

Keep control of your business and reputation

Anticipate and fight Fraud & Financial Crime

*Corruption, Fraud,
Bribery, Tax Fraud and
Money Laundering are
all significant threats for
your business.*

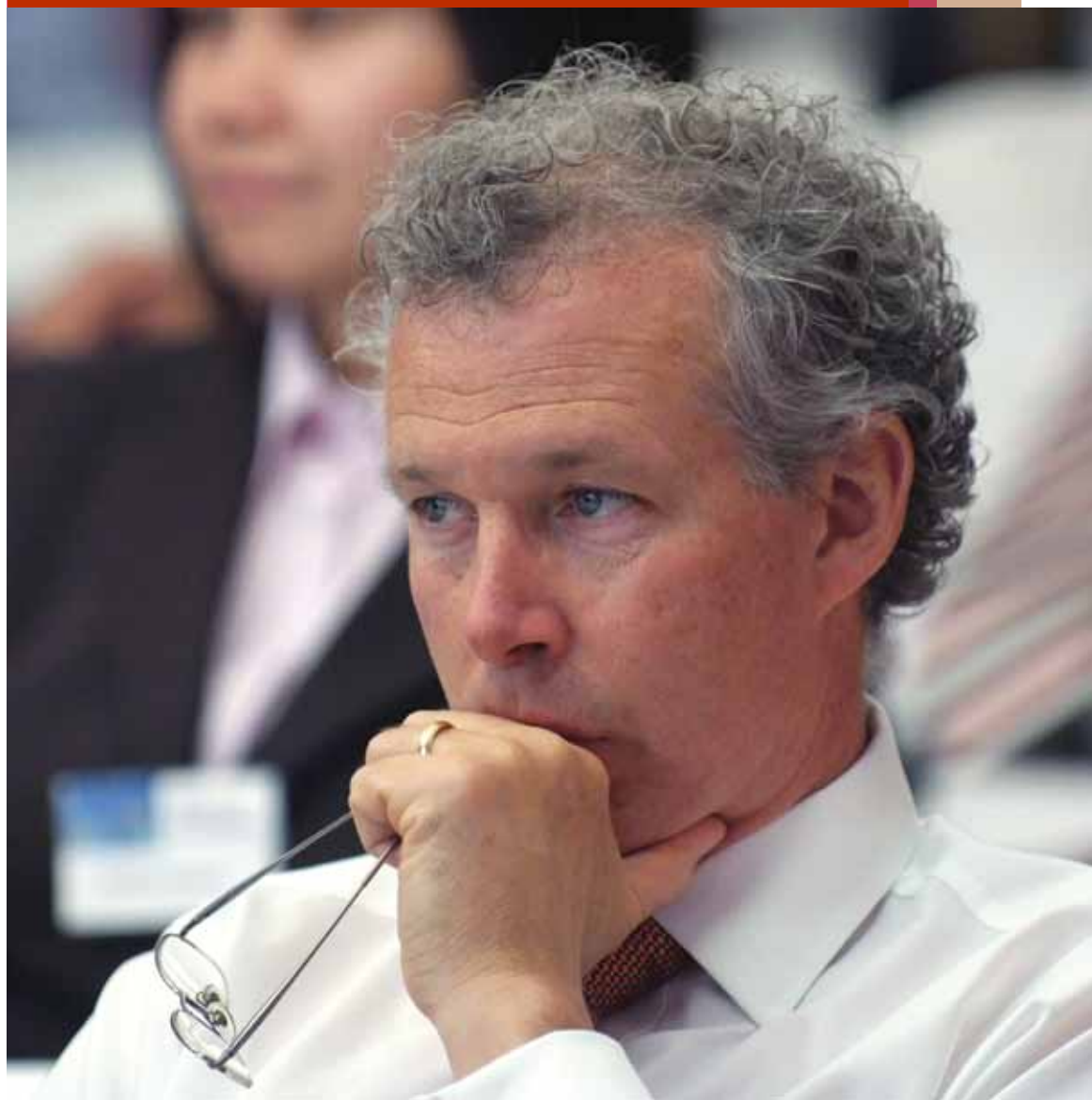


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Tackling forensic issues and financial crime

Financial crime remains one of the greatest threats for businesses worldwide as it drains earnings. It exposes both companies and their senior management to criminal and civil liability. And worst of all, it can significantly damage companies' most valuable assets – their reputation and their brand value as demonstrated by recent scandals.

