testifying in a court proceeding two weeks ago and that was for somebody that we had caught just about 13 months before that. And in the world of justice, you know, which is a government bureaucracy, that's actually remarkably fast. So over to that.

13-month period, the accused, this happened to be in Massachusetts, the accused was walking around with the constitutional presumption of innocence. She's lost that now. But over that 13 months, she had no criminal record. There was really nothing stopping somebody else from hiring her. So in the long-term, prosecution helps take these people off the street. It really isn't going to make any difference in the two-week span that took place between

The first time I encountered dental embezzlement and the second time. Where I think dentists could improve is that most of them do a terrible job at pre-employment screening. Had her new employer called her former employer, there's no way she would have gotten that second job. And one simple phone call would have allowed the second dentist not to follow in the footsteps of the first and that call didn't happen.

Dr. David Phelps

So what else would you recommend adding to the pre-employment screening? Yes, it's relatively easy and simple to pick up the phone and call the previous employment. A background screening may or may not show something, but is that something you would add to it?

David Harris

Absolutely. I'll give you a statistic that your audience really needs to hear, which is that 70 million Americans have criminal records. Wow. So David, that's one in four adults. Yeah. And if you don't check that, you're playing Russian roulette and sooner or later you're going to lose. But it doesn't stop there either. It absolutely amazes me that most dental practices don't drug test applicants. And the DEA gives the profession the keys to the drug story.

You know, if I had a drug problem, and I've said this many times, if I had a drug issue, I can't think of a better place to work than maybe a periopractice or an OMS practice because controlled substance prescriptions go out of those places the way that Candy leaves my house at Halloween. So that's another part. I don't hire anybody without taking a look at what they do in social media because it's an easy and inexpensive way to learn a lot about a person. You know, I might see evidence of a high risk lifestyle. I might see

somebody bashing their current employer, which should concern me because they're going to do that to me next month. I hire them and they get a little bit disgruntled. It's even a chance to see kind of how people use language and whether their communication ability meets your

standards. So social media is another place to go. ■ I also highly recommend a little self-interest here, but I highly recommend looking at part of my company's website, Prosperident, which is called our Hall of Shame.

And we have about 800 embezzlers profiled in the Hall of Shame. And we get calls usually about every couple of months from somebody who's browsing there and they see their office manager listed in our Hall of Shame for a previous embezzlement. So that's another part of pre-employment screening.

Dr. David Phelps

You built the practice, you hit the income goals, but if you're honest, you still feel trapped, prisoner of your own success. You didn't get into dentistry to grind forever, chained to the chair, hoping a 401k will eventually set you free. It's time to stop working for your practice and start building a life funded and protected by it.

At the Real Wealth Conference, you'll learn how to optimize your practice to run without owning your schedule, replace your income with real cash flowing investments. Exit your practice on your terms without selling your soul to a DSO. This is not another CE seminar. It's the blueprint to real freedom built for dentists who refuse to die in the chair. This October 23rd to the 25th in Dallas, Texas, go to Real Wealth Conference

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to purchase your ticket. That's realwealthconference.com. Get out of the chair, get into the room. It's your move. We're going to talk about the services you offer and how and when to engage. Do you offer as a service to potential clients, dental offices, a package background screening?

David Harris

No, we don't. And there are a whole lot of laws around ■ background screening and they're state specific. And there are plenty of good companies in that space. So it's never somewhere I felt we needed to be. But there are plenty of companies that will do, I'm going to call it pre-employment screening because I'm really referring to the totality of things that should happen before somebody gets hired. Sometimes people use background check as synonymous with criminal record check.

Dr. David Phelps

Okay.

David Harris

I think when you quote background check somebody, it's got to be broader than that. There are companies that are really good at that and we don't do it. What we do though is we help dentists in two ways. have a, and I think of them sometimes as reactive and proactive. Reactive is when somebody calls us and I got three calls like this today from people who said, you know, my numbers aren't ending up or I've got somebody who's acting out a little bit or.

One of my employees came to me with concerns about another employee. Those were kind of the three that we had today. And we will do what I call interchangeably investigations or

audits when we kind of crack open their practice management software and see what's buried inside. We also proactively help practices put systems in place because every embezzlement can be traced back to a system failure. There was something that wasn't being done or there was a rule that wasn't being enforced or something. And it's just like dentistry, you know.

