

THE Witness Chair

Leading-edge Ideas for CPAs Providing Litigation and Dispute Resolution Services

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Sharing Files in an Insecure World

by Robert J. Garcia

In the age of information, data is our currency. How we store, move and use this data is critical to how we operate and do business. Consequently, the introduction of the file sync and sharing (FSS) service has provided major advancements to our data-driven world. But these advancements come with added risk.

Let's take a look at the history of the FSS, its many advantages and the new security risks they have introduced.

The first commercial FSS service began as a college project by USC student Aaron Levie in 2004. Frustrated with having to transport files between his library and dorm room PCs, Levie began developing what would eventually become Box.com. By 2007, competitors Dropbox and OneDrive had entered the fray, and the FSS market took off from there. Users quickly embraced the technology, businesses took note and, to curb non-sanctioned software and devices, the enterprise file sync and share (EFSS) service was born.

Today, Dropbox has 500 million registered users, with a valuation of \$10 billion, while Google Drive boasts an astounding 800 million active users.

On the business side, Citrix ShareFile, Box and Egnyte are major players, but Dropbox Business is king with 46 percent of the corporate market share.

EFSS has become such a critical part of the corporate data storage and collaboration strategy that market trends predict the industry to grow from \$3.35 billion in 2018 to \$10.94 billion by 2023.

With the many different FSS products and flavors, there are three main features in common.

The first is the original motivator behind Levie's little project: The ability to sync

files between devices, including personal computers, smartphones and tablets. The FSS interface can be a webpage or an application, and the data to be synced is not limited to a specific type (Word or Excel files, programs, music, pictures, even entire databases). Most third-party applications now integrate directly with FSS services, making data syncing an automatic and indispensable feature that users expect.

Another common feature of FSS is the ability to share data with other users, which can be done in two ways.

The first is sending large files beyond the email size limits. Most email systems cap the size of file attachments at around 30 MB, but with data files growing at an exponential rate, users have developed a need to transfer larger files than their systems allow. FSS services allow for data to be uploaded in excess of 3 GB, and provide additional features like password protection, download count limits, and notifications that files were delivered.

Many EFSSs also provide email plugins so the upload process is automatically performed behind the scenes when the email client sends an attachment over a certain size. For example, if a user sends an attachment over 20 MB through Outlook, their ShareFile plugin uploads the attachment to the cloud behind the scenes and sends a download link to the recipient.

The second method of sharing is the ability to create an entire folder hierarchy and set permissions all the way down to the file level. Permissions can be set as granular as the user wants, allowing external parties to read, edit, download, upload and collaborate in real time. Users can even set up email notifications for whenever changes are being made, and advanced versioning will keep track of these changes.

This collaboration is one of the main

factors that drove the explosive adoption levels of EFSS in the business world.

The third set of features that most FSS systems offer is built-in productivity tools to compensate for different end-user software. Gone are the days when two users had to have matching Microsoft Office installations, or Apple iWork Suite, to work together. Now, users can work together through built-in tools like Dropbox Paper, Google Docs or Box Notes to collaborate more efficiently.

FSS has given users and businesses some of the most powerful data storage, sharing and collaboration tools we have ever seen. These features have been presented in a user-friendly interface and operate seamlessly with our most popular systems and services so FSS has become a staple of our everyday lives. However, as mentioned, with these new abilities comes a unique set of increased security risks that must be addressed.

One of the most obvious risks with an FSS system at home or in the workplace is data loss. The exfiltration of data outside of a protected system can easily occur when an employee copies sensitive or proprietary data outside of the company through their personal Google Drive share. Many businesses would previously attempt to ensure confidentiality by blocking USB drives access on the local PC, or by using

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Section Action

Business Valuation

by Thomas D. Collins, CPA

At our February meeting we had two great speakers (esteemed past BV section chairs) discuss two hot BV topics.

In the morning, John Misuraca talked about case management issues, such as how to advertise and market; how to evaluate and accept clients; how to get paid; and many other lively issues. We had such a good discussion we didn't have time to evaluate two competing valuation reports from a civil case John had in his presentation material.

In the afternoon, Joseph Emanuele explained ways taxes affect flow-through entities under prior and current tax laws.

We also thanked Lynda Schauer for all her hard work keeping us together the last two years as chair of our Business Valuation section. Thank you, Lynda!

At our May meeting, John Misuraca went over those competing valuation reports we didn't get to at our February meeting. Rick Barnes discussed the ins and outs of corporate divorces under California Code Sec. 2000 and provided us with practical advice and discussed relevant Sec. 2000 case law.

