

Fraud.
Control weaknesses.
Bribery and corruption.
Payments to foreign agents.
What's hiding in your
transactional systems?*

“Our experienced and dedicated forensic technology staff in Zurich and Lausanne are supported by advanced tools and an extensive technology infrastructure. This powerful combination gives us the ability to perform sophisticated data analytics and transactional analyses to respond to your specific needs, such as regulatory investigations and remediation, litigation disclosure or corporate investigations.

We not only have the global reach to ensure large and complex projects are handled efficiently and consistently, we also have extensive experience within Switzerland and Europe. We understand the impact that Swiss and European data protection laws can have on an investigation or a regulatory disclosure.”

Nico Van der Beken
Leader, Forensic Technology Solutions, Switzerland

“The global PricewaterhouseCoopers network of 350 dedicated forensic technology professionals in 30 countries is committed to helping clients understand and reduce their exposure to regulatory violations, control weaknesses, fraud and other problems that can be revealed by examining their financial and business systems.

We combine forensic accounting and technology expertise with state-of-the-art tools to provide you with sound, experience-based, industry-focused advice.

We understand where to look and how to examine the vast amounts of data in your systems effectively and efficiently to help you comply with complex regulatory and legal requirements.”

Hans Henseler
Central Cluster Director, Forensic Technology Solutions

What evidence do you need from your transactional systems?

Organisations hold vast amounts of data spread across financial systems, enterprise resource planning (ERP) systems, procurement systems and so on. We have developed sophisticated routines to unlock the information held within these systems and help clients to:

- investigate suspected fraud
- investigate compliance with competition, anti-corruption and other applicable regulations
- look for corruption or collusion
- address whistle-blower allegations
- extract financial and structured enterprise data to comply with litigation or regulatory disclosure
- verify or dispute creditor claims (or perform other claims management)
- look for patterns, trends and anomalous transactions.

Investigators are under increasing pressure...

The potential is vast: complex accounting systems provide endless hiding places for suspicious transactions.

Fraudsters are creative: the human mind is inventive, devious and adaptable, particularly when there's money to be made.

Detection is a challenge: even if you have good reason to suspect something, finding evidence requires constantly-varying methods of detection.

The target is always moving: with corporate restructuring, mergers and acquisitions, and systems changes, gaps can appear virtually overnight.

Compliance is getting harder to achieve and manage: regulations are more stringent than ever.

Problems are harder to find: our weighted risk assessments often turn up problems that sampling would miss.

...and the stakes have never been higher

The environment is unforgiving: many jurisdictions impose jail sentences and fines for corporate executives who knowingly misstate financial reports. The regulatory environment is tightening and there are more enforcement actions. Foreign Corrupt Practices Act (FCPA) investigations are everywhere. And all companies can face significant damage to their corporate reputation and brand.

The liability can be huge: restating accounts can result in fines, shareholder action or class-action lawsuits. Investigations are costly and disruptive. Bad press can embarrass officials and impact share prices. And company officials can be just as liable from unintentional control weaknesses as they are for fraud.

Tap into a wealth of experience

Since 1990, PricewaterhouseCoopers (PwC) has worked on hundreds of forensic data analytics cases in over 30 countries.

As part of one of the world's largest professional services firm we have the experience, knowledge and skills—supported by cutting-edge technology—to help companies and their advisors find the control weaknesses in their systems, investigate suspicious transactions, remove false positives, understand what's required by the regulators and deliver it with minimum disruption.

We combine a depth of experience and expertise across the spectrum of industries from software and semiconductors, to financial services and forestry & paper. Collectively, we have detected and recovered millions of pounds lost to fraud and have secured systems to prevent millions more from being lost.

We have identified control and procedural issues and have helped companies remediate those issues to come into compliance with regulations. And we're working with clients to set up continuous monitoring.



No margin for error

When hit with litigation or a regulatory investigation, you must secure and analyse the relevant data. When you suspect fraud, you must investigate.

Even when there is no suspicion of wrongdoing, it can be extremely valuable to look for, identify and remediate control weaknesses that could lead to fraud or compliance breaches.

To do that successfully, you need the best advice from professionals who understand your unique circumstances. You must choose an advisor who:

- understands the legal ramifications of all parties' actions in every jurisdiction
- can deploy equipment and personnel to secure data immediately
- can conduct an intelligent risk assessment specific to your industry, company and situation
- can augment an existing database of fraud detection routines and red-flag reports with tests customised to your risk profile
- can combine results weighted by risk factor
- can examine related transactions
- uses state-of-the-art, evidentially-sound software and tools
- is able to integrate with your teams and technology
- will deliver expert advice wherever in the world you operate
- understands the impact that fraud or non-compliance can have on your business.