Proactive dentistry is a whole lot cheaper and less invasive ultimately than fixing what broke because somebody didn't do the basics.

Dr. David Phelps

So that I'm going to date myself, but I'm sure you'll appreciate there used to be the Fram oil filter commercial. can pay me now or pay me later. Kind of of kind of same thing, right? Paying early on the practice point would be the time to catch these things. But you offer services both ways. Productive would be the way a business owner should take it on, but it's really on a reactive standpoint. So you talked about the three cases of calls you just got this week. Seems like it seems like those are all.

David Harris

Thank you later.

Dr. David Phelps

would be very prevalent or common, one of the three, what are the behaviors or warning signs, I guess I would say, would potentially be out there for a dentist to look out for.

David Harris

thing I'll say is to the audience, trust your gut. Your intuition is telling you that things aren't right. They probably aren't. Specifically, I think we could point to a lot of behaviors, but I'm going to highlight some of the major ones. And the first thing, and I'm going to quote one of my investigators who's named Amber Weber Gonzalez. And what Amber said to me one day that always stuck with me is she said, the first casualty of embezzlement is transparency. When somebody is stealing from you, they don't want to be transparent. You will

I know again and they will use their own words but doctor go in your operatory and do high-end dentistry and I'll look after everything else. And let's face it David for a lot of dentists that's exactly what they're looking to hear you know. ■

Dr. David Phelps

Yeah, that's Nirvana,

David Harris

I didn't get

into dental school to run the place. They kind of sprung that on me later. I just want to fix teeth. So you'll get some element of that. A lot of thieves, in terms of more tangible things that we can look at, one thing we know is that thieves like to be alone when they steal. And that means that they will get to the office before everybody else or they'll stay late or maybe they'll just kind of quietly slip into the office on weekends to catch up on things.

And of course, superficially, working for you and working against you don't look all that different. A lot of dentists are convinced until suddenly they aren't that this employee is the most loyal, hardworking, dedicated employee they've ever seen because they spend extra time in the office. You know, they're kind of take charge people. Another symptom of embezzlement is that the thief will be the ultimate gatekeeper.

They will keep everybody away from the doctor, whether it's patients or the dental supply rep or the dentist's accountant. And again, if you're a dentist and you want to practice high-end dentistry, you really want your interruptions controlled. And at that level, that's great. On the other hand, the thief is also very adeptly managing the flow of information between the world and you. And that's not so good. Depends on the theft pattern, a lot of thieves will be reluctant to take a vacation.

because when they're gone, that control over information flow goes with them. And I think of an embezzlement early in my career, was a two-doctor periodontist practice. And the thief took them for about \$600,000. And the way it all came unglued was she broke her leg skiing one weekend. And Monday morning, for the first time anybody could remember, this woman was not in the practice. And then the phone calls started coming that normally would have gone to the office manager, and suddenly they were going to other people. And one of those people came in to the

one of the periodontist's operator and said, I've gotten three really weird phone calls this morning that I want to tell you about. And that was the undoing of this whole embezzlement. So vacation reluctance is a symptom. A lot of thieves will make the point of telling or showing the doctor how honest they are. And one of the things we know about honest people is they don't need to wave it around like a flag. They just believe that everybody perceives that they're honest and they have no need to tell people how honest they're being.

When somebody does that to you, that's a warning sign.

Dr. David Phelps

You mentioned that people who want to have access to drugs, narcotics, Parial, OMS, a great place to go. For general embezzlement, why is the dental industry easy prey? Is it kind of what we talked about earlier is that we want to be, you know, trust everybody we want. We're easily, I guess, convinced of loyalty, trust, honesty, or is there other aspects that make dentistry an easy target?