New tax laws will lower taxes for many companies. Higher (after-tax) cash flows will increase the value of companies; however, over a longer period of time these higher cash flows will be offset by higher historical rates of return and higher discount rates. There are many different tax rates "baked in the cake" with the historical rates of return.

Over time, higher rates of return on companies' stock will increase the historical discount rates used to discount a company's earnings. These higher future discount rates will decrease the value of companies. This interaction of high expected returns and higher cash flows seems to counterbalance the times when we have lower cash flows and low expected rates of returns.

Tax rates since the 1920s have fluctuated widely with changes to both ordinary and capital gain tax rates at both the corporate and personal levels. There are many tax and

other issues imbedded in the historical rates of return we use to value companies, but this is the best data we have

to value of companies. I believe properly estimating a company's pre-tax cash flows is probably more important than having a perfect discount rate.

Thomas D. Collins, CPA, ABV, CFE is Business Valuation Section chair and has a small forensic accounting practice in Sacramento.

Economic Damages

by Travis Armstrong, CPA

During the Economic Damages Section sessions at the May 10 Joint Sections meeting we heard from experienced litigation attorneys from Crowell & Moring and Venable. During the presentations, the attorneys highlighted recent and noteworthy cases that had decisions or rulings applicable to damages experts.

First, one of the presentations explored the recent California Court of Appeals decision in *Apple, Inc. v. Superior Court*, 19 Cal. App. 5th 1101 (2018), which affirmatively ruled that California courts must apply *Sargon* when evaluating expert opinions during class certification when the expert opinion is relevant to one of the class certification elements.

This appellate court case stemmed from a trial court ruling that granted plaintiff's motion for class certification, but expressly refused to apply *Sargon* to the declarations submitted by plaintiffs' experts.

Although the opinion provides an interesting read regarding the approaches put forth by plaintiff's multiple damages experts, the appellate court did not rule on the admissibility of the experts, but directed the trial court to vacate its ruling on class certification and reconsider the motion while applying *Sargon* to the expert opinions.

Second, the recent high-profile litigation between Waymo (a Google unit) and Uber was reviewed. The presentation focused on the exclusion of Waymo's damages expert through review of Judge Alsup's ruling and other publicly available court filings. This case was a highly watched affair throughout Silicon Valley and beyond, which centered on allegations of trade secrets theft by a former Waymo engineer who started a company that was quickly acquired by Uber. The technology at the center of the trade secrets is LiDar, a critical component to self-

driving (or autonomous) cars.

Like the *Apple, Inc. v. Superior Court* case, the court's opinion here sheds light on the methods employed and information relied on by Waymo's damages expert and highlights issues that the judge believed warranted exclusion of the expert's opinions. Chiefly, Judge Alsup excluded the expert's opinions because they did not qualify as expert testimony under FRE 702 and because they were substantially more prejudicial than probative under FRE 403.

It is unknown how Waymo would have conveyed its damages to the jury, because on the fifth day of trial this case settled with Uber giving Waymo \$245 million worth of Uber stock.

These cases provide important concepts to consider when serving as a damages expert in both California and federal courts. **Travis Armstrong, CPA, CFF, CFE** is Economic Damages Section chair and a partner with Hemming Morse, LLP in San Francisco.

Family Law

by Darlene L. Elmore, CPA

As forensic accountants working in family law, we are advisers to attorneys and clients in many areas. One area that is at the forefront of the minds of most attorneys is income taxes. The effect of the Tax Cuts and Jobs Act (TCJA) on family law matters has been the source of much discussion, continuing education and articles, and will be a topic at the upcoming Family Law Conference in October.

But tax issues in family law matters is not a new issue. In fact, I would argue that rarely is there a family law case where income taxes are not a subject of discussion.

One area we regularly are asked to provide help with is child and spousal support calculations. Support calculations require an understanding of income taxes to properly input information into DissoMaster, as well as to understand what is available for support. Understanding phantom income, qualified business income and alternative minimum tax are just a few of the areas that can change a calculation substantially depending on whether or not the information is understood and input properly.

We often provide guidance on support agreements to avoid alimony recapture and to help ensure that agreements are drafted with adequate language to allow deductibility of the support.

Calculating the separate and community allocation of income tax liabilities and payments is another area where having a knowledge of income tax is necessary. This comes into play as part of a post-date of separation accounting as well as tracing community and separate funds during the marital time period.

