

# *Managing, investigating and remediating economic crime*

## Forensic Services

*Fraud, economic sanctions, corruption, bribery and money laundering are all significant threats for your business*





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# Tackling forensic issues and financial crime

*Economic 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, sanction violations or corruption?
- **Forensic technology solutions**  
How do you use technology to protect your company or to investigate big data?
- **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 49% of financial institutions and 37% of companies on average had reported being victims of economic crime.*

# Overview

*Your reputation – with your customers and employees, the public, regulators and other companies – is what keeps you in business and underpins your success. A competitor accuses your sales force of corruption. A dispute with your business partner threatens to erode value. An accounting discrepancy undermines market confidence. The press discover related party transactions in a joint venture. You need to stay on top of developments as they occur. If there's a problem, you need a speedy explanation and a credible plan to fix it. Prevention is even better – knowing where your vulnerabilities are and managing the risks involved. All this requires investigation, analysis and assessment – of accounts, people, communication, events, data – all governed by complex and ever-changing technical rules across multiple jurisdictions. And that's what we do.*



Our team of specialists, based in Luxembourg and all around the world, can tackle any crisis or anxiety that keeps you awake at night: corruption, fraud, cybercrime, contract disputes, litigation, intellectual property and licensing compliance, insurance claims, regulatory investigations, and so on. We'll work with you to overcome complex challenges, with an uncompromising approach in the war against economic crime. We're your trusted advisor, your expert witness, your investigator and your representative in mediation and arbitration. Our team includes accountants, financial analysts, technology experts, statisticians, economists, engineers, compliance officers, fraud examiners, former regulators and members of law enforcement. We pick through accounts and underlying records, sift electronic data, analyse contracts and interview people. We fight threats to your brand and bottom line – anywhere and everywhere, at a moment's notice.

Here are four reasons you should choose us.

## **1. You need to do the right thing – and be able to prove it**

No one accepts ignorance as an excuse – not the press, not the public, not the courts or the regulators. When the worst happens, or it looks like it might, knowing the facts is essential. Our team of professionals are based all around the world, so when you

need them, wherever you need them, they can be there, and their work withstands scrutiny by both the courts and the regulators.

## **2. You work within several jurisdictions and business cultures**

Multinationals face a complex and growing thicket of overlapping rules, laws and cultural expectations. Especially in emerging markets, these are often unclear. Our teams include native speakers who know the local business culture, as well as former regulators and law enforcers.

## **3. Your data is growing faster than your ability to handle it**

Your organisation creates libraries' worth of information every day. We help you manage the huge legal and regulatory burdens involved, and the constant threat from those who want to steal your most valuable data – including competitors, organised crime, activists and terrorists.

## **4. You need the market leaders**

Think of any big business issue or crisis, and chances are we've been called in to get to the bottom of it. That's because we're known to be one of the best in the market. We've also worked on plenty of issues that the public has never heard of – because our clients brought us in early.



## *Our Forensic Services*



# Investigations: finding out what really happened

*Fraud – along with other financial, non-financial and regulatory irregularities – is one of the biggest and most damaging risks businesses face. The headlines are full of organisations both in the private and public sectors affected by fraud, irregularity or other wrong-doing – either as victim or accused. The impact can be enormous. Each economic crime investigation is different, depending on the nature of the problem. It is necessary to provide clarity and evidence through investigative services, which often comes down to the fundamental question: “Who knew what and when?”. Therefore, information has to be gathered and reviewed, interviews conducted and theories developed – all designed to prove or disprove the allegations.*

*Our detection and investigation 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**

Allegations of fraud and other wrongdoing usually come out of the blue, catching the organisation unprepared. Too often, dealing with these allegations takes up a disproportionate amount of time for managers and the Board. Organisations, large and small, need to be able to investigate allegations thoroughly, discreetly and quickly.