Efficient prevention and timely detection are therefore critical to safely manage fraud risk, especially in a human-sized and dense business network like Luxembourg's.

Our forensic services

- **Investigations**
How can you investigate fraud and corruption?
- **Forensic technology solutions**
How do you use technology to protect your company?
- **Fraud risks & controls**
How can you manage your fraud risks?
- **Anti-money laundering services**
How can you make sure that you are in compliance with anti-money laundering regulations?
- **Crisis management and remediation services**
How do you keep control after a fraud incident?

Our Global Economic Crime Survey revealed that 44% of financial institutions and 45% of insurance companies had reported being victims of fraud.



Fraud's hall of shame

Financial crime takes on many different forms. The most prominent types of financial crime are:

- *Asset misappropriation,*
- *Accounting fraud,*
- *Bribery, and*
- *Corruption.*

However, many additional types of fraudulent activities put your company at thread and you have to be aware that fraud has many faces.

The declining market and financial crisis have highlighted the increasing probability of fraud occurrence because of its impact on individuals' compensation and balance sheets at corporate level in such circumstances:

- Our 2009 Global Economic Crime Survey revealed that 44% of financial institutions and 45% of insurance companies (ranking 2nd and 3rd) had reported being victims of fraud.
- Grown incentives (68%) and easier justification (14%) for committing fraud were meeting an increased opportunity (18%) to commit fraud.
- More stringent regulatory requirements, not the least regarding fraud prevention, are to be expected and have been released internationally already.

We report in our 2009 Global Economic Crime Survey increasingly devastating fraud fallouts:

- 19% of reported fraud cases induced critical damage to the victim organisation's brand. This average value is significantly higher for small and dense business centres like Luxembourg.
- In 2009, the direct financial loss induced by fraud resulted in EUR 700,000 for 27% of reported cases.
- 23% of reported fraud cases endangered the victim organisation's external business relations.



Our forensic services



Finding out what's really happened: beating fraud and corruption with thorough investigations

Each case of fraud and corruption investigation is different, depending on the nature of the problem. Whether it is a finance director who finds bogus sales invoices or a chief executive who is worried by inconsistent statements, it is necessary to provide clarity and evidence through investigation services. Therefore information has to be gathered and reviewed, interviews conducted and theories developed – all designed to prove or disprove the allegations.

Our detection and investigations specialists work with our experts in forensic technology solutions, combining extensive practical experience, formal training and a wide range of tools and techniques to detect and investigate fraud.

Your challenges

- Your organisation has suffered asset misappropriation in any form, including theft of cash or other assets, procurement fraud, expense or payroll fraud, loan or mortgage fraud, theft of trade secrets or diversion of revenues.
- You need to respond to bribery and corruption claims (incl. Foreign Corrupt Practices Act breaches).
- There is a suspicion of accounting fraud or manipulation (at group, company or divisional level) and inappropriate or inadequate disclosure.
- There are concerns about the adequacy or effectiveness of anti-fraud programmes and controls over financial reporting.
- You suspect that there are breaches of ethics, conflicts of interest and other forms of management and employee impropriety within your organisation.
- You have to deal with regulators.

How we can support you

Our fraud and investigations specialists combine investigative evidence gathering skills with control methodologies to provide a range of investigative and advisory services. Our investigations area includes:

- Fraud investigation,
- Background investigation,
- Fraud risk management.

Fraud investigations are complex and have to cover many aspects. Almost all the time the results of the investigation will have a direct impact on financial or reputational situation of the organisation. Investigations need to be managed and goal directed. Hence they should only be carried out by dedicated experts in this field. Our investigation services will enable you to find out what has really happened and support you to enforce your claims while protecting your reputation:

- We investigate the nature and extent of fraud or irregularity and any losses arising from it.
- We identify and quantify any accounting misstatements and advise on changes to accounting or disclosure that may be required.
- Using evidence from the investigation, as well as publicly available sources, we can evaluate the viability of third parties as targets for recovery actions.
- We help in providing the appropriate response to legal authorities.
- We produce factual and/or expert reports and other analyses in support of recovery actions.
- We identify potential recoveries from others less directly involved in the fraud. We assist in the design and implementation of other remedial steps, including improvements in processes and controls to mitigate the risk of recurrence.