The PricewaterhouseCoopers difference

With the experience of conducting hundreds of system reviews, we know they can be complex. We understand the high-pressure environment created by an investigation. We know that off-the-shelf technology is not always capable of taking into account industry factors critical to reduce inefficiencies, errors and false positives. Even companies that have the technology and expertise often don't want to run these complex analyses on live systems.

And it all has to be done within a risk framework and a legal or regulatory context. This is why engaging PwC is the right choice. As your trusted advisors, the forensic technology teams work with your in-house teams to help you understand, mitigate and manage these high risk situations.

You gain access to unrivalled expertise and proven methods as well as constantly-updated fraud profiles and best practices. We invest over 6 million CHF every year in developing cutting-edge facilities, technology and software. We are familiar with the vast majority of enterprise resource planning (ERP) and financial systems, and can write interfaces to custom and legacy systems. Our methods, algorithms and technology are highly effective at finding fraud and other anomalies. We also invest in ongoing training, continuous improvement and knowledge-sharing programmes for our people, so that everywhere we operate you can be certain of uniform excellence and sound methodologies as well as intelligent, valuable, experience-based advice and the very highest quality service—on a global basis.

We have been working closely with internal audit teams and corporate investigators for over 15 years. With more than 350 dedicated professionals in over 30 countries, we understand the complexity of dealing with local legal, regulatory and cultural environments. Our teams have spent thousands of staff-hours investigating and solving these specific issues. Our scope and capability is simply unmatched.



PricewaterhouseCoopers can simultaneously deploy teams across the world, working in diverse cultures and varied technology environments. We apply a global, standard approach to produce consistent output.

The Issue

The billion-dollar sale of a portfolio of international concerns was well underway when allegations of corruption threatened to unravel the deal and expose the company to regulatory investigations across its global operations.

Until the allegations surfaced, the deal had proceeded smoothly. The typical due diligence process was being followed and both companies were expecting imminent regulatory approval. The accusation that subsidiaries were paying bribes in foreign countries put everything at risk. The buyer promptly expanded the scope of its review process beyond the usual M&A protocols. What's more, the US Securities and Exchange Commission (SEC) and the US Department of Justice (DoJ) took a keen interest in the investigation. They wanted to know if the suspected corrupt business practices were systemic and if bribery was being used to unlock business opportunities worldwide. They wanted to know if the company was in violation of the US Foreign Corrupt Practices Act (FCPA).

Given the time-sensitive window of opportunity to sell the business, the company chose PwC to investigate the issue quickly, efficiently and thoroughly. The findings had to be verifiable, beyond reproach and completely satisfying to all parties. After all, a prolonged, costly and disruptive FCPA inquiry would not only alienate the buyer, it would also likely de-value the sale—if, indeed, it proceeded at all.

The approach

The company engaged PricewaterhouseCoopers because of our global presence and expertise: forensic accountants and technologists familiar with local cultures and languages as well as financial, legislative and regulatory systems.

We began by reviewing the company's operations and immediately pinpointed over twenty regions that were high-risk areas for corruption. Using local teams, we took steps to identify, preserve, retrieve and analyse vast amounts of electronic data from diverse corporate and financial systems: detailed financial information from an assortment of locations including general ledgers, disbursement and vendor files, and treasury records, emails from laptops, and log files from servers.

It was a complex task. Not only did we have to comply with numerous international, regional and local laws and regulations (such as European data protection and privacy laws) but this mass of data needed to be aggregated, culled, analysed and then presented in the exact formats required by the various investigators, M&A teams and regulators. All in a very short time.

The result

This exhaustive review was crucial in helping the company, its M&A professionals and its legal experts to negotiate with regulators from the SEC and the DoJ. It was also vital in preserving the ongoing viability of the company's strategic billion-dollar sale.



PricewaterhouseCoopers has teams with experience of the highest profile, most complex, corporate investigations and forensic data analytics projects on record.

Calm and reasoned

Working closely with your team, we will manage and coordinate the whole investigation and analysis process. We will provide you with a detailed understanding of where to look for and how to identify suspicious transactions and control weaknesses, all the while providing a review that is evidentially sound and will stand up in court. The result is a cost-effective and thorough investigation, giving you the peace of mind that comes from using the world's pre-eminent forensic technology advisors.

Minimise risk, maximise value

Many companies are concerned about frauds and weaknesses that bleed the P&L. While these may not be material, they can add up quickly and they always have the potential to damage reputations and brands.

With PwC on your side, you have an efficient process that searches across your entire enterprise for suspicious transactions and other anomalies. Where we find fraud, we help you prove it and attempt to recover your loss. Where we find control weaknesses, we can help you fix them. Regardless of what we find, you know your reputational and financial risks are minimised. Which adds up to good business and great value.

