



Fraud Investigations

Forensic Investigations and Intelligence



Fraud and financial irregularities are some of the most complex and challenging issues facing organisations today.

On discovering an irregularity, an organisation is often unprepared to respond and react appropriately. This can result in major financial damage, as well as posing serious reputational and regulatory risks. Despite these threats, many organisations fail to take adequate steps to prevent, identify, respond to and recover from such incidents.

How Kroll can help

Kroll's unique blend of service offerings provides clients with expert advice and support at every stage of the process, from investigation to recovery, training and prevention.

Our global investigations team includes fraud investigators, forensic accountants, intelligence specialists, asset tracing and recovery experts as well as data analytics and cyber investigation expertise. We can draw evidence from internal or external sources, whether electronic, paper or human. Reviewing very large volumes of data to find the facts that matter is what we do every day. These skills, best in class when standing alone, are uniquely Kroll when combined. We offer them to clients separately, or as an integrated service.

We are able to engage clients quickly to provide truly independent and objective findings to regulators and authorities. As we specialise in fraud investigations and do not provide other services such as statutory audits and tax advice, we tend to have fewer conflicts.

Our approach

Our approach is tailored to your requirements and the facts of each case. The approach will be dictated by your objectives:

- Evidence to substantiate suspicions
- Reputation management — message to the market
- Damage assessment quantification/materiality
- Recovery

- Criminal conviction
- Systems and controls improvement

In the initial phase of an investigation, we will work with you to identify your needs and build a team to match them. We would normally expect such cases to be cloaked in legal privilege, via in house or external counsel.

What we do

Focus — on important issues using small, experienced teams to maintain confidentiality and efficiently prioritise tasks.

Collaborate — work with you to avoid duplication, maintain privilege and ensure rapid progress.

Gather evidence — recover documentary, electronic and third party evidence to standards imposed by criminal codes

Analyse data — use the latest techniques to identify critical issues, trends and patterns to cut through accounting and communication data mountains.

Report — to you on agreed milestones in summary form to isolate key findings, supported by forensic detail for evidentiary purposes.

Recover — use asset tracing and recovery tools to maximise recoveries in line with your legal strategy.

Remediate — work with you to prevent fraud events by systems improvement and training.

Case studies

Middle East banking fraud

Kroll was appointed by the Bahraini Public Prosecutor to investigate the collapse of two Bahraini banks following an alleged US\$9bn fraud in Bahrain and Saudi Arabia. Our team reconstructed the complex transactions conducted by the banks to establish whether these vehicles had perpetrated or facilitated the fraud, while simultaneously examining the role of senior personnel to assess their knowledge and complicity. At the same time, our team liaised with prosecutors and regulators in a number of jurisdictions, including the US, Switzerland and the UK. Criminal charges have subsequently been brought against numerous parties by the Bahraini authorities.

Multinational retailer defrauded by finance staff

Kroll was retained by a multinational retailer after Police informed them that funds which had originated from their UK operations had been deposited into a suspected drug dealer's bank account via an account of an employee in their finance department. Kroll worked with the police and the retailer to understand the circumstances surrounding the suspected fraud. Kroll quickly established that the Head of Accounts Payable had embezzled \$7M over an 18 month period

through the creation of a fake supplier. Kroll's forensic accountants documented the actions by the employee which included detailing hundreds of complex false entries in accounting records to conceal the fraud. Kroll's computer forensic consultants obtained the subject's email for analysis and provided the evidence as to how the employee set up the fake supplier account. Kroll's report and supporting evidence enabled the police to secure a conviction and the retailer to successfully obtain compensation from its insurer. In addition, Kroll worked with the retailer's legal advisors to obtain the relevant freezing and disclosure orders.

Russian bank fraud

In 2011 Otkritie Bank, based in Moscow, approached Kroll with concerns regarding an apparent \$150 million loss in its London based fixed income trading team.

In a first phase of work Kroll conducted an onsite investigation in London, comprising a forensic review of trading records and interviews supported by computer forensics and investigative research into asset profiles.

This phase of work confirmed that the bank had suffered a fraud and aided the initiation of legal proceedings in London to freeze assets and obtain disclosure.





In the second phase, Kroll worked with the client and its legal advisors in providing evidence to support applications for further disclosure to trace the proceeds of the fraud and identify further assets.

Kroll's investigations spanned Europe, the Middle East, Asia and North and South America and ultimately resulted in the provision of expert witness reports in support of a civil fraud claim in the UK and to help initiate proceedings in several overseas jurisdictions.

Kroll further provided the electronic disclosure services to secure, process and review more than 100 terabytes of electronic documentation and then procure trial bundles for court.

Finally, Kroll worked with the client to report to the financial regulator and to help the regulator with its enquiries into the fraud.

The judgement, which was issued in 2014, found in favour of Otkritie and has resulted in the recovery of a significant proportion of the fraud proceeds.

Successful criminal proceedings in the UK resulted in custodial sentences for two of the defendants.

Corrupt CEO of foreign subsidiary

Kroll was engaged by a global retailer to investigate the background and associations of its China CEO who was suspected of having engaged in a series of business irregularities. Kroll's investigation confirmed underlying connections between the CEO and a number of external entities that had been inserted into the Client's distribution chain. Transactions with these related parties had been authorized by the CEO and resulted in substantial bad debts for the company's China operation. After reviewing Kroll's report, the Client decided to terminate the CEO's employment and take control of the China operation.

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About Kroll

As the leading independent provider of risk and financial advisory solutions, Kroll leverages our unique insights, data and technology to help clients stay ahead of complex demands. Kroll's global team continues the firm's nearly 100-year history of trusted expertise spanning risk, governance, transactions and valuation. Our advanced solutions and intelligence provide clients the foresight they need to create an enduring competitive advantage. At Kroll, our values define who we are and how we partner with clients and communities. Learn more at [Kroll.com](https://www.kroll.com).

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