David Harris

I think there are a couple of factors and one absolutely is the dentist's emotional makeup and why they got into dentistry in the first place. And as I said before, I know very few people who picked dentistry because they have this strong desire to be a business owner. Most of the dentists I meet, and I'm like you, I've met tens of thousands in my career. Most of the dentists I meet are, first of all, healers and secondly, people of science. In other words, they function better in situations where

things are unfolding as predicted. And when they run into people with hidden agendas, most dentists I find don't function very well in that environment. So that's half of the problem. And the other half is that they have been thrust into this complex business environment with a lot

of twists and turns that they really aren't emotionally prepared for. The other thing about dentistry that a lot of people don't really think about is that when you think of most businesses, and let's pick a cardiologist.

What the car dealership does all day is it exchange goods or services for money. And you can kind of measure both sides of that. I mean, if I was an IRS auditor and I thought that a car dealer was kind of taking money under the table and not reporting it to the IRS, you know, I can look at how much they bought in parts and how much, how many new cars they bought and how many used cars they took in. And I could probably interpolate a profitability from those things. That's a lot harder to do in dentistry. The other factor that

I think contributes to embezzlement is that ■ a lot of dentistry is paid for by third-party called dental insurance. And that creates a little bit of indifference on the part of the patients about how much this stuff really costs. You know, they don't care about that. What they care about is how much do I have to Right. And that opens some doors for embezzlers.

Dr. David Phelps

Here's the truth. Most investors don't lose money because of bad luck. They lose it because they missed something. One line in the PPM that they didn't read closely enough, an assumption that sounded conservative until it wasn't. An operator who knew exactly how to sell the dream. It happens all the time and if you think you're too smart for it, you're already at risk. That's why we created the LP's capital preservation checklist

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in the show notes. That's [freedomfounders.com slash capital preservation checklist](https://freedomfounders.com/slash-capital-preservation-checklist) or tap the link in the show notes.

I want to back into the services you offer on a reactive warning sign basis. You talked about the very first case that got you into the industry being the analog pegboard system. Your first move was you there locally, you walked in and as an investigator, you wanted to look physically at the layout of the space and look at drawers. Now today, being able to work remotely, if someone calls you and says, think...

I'm concerned about is your first move to connect with their software and go there or and then when or is there a point where you physically need to go or has that become less of a consideration today?

David Harris

It's pretty much gone. I mean, we do 400-ish investigations a year typically, maybe one or two times we need to go on site. And the most common thing that does it, just to bring the

discussion full circle, is there are still a handful of dentists out there using pegboard. And a pegboard investigation, the only practical way to do it is to go on site. It's interesting because we still get one of those every couple of years. And the number of people I have now who actually have

worked in pegboard is down to three. So it's, you know, it's, kind of a vanishing expertise for us. And we actually have a whole segment in our, in our policy and procedure manual on how to do pegboard investigations, because most of the people who work here and we have about 25 people now, most of them have never actually worked in a pegboard office. So they're still out there and that's, that's probably the thing that is most likely to bring us on site. The overwhelming majority of our work is done at a distance and yeah, practice management software is a big.

of it because in most embezzlement and dental practices it's on the revenue side and that's where practice management software is key. I'll give you a little peek behind the curtain. One of the things that we do in a lot of types of software is we actually build a duplicate in our computer lab. So if you're using let's say Dentrax which is the most popular practice management software in the US, we will copy the data files from your Dentrax to our server and then we build a clone and we do our investigation in the clone.

And that does a couple of things for us. First of all, it keeps a good firewall between us and your staff because one of our touchstones is that your staff should not know that we're doing this. It also gives us the luxury because an investigation typically unfolds over about 12 weeks. It gives us the luxury of working with static data. Us trying to work in your live software sometimes is like you having a really squirmy kid in the dental chair. Whereas when we make a copy, our copy is kind of like a time capsule.

So we do that for some software, for other software, for a lot of reasons we don't. And of course, dentists are increasingly using cloud-based software and making a copy is just not really an option there. But if we can do it from a technical standpoint, we do.

Dr. David Phelps

Once you have made a determination in your mind or with your investigators that there is a definitive case of embezzlement, what, thinking forward on this, I never had to deal with this. Well, I didn't deal with it from an investigative standpoint. Probably dealt with it, I just don't know. I didn't deal with it, I'll just be honest. Once you make that determination, how much money could, I don't know what think about it. Once you make that determination, David, then.

What are the next steps? You pretty much concluded that there's something going on here. Maybe you've been able to pin it on a certain person, staff person, but how do you counsel the dentist? What are their next steps?