Due to the special rules and complexities of preparing tax returns in a marital dissolution, we often become advisers to the parties when filing their separate returns after the dissolution.

Frequently, we are asked to provide guidance during the settlement negotiations and division of property. Clients want to know what their after-tax outcome will be under settlement proposals. Understanding the tax implications to selling different types of assets as well as dividing retirement accounts is important.

Income taxes in family law has become more complex. As advisers, we need to be able to spot issues in our clients' cases and remind attorneys and clients of the value-added services we can provide.

Darlene L. Elmore, CPA, ABV, CFF is Family Law Section chair and has a forensic accounting practice in Santa Rosa.

Fraud and Financial Investigations

by Tim Sherman, CPA

Cryptocurrencies and blockchain technology are among the most frequently discussed topics by forensic accountants. Digital currencies and blockchain are here to stay and their use will continue, impacting traditional forensic accounting.

While blockchain has numerous potential uses in the future (e.g., smart contracts and public ledgers), for the near term, forensic accountants should be aware of the prominent cryptocurrencies and how they are used to transfer value.

An informed investigator can identify these transfers. While this a deep topic, the following items can be used as a starting point to identify whether cryptocurrencies may be relevant to an investigation.

- **Cryptocurrencies can be used to hide or obfuscate transactions.** Be aware of common cryptocurrencies, the naming conventions of wallets and popular cryptocurrency exchanges. This knowledge can be used in interviews and document review.

Message From the Chair

by Greg Regan, CPA



When I first joined the Forensic Services Section, I was given the advice, "Get yourself in the room. Then, get yourself to the front of the room." (Thanks, Dan Ray.) Well, I am honored and excited to take the reins as chair. Over the years, I have learned a lot from the stewardship of my predecessors. I recall watching Mark Luttrell take time to interact with other members, including me, at my first meeting. Among many other things, Marie Ebersbacher, our immediate past chair, introduced mimosas at the outset of the meetings to invigorate conversation—and make the meetings more fun!

In the next two years (and beyond), I will do my best to help the FSS thrive. I will push us to continue the ambassadorship of welcoming and interacting with our members. From a practical standpoint, I hope to leverage the experience I gained as chair of the AICPA's Forensic & Valuation Services Conference to help our new section chairs identify timely topics and bring in talented speakers to our meetings. I'd like to thank those new section chairs in advance for the many hours of hard work they have contributed already and will contribute going forward. I'd also like to thank my fellow officers, Peter Brown (PwC), Bob Watts (Gursey Schneider) and Annette Stalker (Stalker Forensics) for valuable guidance they have contributed.

I hope to see or meet many of you at our meetings and events. Please feel free to send me your ideas and suggestions along the way. Together, we'll get our future leaders to the front of the room!

Finally, I'd like to give particular thanks to Mike Ueltzen and Paul Regan for being role models to me with their many contributions to CalCPA.

— **Greg Regan, CPA, CFF** is a partner at Hemming Morse LLP. You can reach him at regang@hemming.com.

- **Popular cryptocurrency abbreviations.** While Bitcoin (BTC) is the most widely known cryptocurrency, forensic accountants should track other popular cryptocurrencies and their abbreviations, such as Bitcoin Cash (BCH), Ripple (XRP), Litecoin (LTC), Ether (ETH) and Monero (XMR).
- **Lookout for red flags.** Some cryptocurrencies, like Monero, Zcash (ZEC) and Dash (DASH) are mostly associated with nefarious activities, as they provide more anonymity than Bitcoin and make it difficult to connect transactions with individuals.
- **Identify cryptocurrency wallets.** Cryptocurrencies require a wallet. For example, a Bitcoin wallet is 26-35 characters long. An email search for continuous string of characters greater than 25 digits could identify a payment wallet. Once identified, all transactions involving that wallet, including the wallet addresses of payors and payees, can be found by a blockchain explorer, like blockchain.info (with the caveat that this may not be possible with the more

privacy focused cryptocurrencies). It is possible to trace transactions between numerous related accounts after identifying just one wallet. Wallet owners may be discovered if they are on a prominent cryptocurrency exchange that responds to subpoenas.

- **Cryptocurrency exchanges.** These include Coinbase, Kraken and LocalBitcoins. Some provide online transactions, while others, like LocalBitcoins, allow individuals to meet in person to pay cash (or something else) for a cryptocurrency, providing obfuscation.