- 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 or UK bribery act).
- Allegations of a potential violation of economic sanction regimes have been made, e.g. by the Office of Foreign Asset Control (OFAC).
- 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 of financial reporting.
- You suspect that there are breaches of ethics, conflicts of interest or other forms of management and employee impropriety within your organisation.
- You have to deal with regulators.

## **How we can support you**

Our fraud and investigation specialists combine investigative evidence-gathering skills with control methodologies to provide a range of investigative and advisory services. Our areas of investigation:

- 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 the 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 any fraud or irregularity and any losses arising from it.
- We identify and quantify any accounting misstatements and advise you 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.

### **Corporate intelligence**

**Do you rely on third-party agents, intermediaries or distributors to do business at home or abroad? Are you looking to expand through mergers, acquisitions or joint ventures?**

Anti-corruption compliance often requires uncovering who you are doing business with. We perform due diligence on individuals, management groups and organisations, evaluating their integrity, reputation and track record of performance. That involves collecting and analysing information that gives decision-makers crucial insights into current or potential business partners or transactions. We prepare detailed, customisable information packages and reports for clients using:

- Proprietary databases, including criminal records, international watch lists, and lists of restricted, debarred and politically exposed people, as well as foreign language media.
- Risk analysts who are native speakers of foreign languages, with diverse skills and educational backgrounds, and decades of experience on the ground in emerging markets.
- Our in-depth knowledge of search and retrieval in domestic and foreign public records.
- A global network of sources, including PwC's Global Corporate Intelligence Centers of Excellence, which have local and industry experience.
- Advanced search technology, reducing search time and the cost of combining and reporting findings.

### **Forensic Dispute Services** **How we can support you**

No company makes an agreement expecting it to end in dispute. In business, however, disagreements can happen at any time. We help protect your organisation by pre-empting and avoiding disputes, as well as by helping you to deal with them effectively if they do happen since they can be terribly complex. We also work closely with you and your legal counsel to consider the merits of a dispute, helping you make an informed decision about whether to continue with the process. We work on local and international disputes, arbitrations and mediations with our international network. Finally, if it all goes wrong, we can help resolve disputes by acting as an independent expert determinant.

#### **Commercial disputes and litigation**

We can help investigate, assess and quantify damages – whether from breach of contract and fiduciary duty, professional negligence, intellectual property infringement, disruptive events, compulsory purchase orders or procurement processes. We can also analyse claims – potential or actual – in detail. This can help in negotiations.

#### **Transaction and shareholder disputes**

We work closely with our clients, assisting them with deals both before and after the transaction. Before the transaction, we can help draft and review the SPA (including warranties, working capital and completion account mechanisms).

We recommend improvements to get the best value from future negotiations and potential disputes. After the transaction, we can review completed SPAs and help challenge warranties and completion accounts. We can also help to prepare or analyse partnership agreements or valuations of businesses.

#### **International arbitration**

We help to investigate, assess and prepare for commercial and treaty-based claims. Our work ranges from assessing damages or lost profits and opportunities, to supporting claims with detailed economic and market analysis. We also work on accounting and tax issues relating to claims.





# Forensic Technology Solutions (FTS): protecting your business, supporting fraud prevention and analysing big data or electronic evidence

*The omnipresence of IT in the workplace has brought with it a new breed of economic crime. It has changed the way fraud 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 Luxembourg FTS team can draw on a wide range of backgrounds and extensive experience as well as a dedicated FTS laboratory and our global network with over 660 forensic technology professionals to provide you with an efficient and effective solution.*



## **Your challenges**

Electronically-stored information often accumulates faster than an organisation's ability to manage it. IT systems are designed for normal business needs; they are not designed to respond to critical incidents that create an immediate need for that data to be preserved, analysed and produced. Our forensic technology teams help clients manage vast amounts of electronic data and navigate the legal and business processes that are mandated by these critical events.