David Harris

The very first step, of course, is if this employee is still working there, which is the case in a fair number of investigations that we do, we need to get them fired. And you mentioned Dennis being anti-confrontational and generally all around nice people, and that's been exactly my experience over the last three and a half decades. So the first thing we do is we...

We help the dentist get emotionally and structurally prepared to fire the person. It will even take the form sometimes, and we don't do this always, but some dentists really need this. I'll send one of my team to go and sit with them and do the termination together. Because again, for a lot of dentists, especially if this is a long-term relationship, and the fact that somebody has worked for you for 20 years means that if they're stealing from you, there's gonna be a lot of emotional baggage. So if it's needed, we will.

sit there and kind of hold the dentist's hand and do it together. If the dentist is emotionally good to do it, then what we need to do is give them the right words to say and, you know, set up the terminations so that they're firing them at the right time of day and on the right day of the week and all those things. So one way or another, that's the first thing, get this person out there. Then we'll finish our work. We will give our final report. And that report is the raw material that the dentist is going to need for the next couple of steps. The next thing is

let's get some money back. And one of the enduring myths is that if I'm stolen from, I won't see a nickel of recovery from it. So, you know, why would I even hire an investigator? It's just kind of sending good money after that. On average, when people hire us over the course of a 12 week investigation and what happens after, they will typically get a 500 % return on what they pay us. And to be clear, David,

But getting money back is not why people should dig into this. The real answer in my mind is it's their chance to learn because as I said earlier on, every embezzlement takes advantage of a system breakdown somewhere. So if you've been stolen from, you've been given a chance to get better, to run your practice better, to not be a frequent flyer at prosperity.

Dr. David Phelps

Yeah, it's an investment that pays dividends throughout the cycle of the business practice.

David Harris

That's right. And you know, if you're a 30 year old dentist and you've been stolen from, you have a great chance to do things differently. So that's part of the process as well. But we want you to get money back. We want you to be further ahead financially than the day you called us. And that's almost inevitably the outcome. So we give people the raw materials they need to deal with insurance and also with law enforcement. And we strongly encourage

our dentists who are victims to put this employee into the tender clutches of the justice system. And we're very proud of our conviction record. And almost weekly, we have somebody somewhere facing legal consequences for what they did to a dentist. And that gets them off the street. It gets the dentist some emotional satisfaction. And it also produces financial return.

Dr. David Phelps

David, in your experience, what are the primary motivators for an employee to begin embezzling? Yeah.

David Harris

They

basically steal for two reasons. In some cases, I'm going to call it need. And needy thieves have something going on in their life that's turned their finances upside down. they just can't make their monthly bills. And maybe the basics of their existence are threatened, David. So they might be two months behind on their rent and about to get evicted. That's one cohort. The second group I call greedy.

And greedy thieves are wired a little bit differently. They feel like society's not rewarding them properly. They've tried to play the game legitimately and it hasn't really in their evaluation worked out for them. So they're stealing to get what they think they should have as a matter of entitlement. And these folks can be pretty dangerous. I they can be bottomless pits.

Dr. David Phelps

Do the needy ones often think about this is a temporary loan and I'm going to put it back as soon as I get through this month's rent or whatever it was? Is that oftentimes the case with those people?

David Harris

They tend to start that way. Eventually, you know, as they keep doing it and as they never get to that spot where they can pay it back, they sort of discard that rationalization at some point because it's kind of painful for them. I mean, if I know I've stolen \$150,000 and I know that there's no possible way that I can pay that back, it's easier for me just to let that go than to keep holding on to the thought that, someday I'm gonna win the Powerball and pay this all back.

Dr. David Phelps

Let's talk about ■ resources and services that you through Prosperity and Offer. ■ I know that you've got resources that people can access just to do some checks. So what are those and where would people go? To the website, I assume?