Could this happen to you?

A multinational company with operations abroad suspected fraudulent activity. From our detailed review and effective data mining, we discovered that one supplier was being paid over 5 million CHF per year without delivering a single product. The “supplier”—who was even registered with the government—was revealed to be operating out of a small house in a modest neighbourhood and, after further investigation, turned out to be an employee of the company.

Or this?

During a recent post due diligence investigation, our data mining technology uncovered payments to family members of government officials. The officials were integral in securing building permits for an area not designated for our client's business. We helped the company's executives understand the implications of the resulting violations of the US Foreign Corrupt Practices Act, enabling them to self-report the infractions to the government. It was a pre-emptive decision which saved the company from sanctions and negative publicity.

Fraud or carelessness—you must address both

Like it or not, dishonest people exist. They're hard to track down and are becoming ever more sophisticated. The trails can be hidden amongst millions of transactions across multiple systems and sites. Can you be 100% sure that your financial controls are watertight?

If you have a mandate for risk management, fraud prevention or financial regulatory compliance, please get in touch. We can help.

If you suspect fraud, call us right away

We'll help you secure and capture all relevant data. We'll run tests that detect known fraud schemes and build routines to check against your suspicions. Because we examine all the data—not just a sample—we can go into great detail wherever the investigation leads us.

We document our work so that if the case goes to court, our findings stand up. Cases often settle because the information we provide is solid and compelling.

“We trust PricewaterhouseCoopers, their speed and efficiency. The biggest benefit is their knowledge and experience because the consequences of not doing it right are too significant to contemplate.”

A sound process for finding the needle in the haystack

First, we:

- **analyse** all possible data sources, then work with your people to extract the data that we need, usually in its native format
- **create** a customised risk profile based on your industry and situation
- **assess** the data for integrity
- **load** the data (all of it, not just a sample) into our vast transactional analysis system
- **prepare** the data by standardising names and addresses and adding nicknames, aliases and other name transliterations
- **validate** unique identifiers such as DUNS numbers, telephone numbers, NI numbers, and so on.

We then run our interrogation processes to reveal the data's secrets. We:

- **compare** profiles of hundreds of known fraud schemes
- **run** red-flag reports based on experience and expertise
- **create** custom reports specifically for your risk profile
- **search** for improper or suspicious activity
- **identify** risk areas
- **report** results and rank transactions based on weighted risk priority.

Our examiners work with your team using a variety of tools including:

- **tailored** routines to look for those things you suspect might be wrong
- **adjustable** algorithms to provide fuzzy matches and reduce false positives
- **customised** views to reveal patterns and pinpoint the information you're looking for
- **matching** and clustering run across different entities to identify suspicious transactions
- **specific** data mining
- **bespoke** red-flag reports and analytics.

Our technology allows us to extend the investigation in any direction the data takes us and drill down as far as required.

How to mitigate disruption

Regulatory investigations and litigation can cause serious disruption to your business. We recommend some simple steps to help limit the cost and disruption.

If you want to assess your exposure:

- create a fraud risk profile specific to your industry, organisation and specific concerns
- perform transaction risk analysis to identify suspicious transactions and weaknesses in controls
- remediate the weaknesses that are found and implement ongoing analyses
- use independent consultants to validate your findings and explore remediation steps.

To minimise the costs of litigation:

- conduct an expert review and revision of your information retention and destruction policies
- implement a litigation readiness programme
- design a litigation hold process that is manageable, affordable and sufficiently rigorous
- work with your IT department to ensure clear communication between lawyers, IT staff and operations staff.

If you are hit with litigation or a regulatory investigation:

- implement an immediate litigation hold (based on the pre-planned process and customised for the situation)
- identify all individuals involved and advise them how to preserve information to comply with the preservation order
- monitor compliance to litigation hold until case disposition.

We can help. Right now. For free.

For information about how fraud may affect your business, take a look at our Global Economic Crime Survey by visiting:

www.pwc.com/crimesurvey

With our experience and expertise, PwC is ideally placed to advise company executives on how to limit the risk of their exposure to fraud and other economic crime and reduce disruption if it is discovered.

For a confidential discussion on any of these matters, call one of the numbers below and one of our team will be in touch with you.

Contacts

If you have a mandate for risk management, fraud prevention or financial regulatory compliance, please get in touch. We can help.

Nico Van der Beken
nico.van.der.beken@ch.pwc.com
+41 (0)58 792 82 51

Gianfranco Mautone
gianfranco.mautone@ch.pwc.com
+41 (0)58 792 17 60

Rolf Schatzmann
rolf.p.schatzmann@ch.pwc.com
+41 (0)58 792 17 70

www.pwc.ch/fts

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