Additionally, cyber-threats are a clear and present danger to the global business ecosystem. Information security is a rapidly evolving game of advanced skill and strategy, and as a result, security models of the past decade are no longer effective. In short, the business world has changed; cyber-security is no longer only an IT challenge – it's a business imperative.

- 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 marketing director has already handed in important documents available to the competition.
- Do you know where your most important information assets are stored? Are they protected well enough? Do you know how to manage sensitive information in a way that satisfies regulators, law enforcers and other stakeholders?

## **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-Discovery and analysis**  
Our cutting-edge tools and techniques for dealing with high volumes of electronic data make it possible for investigators to undertake a comprehensive analysis of potentially relevant e-mails and documents.
- **"Big 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.
- **Incident handling and immediate counter measures for protection and preservation**
- **E-Disclosure, litigation support or regulatory disclosure**
- **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

*Economic crime does not discriminate. It is truly global and the costs keep rising. The damage done by corporate fraud goes far beyond directly losing money. Even an accusation of fraud can undermine intangible assets like business relationships, reputation and brand image – all essential to every business.*

## 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

We help organisations manage their economic crime risks before problems happen, eliminating and mitigating threats. We can help you analyse, investigate and improve your control environments. Our global reach and dedicated local teams allow us to design a solution to your unique challenges. We've pioneered new technology for capturing, managing and analysing data to facilitate fraud risk identification reviews. 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.

# Anti-money laundering: a regulatory evergreen with increasingly complex requirements

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

## **Your challenges**

Many companies struggle to keep ahead of anti-money laundering (AML) requirements.

- 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 AML and compliance. Our services include:

- Assurance of compliance or assistance in establishing a programme to become compliant with AML and financial crime regulations.
- Investigation and assessment of complex and high-risk structures.
- Improvement of the efficiency and the effectiveness of your AML systems through process redesign and technology solutions.
- Advice on AML and financial crime regulations (including legal assistance and support in dealing with authorities).
- Review and draft of internal policies and directives related to AML and financial crime regulations.
- Training and workshops.
- Effective management of incidents that may create regulatory and reputation risks.
- Health check and review of the transaction monitoring and investor screening approach.
- Due diligence of distribution networks.



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

## Incident response: 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**

Are you worried about whether you're properly prepared to deal with fraud-related incidents? Are you confident in your procedures for investigating fraud, and your employees' willingness to follow them?

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**

We can develop a set of procedures for you to use when responding to incidents. Or, if you already have a process, we can review it against best practice. We can do the same for the way your organisation handles investigations. Time is critical, and time lost in the immediate aftermath of a fraud can hamper the investigation or even frustrate the extent of any recovery.

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.



# *Luxembourg Forensic Services*

Although Luxembourg is a highly regulated and politically stable country, resident organisations can still be targeted by fraudsters. At a time when corporate responsibility regulations and deterrent measures are being reinforced, economic crime can have a dramatic impact on businesses. It can damage a company's reputation and result in high penalties, a suspension of the right to do business, private law suits and disruptions of business.

When economic crime is detected in a company, those in charge of governance are usually faced with issues they have

never encountered before. Our team can help you anticipate fraud and prevent a crisis or support you in finding out what has really happened when you suspect the worst. Our forensic investigators, accounting professionals, computer forensic specialists, engineers and other experts can assist you in investigating, analysing and resolving a potential crisis as well as preventing a bigger one.

We have a team of Luxembourg-based, well-established experts with diverse industry and international backgrounds. We can assist you in dealing with fraud and economic crime here in Luxembourg,

but also cover operations beyond our country. We understand your business as we have specialists in a variety of sectors such as asset management, banking, operational companies, and insurance. Our expertise spans various subjects, for instance sanction violations, bribery and corruption, tax, anti-money laundering and accounting fraud.

Our teams also fully appreciate the need for absolute confidentiality in a small country like Luxembourg where interactivity between businesses and individuals is at its highest level.

*Facing forensic issues and financial crime?*

*Our team of experts can support you.*



**The Luxembourg Team**

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