David Harris

Yes, they can go to our website, is www.prosperdent.com and there's a lot of information about embezzlement there, probably more than most people even really need. I'll also mention a fairly inexpensive assessment tool that we have been offering for the last six months. This is a \$1,500 kind of quick snapshot look at your practice. We look back at the last three months of information and we look for a defined series of things that might

confirm that you have a problem. We also do audits, which are a much more intensive, longer-term look at your practice. That was the 12-week kind of activity that we talked about a few minutes ago. And we do proactive work where we help put systems in place. The other part of our practice that people may not necessarily know about is we do a heck of a lot of work with attorneys. In fact, my next phone call after that, after...

you and I are done today is with an attorney and his client. She bought a practice from somebody that she was previously partners with. There's now a whole bunch of disagreement over kind of who paid for what and how much money is owed. we're, working with her to help sort that out. We also had a new client who actually signed yesterday with us and it's a situation where he bought a practice and he believes that he was lied to about.

some of the attributes of the practice like new patient exams and stuff like that. So we've hired to figure out what really happened and help his attorney make a case. He's really trying to get his money back for the practice. mean, he paid over a million dollars for this practice and it is just in his mind, not what he was led to believe it should be. And now he wants his day in court.

Dr. David Phelps

One last question along this line, because I really appreciate the conversation and I'm tracking with you very well. If I'm a dentist, a doctor who is considering buying a practice, generally speaking, it's advised to have on your team an attorney overlooking the legal structures and the transaction itself. Advised to have a financial person, typically a CPA, who would do look at the books.

And again, I'm thinking, do CPAs in general have the same perspective that you do? And I'm not saying either it was right or wrong, but it seems like it's a specialized, would it be a good idea if I were that doctor who was wanting to buy a practice? Maybe I'd call you for the financial work. Do you look at it that way or is it just special cases? What do people bring to you?

David Harris

So first of all, I am a CPA. In fact, I'm a forensic CPA. Let's understand that unlike most businesses, the accounting and dental practices is really split. you you're famous for helping dentists find good real estate investments. And real estate is a situation where the revenue and the expenses of a real estate business are normally accounted for in the same place. You have the same software that's looking at both. Dentistry isn't like that.

dentistry's revenue side is account of foreign practice management software and the expense side is QuickBooks or Stanger, some kind of accounting software. When an accountant typically quote looks at the books of a practice, what they're looking at is normally the expense side. And they typically don't have the expertise to dig into the practice management software or really understand what's going on there in sufficient depth to say, I think you have an issue.

So when your CPA does their financial due diligence, the focus is typically the expense side. Now, having said that, let's deal with a bigger question. You're a dentist, you're about to buy a practice, and you have some concerns about embezzlement possibly happening in that practice. The best advice I can give you, David, is keep your mouth shut. I know how weird that sounds, but let's say you're about to buy a practice and you have a suspicion of embezzlement, and you go to the seller,

And you say, okay, I'd like an embezzlement audit done before I buy the practice because I'm worried that staff are stealing from me. And we go in and we find that, yeah, you know, there's been \$250,000 a year, at least for the last three years that's been sold. What do you think the seller does next? They go back to the whoever did whoever valued their practice and they say, okay, you need to recalculate because I had this hole in my pocket that was causing \$250,000 a year ago.

and that hole has now disappeared and I want the buyer to pay more. Okay, so the advice I give and again, I know how counterintuitive it is for dentists. If you have suspicions, by all

means do an audit, but don't start it until the day after you bought the bracket.

Dr. David Phelps

Well, David, a very in-depth and very insightful conversation, which again, just we have about the same number of years, you know, in the dental industry, me as a practice owner and, and, and you'd be in working with practice owners and establishing proactive, but also defensive modes in dealing with this. It's something as you said, 70 % some are dealing with it at some level. It's just, to me, it just would be a no brainer if I were still in practice that I'd have you, you know, at least, at least take the, the tool.

If not, just do the audit because as you said, over the many years of practice, if you can put the right systems in place to de-risk the potential for embezzlement, the dividends pay on forever. And you never know how much that is, but you don't really want to find out how much that is. Just know it could be a large amount.

David Harris

Absolutely. know, it's unfortunately a lot of the clients who call us, they've kind of put their head in this hand for a while. And the final outcome of that typically is they take what started as a fairly small problem and by the time they call us, it's a much bigger problem. I am very happy to have a conversation with any dentist who wants to talk about their practice and decide what level of risk they face and whether an audit is something they should do or

Maybe they just need better systems. I I love having those conversations. If you're listening and you just want to kind of bounce stuff off a sounding board, I'm happy to be that person for you. And if the end answer is that you don't need anything right now, I will be the first person to tell you then.