I would like to end this column to introduce myself as the new chair of the FFI Section and thank David Callaghan for his tremendous work as my predecessor. My fellow officers, Mike Garibaldi, Rachel Hennessy and Naddav Paran are enthusiastic about putting on informative programs over the next two years. Let us know if there is a topic you would like to see covered.

Tim Sherman, CPA, ABV is Fraud and Financial Investigations Section chair and a Senior Director in the Forensic Accounting & Advisory Services practice at FTI Consulting, Inc., based in Los Angeles.



New Tax Law— Why Should Family Law Practitioners Care?

by Leslie Dawson, CPA

Many family law litigation practitioners do everything in their power to avoid dealing with taxes—come on, admit it. However, the sweeping changes to our tax code brought about by the Tax Cuts and Jobs Act (TCJA) have made tax issues somewhat more complex and are forcing us to rethink old assumptions about support, business valuations and marital tax planning in general.

Before launching into the discussion of the federal changes affecting the family law area as a result of TCJA, there are two important things to remember:

1. Most of the changes discussed below will expire Dec. 31, 2025, if not changed or made permanent before then.
2. California has not conformed to any of these changes.

So, grab some coffee and let's get started.

Alimony

For orders entered into after Dec. 31, 2018, alimony will no longer be deductible by the payor or taxable to the recipient. Current orders and orders entered into on or before Dec. 31, 2018, will continue to be deductible/taxable under the current alimony rules. Modifications to pre-Dec. 31, 2018, will continue to be deductible/taxable under the current rule unless the new law is specifically adopted.

It is unclear what constitutes a "modification"—most notably, will a permanent support order with the final

divorce judgment be considered a modification of an existing temporary order?

This new law eliminates one of the most popular tax planning tools in divorces: shifting income from the spouse in the higher tax bracket to the spouse in the lower tax bracket, providing more income to be shared by the parties at the expense of the IRS.

This new law may also leave the supported spouse with no taxable income, thereby losing the benefit of head of household filing status, child tax credits, house-related deductions, etc. It also appears that the supported spouse will no longer be able to make an IRA contribution unless he or she has earned income/compensation from another source. These tax advantages are creating incentive to finalize all divorces by the end of 2018.

Exemptions & Child Tax Credit

Beginning with 2018, there are no more personal or dependent exemptions/deductions. At first glance, this should eliminate all the arguments regarding who is entitled to claim the children, which may or may not agree with what the judgment states. However, the child tax credit has doubled from \$1,000/child to \$2,000.

Furthermore, the income levels at which the child tax credit begins to be phased out has increased, making this credit more available to more taxpayers. Finally, up to \$1,400 of this credit is refundable.

The spouse with the greater physical custody of the child during the year will be able to claim the child tax credit. Prior to 2018, the custodial spouse could release the dependency exemption (and the child tax credit) to the other spouse via IRS Form 8332. With the elimination of the dependency exemption, it is unclear if this form, or some replacement, will allow the transfer of this child tax credit between spouses.

Mortgage Interest Limitation

For all new loans after Dec. 31, 2017, mortgage interest is allowed as an itemized deduction only up to \$750,000 of original purchase debt, reduced from the \$1 million allowed previously. Home equity mortgage interest (previously allowed up to \$100,000) is no longer deductible unless the proceeds

were used to improve the home or can be traced to an income-producing asset.

Why do we care? Because of refinances. If a refinance increases the amount of the loan (think, wrapping in the refinance fees) or increases the term, the refinanced loan will be considered a "new" loan subject to the new limitations.

Consider when one spouse is going to receive the family residence and must refinance the loan to remove the other's name. The new loan must duplicate or shorten the old loan as to amount and remaining time to payoff. It is unclear whether lenders are going to be able to fund new loans with odd amounts (\$946,275.87 versus \$950,000) and for odd lengths (22 years and 5 months versus 30 years). Perhaps lenders can find other ways of removing one of the spouses from the obligation without refinancing?

For now, if an outstanding loan amount is \$750,000 or more, the spouse receiving the property needs to be aware of this complication to assist in making the decision. Most likely, the spouse will need to contribute additional funds to pay down the current loan and accept a shorter payoff term.

Qualified Business Income Deduction

TCJA made significant cuts in the C corporation tax rates. To keep other business entities competitive, TCJA also provides for a new deduction of up to 20 percent of qualified business income (QBI). QBI is qualified trade or business income from an S corp, partnership or sole proprietorship.