Protecting your business and supporting fraud prevention: technology to protect your company

The increased availability of IT in the workplace has been one of the most revolutionary developments in economic crime in recent years. It has changed the way in which traditional frauds can be perpetrated and opened the door to a whole new wave of technology and Internet related crimes. The Forensic Technology Solutions team analyses electronic evidence with the latest forensic software and equipment. Whether banking fraud, money laundering, account manipulation, procurement and payroll fraud or the theft of confidential information is suspected, our team can draw on a wide range of backgrounds and extensive experience as well as on our global network with over 300 forensic technology professionals to provide you with an efficient and effective solution.

Your challenges

- You suspect that some employees have paid or received bribes for years and that they could delete relevant data.
- You want to analyse a large amount of electronic data according to specific criteria.
- You are in for an important trial; however, crucial evidence is still missing.
- You suspect that several employees as a group may be involved in a criminal matter.
- You fear that your newly appointed creative director has already handed in important documents available to the competition.

How we can support you

- **Imaging (securing) of electronic evidence**
Using specialised equipment and procedures approved for gathering electronic evidence. Ensuring legal proceedings are not negatively affected by the quality of the available evidence.
- **E-mail processing and analysis**
Our specialised tools and techniques for dealing with high volumes of e-mail data make it possible for investigators to undertake a comprehensive analysis of potentially relevant emails.
- **Data mining and matching**
Our data mining procedures allow us to track patterns of suspect transactions and identify organisations and individuals with inappropriate involvement.
- **Investigation support systems**
Our investigation support systems (ISS) allow investigators, lawyers and other relevant parties to work with and review data without the need for complex data analysis skills and without the risk of damaging the underlying evidence.
- **Document analysis and transformation**
Our document management tools allow us to turn papers into electronic photocopies and text files that can then be analysed using fuzzy search criteria to check for keywords or recurring patterns.



The cornerstone of an antifraud strategy: fraud risks & controls

The potential for corporate fraud and misconduct to spread easily from a small brush fire into a full-blown firestorm has garnered the attention of standard setters and regulators. Increased attention to fraud by regulators has led to improvements in corporate antifraud programmes and provides a good roadmap for others to consider. It is no longer sufficient to simply react appropriately to issues brought to management's attention – it's necessary to act in advance.

Fraud issue reviews should be undertaken by those in charge of governance. A clear strategy will need to be developed and appropriate measures deployed to manage fraud risks. In addition, front-line operations and financial staff need to become effective first and second lines of defence. Therefore, rethinking the risks and enhancing the existing programmes and controls in place to be more efficient is key to actively managing fraud risks in a company.

Your challenges

You want to make sure that your company has a best-in-class framework, which addresses fraud prevention and detection activities.

- You want to be confident that processes in your company are adequate to uncover significant frauds and/or avoid claims of negligence if they occur.
- You want to make sure that you have the right processes for dealing with fraud or other inappropriate acts.
- You are looking to develop in-house expertise on forensic capabilities but at the same time have expert support when required.

How we can support you

PwC offers clients complete anti-fraud management solutions from diagnosis to prevention, detection and remediation. Our goal is to transfer our knowledge in fraud management and forensics to enable you to develop a sustainable and efficient approach. PwC's global forensic team can also assist you in addressing local issues in specific markets. We can provide assistance in two key areas:

Support for executive and line management:

- Review and challenge the existing “fraud risk spectrum” to assure a common, comprehensive, agreed approach and appropriate involvement of the audit committee in the fraud and misconduct risk assessment.
- Determine the probability, size and potential impact of frauds, before assessing the costs and benefits of different solutions.
- Assess your organisation's culture and management style and the adequacy of systems and monitoring controls. This allows us to create a picture of the existing anti-fraud control environment to map specific risks and to show you areas under threat.
- Develop, together with your team, cost-effective solutions that meet your business objectives and fit your organisation's culture.
- Implement targeted fraud auditing procedures, including the use of data mining tools.
- Implement processes to identify red flags for fraud and misconduct as well as a set of methods of performing a robust investigation, including coaching your team.

- Implement remedial actions, from recovering monies to enhancing and testing controls in the case of allegation of fraud.
- Implement an e-discovery process and help you improve your procedures for whistle blowing.
- Provide fraud prevention trainings and fraud awareness workshops to management and dedicated staff.

