



Freeman  
Mathis & Gary LLP

# MECHANISMS TO AVOID LIABILITY

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# Where we are

## California

Los Angeles – Downtown  
 Los Angeles – El Segundo  
 Los Angeles – Orange County  
 Sacramento  
 San Diego  
 San Francisco – Downtown  
 San Francisco – Marin County  
 San Francisco – Walnut Creek

## Connecticut

Hartford

## Florida

Tampa

## Georgia

Atlanta  
 Forest Park  
 Savannah

## Indiana

Indianapolis

## Illinois

Chicago

## Kentucky

Lexington

## Massachusetts

Boston

## New Jersey

Cherry Hill  
 Newark

## New York

New York City

## Ohio

Cincinnati  
 Cleveland  
 Columbus

## Pennsylvania

Philadelphia  
 Pittsburgh

## Rhode Island

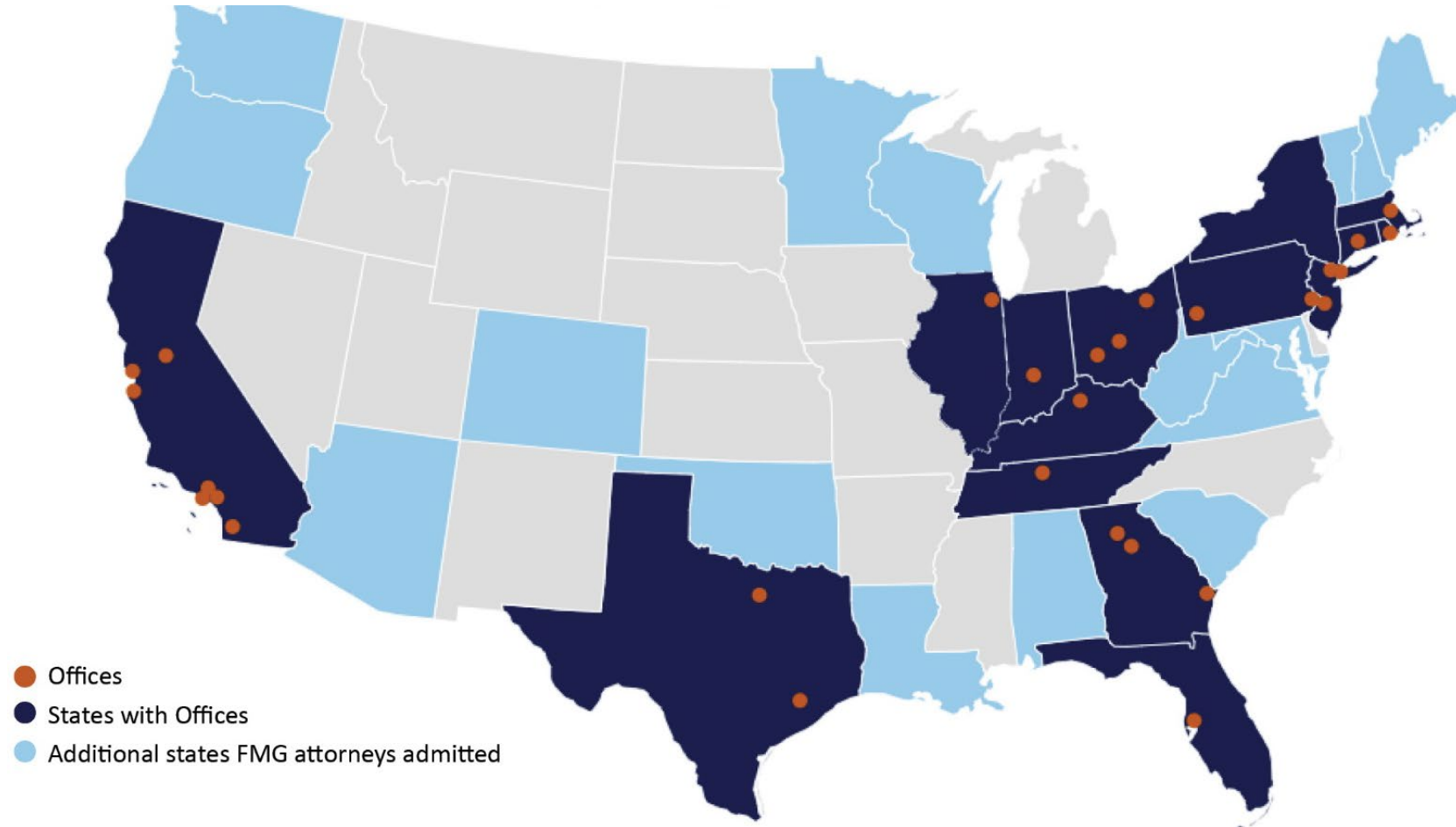
Providence

## Tennessee

Nashville

## Texas

Dallas  
 Houston



- Offices
- States with Offices
- Additional states FMG attorneys admitted



Risk management across entire organization



Owner/Employee "buy-in"



# CLIENT ACCEPTANCE / CONTINUANCE



Written criteria for client acceptance



Client integrity



Sufficient skill set to handle client's needs



Disgruntled client



Firmwide client termination process



Assess history of management/owner disputes and/or disputes with prior professionals, litigation...

# ENGAGEMENT LETTERS



Annual for all engagements



Scope



All changes in scope in writing



Responsibilities:  
Client and Firm



Dispute  
Resolution



Fees

# STAGES OF ENGAGEMENT

- Client engagement evaluation process
- Administrative record
- Engagement delivery
- Engagement closure
- Final version of documents
- Record retention Policy



## IDENTIFYING NEED TO DISENGAGE

- Firmwide Criteria
- Client integrity / financial issues
- Change in client circumstances or the engagement
- Chronically non-compliant
- Evaluate on a yearly basis

# POLICIES TO ACHIEVE BEST PRACTICES

- Risk mitigation
- Tone at the top
- Avoid employee dabbling
- Engagement properly stated
- Additional training required
- Avoid one-offs
- Second partner review

- Industry Expert
- Document research performed and conclusions in working paper
- Written communication to clients on research findings re: tax and accounting positions



# INTENRAL RISK ESCALATION



# FIRM CONSOLIDATIONS

- Identify target
- Conduct due diligence
- M&A committee or Firm Integration Director to oversee and execute integration plans
- Structure transaction to mitigate risk
- Tail insurance
- Target responsible for deductible
- For clients: Run through acceptance and continuation process
- Consistent engagement letter process

## Firm Consolidations –(continued)

- New offices?
- Will there be a new service area?
- Open lines of communication
- Review all employment / ownership agreements
- Review all insurance policies



# EMERGING TASK AREAS



REGULATORY  
ACTIVITY



STAFFING



ESG



TECHNOLOGY



CRYPTO-DIGITAL  
ASSETS



POST-COVID  
ENVIRONMENT

# PRESENTERS



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