The salaries paid to an S corp shareholder and the guaranteed payments paid to partners are not eligible for the deduction; only the flow-through profit from the business. At this time, there is no requirement for a sole proprietor to carve out "reasonable compensation" to be excluded from the 20 percent calculation.

Single filers with taxable income under \$157,500 and joint filers with taxable income under \$315,000 will be entitled to the 20 percent QBI deduction. Once these levels are reached, there are a series of hurdles that must be addressed to arrive at the full 20 percent deduction.

Note, the above levels are taxable income, not just the income from the business. This can be affected by a spouse's income, capital

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AICPA Alert

by Annette Stalker, CPA

The AICPA's Forensic and Valuation Services Section is organized into three committees that provide members with necessary tools and resources, including advocacy efforts, designed to enhance the service provided to clients. The AICPA FVS Executive Committee oversees the Forensic and Litigation Services (FLS) Committee and the Business Valuation (BV) Committee. These committees, comprised of volunteers from across the country and Canada, develop and deliver guidance for practitioners. The results of these committees are not possible without the tremendous effort by a host of volunteer professionals who participate in working groups and task forces.

CalCPA members have historically been very active on these committees and contributors on task forces/working groups. Please consider applying for a committee position or volunteer on a task force (<https://volunteers.aicpa.org>). CalCPA members who are AICPA committee representatives include Annette Stalker (FVS Executive Committee) and Travis Armstrong (FLS Committee).

Calculation Engagements

There is continued interest and education available about the distinctions between a "conclusion of value" and "calculated value," and how to properly apply the valuation standards in both a litigation and non-litigation setting. The AICPA has planned a webcast to further the education on this subject. Visit aicpa.org/interestareas/forensicandvaluation/cpeevents.html.

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gains, investment income or any other income. The taxable income is also affected by self-employed pension deductions, itemized deductions, alimony paid and other deductions available to the taxpayer.

If the business is a "specified service" business, then the deduction begins to be reduced for income over \$157,500/\$315,000. The deduction is eliminated at taxable income levels of \$207,500 or \$415,000 for joint filers. A service business is described as:

- Any trade or business involving the performance of services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, financial services, brokerage services, or any trade or business where the principal asset of such trade or business is the reputation or skill of one or more of its employee or owners, or
- Any business that involves the

performance of services that consist of investing and investing management, trading, or dealing in securities, partnership interest, or commodities [Sec. 199A(d)(2)].

For all other businesses, the deduction may also be reduced at income levels over \$157,500/\$315,000. The deduction equals the lesser of:

- QBI x 20 percent
- The greater of W-2 wages paid x 50 percent or W-2 wages paid x 25 percent + unadjusted basis of qualified property

How does this affect family law? This 20 percent deduction can be a significant reduction in taxes, which, in turn affects the support calculations since these are based on available after-tax income. At present, the program widely used for the support calculations requires the 20 percent deduction to be calculated separately and the deduction, if any, be entered into the program.

FVS and the Tax Cuts and Jobs Act (TCJA)

To keep the FVS community current on how TCJA might impact them, the Business Valuation Committee has formed a Tax Valuation task force that is working in conjunction with other committees within the AICPA to provide accurate and timely information.

National Forensic and Valuation Services Conference

The 2018 FVS Conference will be held Nov. 5-7 at the Atlanta Marriott Marquis. In addition to traditional concurrent tracks for forensic and valuation professionals, we'll have a new "Emerging Technologies" track that will tackle topics such as the intersection of FVS and Big Data, virtual currencies and blockchain. Visit aicpastore.com/Accounting/aicpa-forensic---valuation-services-conference/PRDOVR-PC-FVC/PC-FVC.jsp.

Eye on Fraud Publication

The AICPA FLS Committee's Fraud Task Force started quarterly publication of *Eye on Fraud*, a newsletter designed for FVS professionals that profiles trending or new fraud schemes. Visit aicpa.org/interestareas/forensicandvaluation/newsandpublications.html.

Upcoming Guidance

In addition to many practice aids, whitepapers and toolkits available on the AICPA FVS Online Professional Library, there are several new and updated practice aids planned for publication in 2018, including:

- Reasonable Certainty in Economic Damages—Calculations Volume II
- Calculating Intellectual Property Infringement Damages (Update)
- Calculating Lost Profits (Update)
- Communications in Dispute Services Engagements
- Analyzing Financial Ratios/Preparing Financial Models (Update)

Annette Stalker, CPA, CFF, CFE is chair of the AICPA FVS Executive Committee and the owner of Stalker Forensics in Sacramento.