Dr. David Phelps

Well, appreciate your time today and keep fighting the good fight for our colleagues in dentistry. Thank you so much. David. As a practice owner myself for several decades, I realized that trusting our staff employees is a hard thing for most of us to do.

David Harris

and you as well.

Dr. David Phelps

Why? Well, we like to maintain control. We have been taught in life to take the responsibility that the buck stops with us that if anything is going to get done, right? Well, we have to do it. And that's where the problem comes in because we can't do everything. We have to develop trust, but with accountability also with backstops or checks and balances as we delegate many of the activities that we shouldn't be doing that we don't need to be doing in a practice. And that's where

David Harris has developed the systems and protocols that provide those checks and balances. We can't become cynical in life. It's easy to do that when we've been taken advantage of. And I know every one of us has. Somewhere in our life, we've been taken advantage because of our good nature, our trusting nature. We wanna think the best of

everybody. I don't ever wanna change that. I think the biggest part of building trust with accountability is having those systems and protocols that don't allow the temptation for good people to cross over the line.

and start a methodology with no intentions of making it be big or to blow up. But in terms of embezzlement, it's the little things that start out very small. And then when no one is looking, no one seems to be checking, no one seems to care, then that person continues on and embezzlement becomes a bigger problem. So I found that having other people that can help me with the financial modeling of my practice, provide those backstops.

provide the checks and balances to do the things that I know I'm not gonna take the time to do because I know I won't do it, then I need those third parties and it's worth it for me to hire them, pay them for the services that they bring and then I can breathe easier at night knowing I've covered the bases and I can empower a team to do the things that I shouldn't be doing. As someone who's worked with hundreds of dentists on wealth building and building financial freedom in their lives.

The parallels that I see between financial freedom and operational control and practice are very similar. We love to do what we have been trained to do. The enjoyment for most of us as clinical practitioners comes from doing that work and solving the problems of the oral cavity for our patients. We love to get involved and see our handiwork turn into great results and outcomes. What we don't typically like to do is deal with all the ancillary parts of running a business.

And that is dealing with a lot of people, communications, leadership. It has to do with systems and protocols and a lot of details that if we try to take it on ourselves, we'll either burn out very quickly or we won't get it done very well. And that's where I think the dissonance occurs. We want to maintain the propensity of a strong practice, but our focus again goes clinical and we tend to turn our head away and just to keep our fingers crossed that something is happening well within the practice when many times it's not.

Same thing with our finances. Too many doctors have been, I think, deluded by Wall Street into thinking that there's a third party that will take care of your finances for you, your retirement accounts, your 401ks, your investment allocations, give it to somebody else and you do the work you're supposed to do, doctor. Same problem. If we abdicate to third parties, our financial future, then not that we're being embezzled, but I think we have people that don't necessarily know what we want.

And we've not allowed ourselves to become clear about what our future needs to look like. We don't have the conversations with our spouse that are so important about determining, well, how much is enough? And specifically, how much is enough for what? At what point in life do we need that? I haven't found a financial advisor anywhere that really helps doctors develop that and really allows doctors to build their own financial modeling with help, always with help, but tells doctors,

Hey, I'll take care of it for you. Let's have a meeting once a year or maybe a few times a year and we'll just reallocate some of your investments. That's not teaching a doctor and their spouse anything about how money works. And I think that's where the problem is. You've got to stay involved in what's important to you. It's gotta go beyond what you love about your

clinical practice. You've got to develop some skills that aren't always comfortable, but in my opinion, lead you to greater sense of freedom, lower stress and a peace of mind.

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just like you, who are creating replacement income, exiting practice on their terms, and designing the life they've always wanted. They'll sit across from multimillion dollar investors, dental insiders, and freedom architects who've already mapped the way out. This is three days to change your life. All it takes is one decision. Because here's the truth. If you're not at this event, you're just choosing to wait. Wait for burnout. Wait for the next crisis. Wait for freedom to magically show up. Listen.

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