

A Funny Thing Happened at Work

You Want Me to Do What?

Mike Crawford, CPA, explains how an audit investigation landed him in a Las Vegas gentlemen's club.

A few years ago, I received the most unusual audit request in more than 20 years of practice. I was working for one of the South Pacific island governments, reviewing the audit reports from the government's office of public auditor prior to their release. My reviews provide guidance to the auditor's office as to report content, wording, conclusions and recommendations.

I received an e-mail that included a draft report from the auditor's office dealing with an investigation into allegations of improper use of a government credit card and excessive spending on travel and entertainment by the government's airport director. Included in the draft was a claim that the airport director and the governor of the island had spent nearly \$2,000 of government money in one night at a Las Vegas club. The draft stated the credit card receipt had a business name other than the name of

the club. Based on a phone call, it was determined the facility was a gentlemen's club.

The response from the airport director was that the charges were "for a dinner show to discuss aviation objectives between the airport director and the governor with two officials from the Nevada state government." When I e-mailed my draft suggestions back to the auditor's office, I suggested they might want to consider obtaining better evidence that the facility in question was indeed a gentlemen's club before finalizing a report implicating the island governor of wrongdoing.

The next day, I received a response from the auditor's office stating they agreed with my suggestion. However, they said it would be cost prohibitive for them to investigate it further from the South

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Michael A. Crawford, CPA, is chairman of Crawford & Associates, P.C., in Okla. City, Okla. Crawford is a past president of the OSCPA, past chairman of various OSCPA committees and a member of the Oklahoma Accounting Hall of Fame. He is a current member of the Governmental Accounting Standards Advisory Council, nationally recognized as a frequent lecturer and speaker, an author of various AICPA technical publications and the current co-author of the CCH Miller Governmental GAAP Guides and Updates.

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Pacific and asked if I could fly to Las Vegas and check out the club for them. *I couldn't hit the reply key on my computer fast enough!*

Las Vegas, here I come!

Then I had to explain to my wife why I needed to fly to Vegas that weekend.

When I described the situation to her and rationalized why I needed to go to a gentlemen's club, she calmly said, "When are WE going?"

Las Vegas, here WE come. Not only did she want to accompany me to Las Vegas, she wanted to go with me into the club.

When we arrived, we asked our taxi driver to take us by the address so we could see the facility. We asked him if he knew the location. "Sure, that place is one of the classiest strip joints in town," he said.

It was going to be an interesting evening.

Now, I'm not the sort of fellow who frequents gentlemen's clubs, so it was a relatively new experience for the both of us. I would probably have felt a little uncomfortable by myself anyway, but I assure you, I was even more so with my wife sitting by my side.

The place was definitely a strip club. It offered limited food, expensive drinks and beautiful young ladies, dressed only in G-strings, who performed non-stop stage and lap dances, with a VIP room for private dances.

I began my undercover work (no pun intended).

I asked to see the manager under the guise of checking out the club as a potential site for an upcoming bachelor party. I did this to obtain evidence of how and what one could charge on a credit card in an effort to try to explain the charges to the government's card. When I returned to our table after meeting with the club manager, my wife looked flushed. I asked her what had happened and she said the young ladies were constantly coming by and asking if they could perform a lap dance for her. I asked my wife how much it costs and whether it could be put on a credit card.

It was just part of the investigation, but you should have seen her face.