The deduction can vary from year to year. As indicated above, a large capital gain can eliminate the deduction in one year, but the deduction may return in the next. It may be that we will see more annual reconciliations requiring the parties to run support calculations each year using actual income and actual tax deductions as compared with amounts paid during the year.

Closing

The changes brought about by the TCJA highlight a broader issue that the specific tax effects for the individuals involved may impact support, alimony buy-outs, property division, business valuations and other issues involved in negotiating or litigating a divorce. Family law experts can provide more valuable assistance to clients by having an understanding of these tax effects.

Leslie O. Dawson, CPA, CVA, ABV, CFF is a former Family Law Section chair and owner of Dawson CPA Firm in Walnut Creek.

HAPPENINGS

FORENSIC SERVICES SECTION 2018-19 MEETING DATES

All Sections Joint Meeting	Oct. 25 May 9	SFO Doubletree South
Business Valuation	Aug. 16 Feb. 7	OAK Holiday Inn LAX
Economic Damages	Feb. 20	LAX
Family Law	Aug. 17 Feb. 8	OAK Holiday Inn LAX
Fraud and Financial Investigations	Feb. 21	LAX
CalCPA Education Foundation Family Law Conference	Oct. 18 Oct. 19	Westin LAX Oakland Marriott

Register online: www.calcpa.org/fss. | For more information, call (818) 546-3502.

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expansive Data Loss Prevention software to ensure that specific data stays internal. Unfortunately, FSS systems circumvent these controls. Hosting a hybrid EFSS on internal company resources provides some risk mitigation, as data transfers can be limited or at least logged.

However, as long as sensitive data can be synced to an employee's personal device, and that device can be lost or stolen, the risk of data loss is ever present.

The flip side of data loss is the risk of incoming malicious data into an otherwise protected network. IT organizations spend an inordinate amount of their time and budget detecting and preventing malware and viruses from gaining entry. Firewalls, intrusion detection systems, email and web spam detectors, and antivirus programs are just some examples of the many systems at work to keep the user environment secure.

When users receive files through an EFSS, they are circumnavigating these protective systems (except possibly for antivirus on the local machine). This is the stuff that keeps company security engineers up at night.

There's also the risk of incorrectly assigned permissions. When users assign their own permissions to data, an incorrect setting to the wrong recipient can be catastrophic. Additionally, allowing write permissions to another user can be an

inherently risky proposition. Allowing an external party to write to an internal resource is akin to letting a friend rent a room in your house. If that friend is later infected with ransomware, they will bring it to your home as well. In the case of a hybrid hosted EFSS, the company's network has just been compromised.

The most prevalent security risk that we see involving the FSS are phishing attempts using fraudulent invites to share. Typically, a user will receive an emailed link inviting them to connect to a shared document. The share will lead them to an authentic looking webpage designed to mimic one of the major FSS providers, a practice called brandjacking. The user will then be prompted to enter their credentials. These may be their Office 365 username and password, local company password, Gmail credentials or often, their real Dropbox password.

These credentials end up in the hands of malicious actors, who now have access to the user's email or FSS. This technique is often called Dropbox phishing due to the fact that Dropbox is the No. 1 target of these scams.

So what controls can we use to mitigate the increased security risk introduced by the FSS? The No. 1 control—and the cheapest—is education through regular training. Users should always be on alert and question any unexpected email they receive, but this is especially true with an FSS invite.

All FSS request links must be examined

by first hovering the mouse over the link. If the link says www.MyCompany.Dr.Oboxx or www.ClickMeQuick, this is obviously not a legitimate link. Once clicked on, the user may be prompted to create a new account on a hosting company's EFSS. However, they should never be prompted to enter any of their existing account credentials.

As I explain to users, if I send you a sharing link from my FSS, why would I need your Gmail username and password? I wouldn't, unless I was trying to gain access to your Gmail account. Ultimately, if there is any doubt, the best course of action is to contact the person who sent you the link to confirm its legitimacy.

Outside of education, the next best control a company can implement are strict, clear policies on what data should be stored or shared through FSS. These policies should be communicated to everyone and enforced, potentially with the help of a DLP system.

FSS and EFSS systems are a fixture of our lives and businesses. They allow us to share data and collaborate with ease, and at a rate never before imagined. With these new abilities come new security risks, but through education and the proper policies, we can avoid the pitfalls and take full advantage of the next-generation work environment.

Robert J. Garcia, CISSP, PMP is the IT Director at Gursej Schneider LLP in Los Angeles.

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