

The Family Law Financial Discovery & Asset Dissipation Checklist

15 CRITICAL FORENSIC VERIFICATION CHECKS FOR MULTI-YEAR BANK RECORDS, COMMINGLED ACCOUNTS, AND HIDDEN INCOME



THE RESPONSIBILITY & THE RISK

In high-asset dissolutions and temporary support hearings, a single unflagged transfer or omitted brokerage statement isn't just an administrative oversight — it is grounds to reopen a settled decree and direct exposure for legal malpractice. Opposing counsel banks on your lack of forensic accounting staff. A structured document verification protocol protects marital settlement value and uncovers dissipated marital property before Monday's hearing.

THE 5-STEP FORENSIC VERIFICATION WORKFLOW

1



Baseline Account & Tax Return Reconciliation

Verify reported gross income on Form 1040 (Line 1/8) and Schedule C/E against actual rolling 12-month bank deposits across all known accounts.

- Cross-reference total deposits against reported gross receipts to isolate off-the-books revenue.
- Check for unlisted 1099-MISC/NEC distributions and depreciation add-backs in cash-flow calculations.
- Confirm account numbers across all monthly statements match disclosures provided in formal interrogatories.

2



Cash Outflow & Structured Withdrawal Audit

Identify any recurring ATM withdrawals, debit disbursements, or check runs systematically staying under \$10,000 reporting thresholds (anti-structuring scan).

- Audit repeated round-number ATM/teller cash withdrawals (\$2,500, \$5,000, \$9,500) within 90 days of separation.
- Identify checks made out to 'Cash' or endorsed over to non-party relatives or newly formed entities.
- Document unexplained surge in lifestyle expenses or personal credit card paydowns using business checking.

3



Commingled Funds & Separate Property Tracing

Isolate pre-marital capital infusions and inheritance receipts against post-marital joint account commingling under community property/equitable distribution rules.

- Trace origin of down payments for marital residence against verified separate-property bank balances.
- Document transmutation events where separate accounts were converted to joint survivorship tenancies.
- Apply lowest intermediate balance rule (LIBR) to commingled accounts prior to settlement negotiation.

4



Hidden Entity, Peer-to-Peer & Digital Asset Scrutiny

Inspect business and personal records for stealth outflow channels: Venmo, Zelle, PayPal business balances, crypto exchange off-ramps, and dormant LLCs.

- Reconcile total outward transfers to P2P apps (Venmo/Zelle) against peer-party account statements.
- Subpoena transaction history for recurring micro-debits to cryptocurrency exchanges (Coinbase, Kraken, Robinhood).
- Search Secretary of State corporate registries for undisclosed entities formed within 18 months prior to filing.

5



Exhibit Indexing & Evidentiary Page-Number Anchoring

Ensure every financial assertion in your Temporary Orders motion, affidavit, or settlement brief cites an exact statement date and source page number.

- Verify that every disputed line item is highlighted, bates-stamped, and bound to a formal exhibit index.
- Eliminate unverified estimates: convert vague claims ('Opposing party spent lavishly') into forensic facts ('Exhibit 4, Page 18: \$42,500 transferred to offshore entity on 11/04/2023').

OPPOSING COUNSEL & FORENSIC RED FLAGS TO CATCH



Selective Missing Statement Months: Gaps in consecutive bank statement sequences (e.g., months 4 and 11 omitted in a 24-month subpoena response).



Round-Dollar Transfers to Insiders: Lump sum transfers (\$15,000, \$25,000) labeled 'loan repayment' or 'consulting' to siblings or family trusts immediately preceding petition date.



Negative Cash-Flow Lifestyle Deficit: Tax returns claiming \$60,000 annual net income while credit card statements demonstrate \$18,000 monthly living disbursements.



Abrupt Pre-Separation Account Closures: Lines of credit drawn down to maximum limit with funds transferred into newly opened, undisclosed depository institutions.



Shadow Commercial Transfers via Personal Apps: High-volume Venmo or Zelle deposits into non-business personal accounts without corresponding sales tax or 1099 filings.

ETHICS & SUPERVISION CHECK (ABA MODEL RULES)

• Rule 1.1 - Competence in Evidence Review

Duty to independently verify and comprehend complex financial records before presenting sworn affidavits to the tribunal.

• Rule 1.5 - Fair & Verifiable Client Disbursements

Litigation support tools like NeXa can be billed to client matters as approved case disbursements when permitted under firm retainer agreements

• Rule 1.6 - Client Confidentiality & Sealed Records

Protected financial disclosures, SSNs, and tax returns must remain in zero-training, US-only SOC 2 certified environments.

• Rule 5.3 - Supervising Partner Liability for AI/Staff Outputs

Attorneys must maintain active supervisory oversight over all automated calculations and document summaries prior to signing pleadings.