Support for the audit committee and management in fraud prevention:

- Define the roles of the functions, like legal, compliance, human resources, external and internal audit and of the audit committee.
- Assist you in communicating cases of fraud and provide support when issues are uncovered.
- Define the process for receiving and retaining information and help you to react react appropriately when incidents involving suspected improprieties arise.
- Ensure an independent management process is defined for reviewing incidents to make sure challenges can be effectively answered.
- Offer special board advisers who can be consulted on the potential risk of fraud and misconduct attached to strategic decisions.

Complying with anti-money laundering regulations: cost-effective processes and controls

The fight to deter money laundering and terrorist financing has been a high priority by law enforcement agencies and financial regulators around the globe. The financial services sector, in particular, faces significant reputation and regulatory risk should it be deemed to have inadequate arrangements to prevent money laundering.

PwC assists with the development of compliant but cost-effective processes and controls to protect against financial crime risk, including fraud, money laundering and market abuse.

Your challenges

- You want to enhance the effectiveness and cost efficiency of your anti-money laundering and financial crime processes.
- You have uncovered an incidence of suspected money laundering.
- You are under review by a regulator.
- You want to make sure that you are in compliance with anti-money laundering and other financial crime regulations.

How we can support you

Our specialists have directed money laundering vulnerability assessments for banking and securities industry clients and make recommendations for reducing risk and establishing 'best practices' in money laundering deterrence and compliance. Our services include:

- Assurance of compliancy or help you to establish a programme to become compliant with anti-money laundering and financial crime regulations.
- Improvement of the efficiency and the effectiveness of your anti-money laundering systems through process redesign and implementation of technology solutions.
- Advice on anti-money laundering and financial crime regulations (including legal assistance and support in dealing with authorities).
- Review and draft of internal policies and directives related to anti-money laundering and financial crime regulations.
- Training and workshops.
- Effective management of incidents that may create regulatory and reputation risks.



PwC assists with the development of compliant but cost-effective processes and controls to protect against financial crime risk, including fraud, money laundering and market abuse.

Keeping control after a fraud incident: crisis management and remediation services

Fraud incidents can severely hit your organisation and the first days after discovering a fraud are the most important period to decide on the right steps and to take the right decisions. Besides the ultimate need to rapidly understand what has happened and to get the full picture of the crime, it is indispensable for any organisation to keep control over the actions and communication around the case. Various stakeholder groups around the company, like shareholders, clients, creditors, employees, etc., will have to be managed in such a situation. What's more, various external parties like lawyers, auditors, public prosecutors, police, the regulator and last but not least the press or other media will also be demanding information and professional cooperation. An inappropriate management of these stakeholder groups may result in severe reputational risk and digressing markets and the resulting damage may easily outweigh the financial losses of the fraud.

Remediation of a fraud case also means a full analysis of the case and a complete reconstruction and documentation of the incident. The analysis is most often the basis for compensation payments to clients and/ or to constitute claims against insurance companies. Moreover, evidence found and documented should in any case be treated in a way that allows future use in court cases or litigations.

Your challenges

You have uncovered a fraud case in your company:

- You need a team of experience experts to manage the crisis and establish the investigation.
- You need to manage the information flow between the internal resources deployed on the case and with external parties and stakeholders.
- You need to monitor and direct the progress of the investigation and report regularly to your internal and external stakeholders.
- You need to document findings and evidence in a comprehensive and appropriate way.
- You need capacity to adapt to unexpected developments.
- You need to establish a profound basis for your day-to-day decisions.

How we can support you

Our specialists work with management to deal with the critical aspects of a fraud related crisis stabilising the business, buying time to manage key stakeholders and build a strong case to enforce your claims or to manage your downside risk. Our services include:

- Experienced experts in the first minute of the crisis to establish the crisis management team and to decide on the immediate actions to be taken.
- Formulate an action and resolution plan.
- Establish a programme management office keeping control over the information flows and the progress of the investigation also providing regular status reports to you and your stakeholders.
- Act as an expert witness in litigation/ arbitration providing expert evidence based on accounting, economic and financial analysis.
- Act as the independent accountant in the settlement of completion account disputes.
- Assist in mediation or arbitration proceedings, including preparing disagreement notifications and negotiations with other parties.
- Help reduce disruption to your business, and to customers, and save management time when you are confronted with a major dispute.

Fraud & Forensic Services Team

*Tackling forensic issues and
financial crime?
Our team of experts can support you.*



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