

FINANCIAL AND ENTERPRISE DATA ANALYTICS – FRAUD DETECTION AND INVESTIGATIONS

Business fraud is a growing issue in this challenging economic environment. According to the Association of Certified Fraud Examiners (ACFE) in 2008, U.S. organizations lose an estimated 7 percent of annual revenues to fraud. The growth in the complexity of financial systems and the globalization of business processes challenge any organization to prevent and detect fraud. FTI Consulting's Financial and Enterprise Data Analytics (FEDA) practice has the experience and tools to mitigate fraud risk and to conduct investigations into potential fraudulent activity.

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— Association of Certified Fraud Examiners (ACFE)

FTI Consulting is a leader in identifying, tracking and investigating fraud in organizations. Its portfolio of products and services afford a vast array of tools and methodologies to mitigate the effects of fraud. FTI Consulting's approach is to minimize the exposure to fraud throughout the enterprise and to aggressively investigate any allegations of fraud effectively and efficiently.

SERVICE OVERVIEW

FTI Consulting's Financial and Enterprise Data Analytics (FEDA) team delivers strategic business solutions for clients requiring in-depth analysis of large, disparate sets of financial, operational and transactional data. This approach to managing large and disparate sources of information affords the opportunity to identify potential irregularities and patterns in the data which may indicate fraud.

The FEDA professionals business and technology experience allow them insight into the critical business processes where the risk of fraud is greatest. By understanding the sources of data and mapping the relationship between data in various systems and geographies, patterns emerge that may be signatures of fraudulent activity.

Our specific services include:

- Identifying, acquiring and normalizing relevant data;
- Identifying the relationships between multiple sources and data points;
- Designing and implementing appropriate tests and triggers to identify suspected transactions;
- Providing a platform for the review and investigation of these transactions among interested parties, such as experts, corporate and outside counsel, and co-defendants.

This data-intensive analysis serves as the foundation for the identification, investigation and mitigation of fraud in the enterprise. Once the potential fraud has been identified, the FEDA team supplies the analysis necessary to effectively and efficiently support a thorough and timely investigation. The investigation may be part of an internal audit or in response to a regulatory or law enforcement action.

The identification and investigation of the fraud is only the beginning of the mitigation process. FTI Consulting also has the capability to identify potential assets which may be linked to the fraud. FTI Consulting has worked with trustees and other parties to recover hundreds of millions of dollars in fraudulently held assets.

INVESTIGATIVE EXPERIENCE

FTI Consulting's Financial and Enterprise Data Analytics team leads investigations into the facts and circumstances surrounding a potential incidence of fraudulent activity. FEDA professionals also analyze financial data to assist companies with risk avoidance and mitigation in their operations or business transactions; determining, "Who knew what and when," is the pertinent fact related to internal corruption, fraud or other detrimental corporate events. FTI Consulting has been engaged to monitor compliance, investigate fraud and mitigate the damage from fraudulent activities in these and other areas of specialization:

- Fraud analytics
- FCPA and UK Bribery Review and Monitoring
- Anti Money Laundering
- Transactional and Operational Due Diligence
- Regulatory response coordination
- Employee and Vendor Fraud

ADVANCED TOOLS

FTI Consulting's FEDA team relies upon a number of analytical software packages to join disparate data sets into a single repository and to perform various analyses upon them. FEDA professionals choose from a set of standard protocols to create custom processes to identify trends, patterns and outliers to identify fraud. They may also use visualization tools, such as Tableau to review and report their findings. FTI Consulting also uses proprietary secure on-line transaction review and redaction software to allow counsel and clients to review specific transactions or redact all or part of a transaction for privilege. Some of the technologies deployed by the FEDA team include:

- Oracle
- Microsoft SQL server
- IDEA
- Audit Command Language (ACL)
- Greenlight
- Oversight
- FEDA developed proprietary tools

FRAUD DETECTION METHODOLOGIES

FTI Consulting's FEDA professionals have extensive experience in the managing and mining of large complex information systems. The nature of business processes and transactional systems within the modern enterprise afford new opportunities for fraudulent activity by both employees and third parties. Understanding these systems and the relationships and interactions between them is imperative to assure that they are not compromised. FEDA's fraud analytics allow the implementation of a customized methodology to suit a particular investigative need and is based upon a large analytics library of possible fraud indicators. FTI Consulting uses a number of skills and processes to aid in fraud detection across the enterprise:

- Database intrusion and compromise analytics focused on log file parsing and the analysis of the actions of users within the systems.
- PEP analysis (politically exposed persons): matching high risk individuals against suppliers, customers, agents and employees, OFAC and sanction lists (SDN).
- High risk payment analysis.
- SWIFT message parsing for ease of review by counsel and clients to track the flow of funds between financial institutions.
- Identification of evidence of the manipulation of system processes or programs to facilitate fraudulent activity.
- Identification of "red flag" to support the investigation of fraud.

"The significant problems we face cannot be solved at the same level of thinking we are at when we created them."

— Albert Einstein



Critical thinking at the critical time™

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 3,700 employees located in 22 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. The company generated \$1.4 billion in revenues during fiscal year 2010. More information can be found at www.fticonsulting.com.