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## 5 Types of Clients CPA Firms Should Avoid

By *Cathy Whitley* and *Mark Walicki*.

Emily Ryan was a hard-working CPA who in the early days of her career began doing the tax work of an up-and-coming actor.\* Over time this actor became a big star nationally but continued to stay connected with those who had helped him achieve his goals. This included Emily, who had recently started providing consultative type services in addition to his tax returns.

As the actor's salary continued to increase, Emily's partners were very happy to expand their business relationship with him. The star was well known throughout the office. They often allowed him to hand out movie premiere tickets and memorabilia as a courtesy to the staff or in lieu of payment and agreed to services with just a handshake. He even accepted a personal referral from one of Emily's partners despite the lack of qualifications. Emily grew increasingly uncomfortable with how the client relationship was proceeding and expressed her concerns to her partners. However, no one else wanted to 'rock the boat' by asking the actor to forego the perks over something as trivial as an engagement letter.

Over time, the actor became more and more demanding. He started asking Emily to book flights, find him hotel rooms and make dinner reservations. Oftentimes, he would angrily complain that she failed to do things he requested in which Emily had no recollection. When Emily decided to accept a job with another firm, she decided to leave the actor client with her former colleagues. Several years after her departure, she read in the newspaper that her former firm was being sued by the actor. The claim cost them a great deal of money, and the news stories about the lawsuit and court proceedings put a black mark on the firm's reputation.

# What did the firm do wrong?

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option. It may hurt financially in the short run, but in the long run it can save you a great deal of aggravation and avoid a potential professional liability claim. In Emily's case, she was aware that her client's profile was changing and that her former firm was not willing or capable of handling such a demanding high net worth individual.

To help you avoid a similar situation, the following is a list of some common high-risk clients, along with some tips on how to mitigate your potential exposure, short of ending the relationship:

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misperceptions that women and firms have about how and why women pursue partnership and other senior leadership positions.

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