



FRAUD & INTERNAL INVESTIGATIONS

Our experience and professional skills, together with an investigative mindset, contribute to our ongoing success in performing fraud and internal investigations.

B. RILEY HAS BEEN RETAINED IN A WIDE RANGE OF MATTERS:

We have been retained by clients ranging from government agencies, boards of SEC registrant corporations and the Investigations/ White Collar Defense practice groups of major U.S. law firms to investigate allegations and concerns relating to various issues including:

- Pyramid and Ponzi investment schemes
- Financial statement/management fraud
- Failed financial institutions
- Transaction fraud
- Fraudulent transfers
- Healthcare fraud and abuse
- SEC regulatory investigations
- Undisclosed related party transactions
- Embezzlement, kickbacks, internal theft
- Diversion of corporate opportunity
- Inventory shrinkage
- Bust-outs and bankruptcy frauds
- Money laundering and funds tracing

Financial fraud cases are complex by nature because perpetrators of a fraud generally take steps to obscure and hide their activities. "Cooking the books" is nothing new – and some financial chefs are quite skilled and creative.

Our technical knowledge and understanding of business operations enhance our ability to investigate, summarize and report on investigative issues so that the client can have full knowledge to support its reaction strategy.

The ongoing march of "globalization" holds the promise of increasing opportunities for companies transitioning towards, or who are in, international markets. Whether it's selling products and services to emerging markets, or purchasing and manufacturing products overseas, companies large and small now find themselves doing business internationally. With these opportunities come substantial risks.

Both U.S. and global enforcement of anti-corruption and anti-bribery laws have escalated. As the fines and penalties have increased, so too have the number and length of investigations. Multinational companies must take care to stay compliant with the complex regulatory requirements of the U.S. Foreign Corrupt Practices Act [FCPA], the U.K. Bribery Act and similar statutes being enforced.

Transactions and activities that are considered ordinary and customary in domestic business transactions can be criminal when conducted by U.S. companies. When potential issues do arise, companies must act swiftly to surface the relevant facts, develop an effective response and implement new controls.

Our team utilizes its knowledge and experience in the areas of corporate investigations, anti-fraud consulting and FCPA compliance to help clients navigate the challenges of the international business environment and applicable regulations. Our team can investigate and advise companies concerning global corruption, fraud, regulatory issues and other threats. Our global reach and multi-lingual practitioners allow us to conduct extensive fact-finding investigations anywhere in the world, with service offerings in anti-corruption/anti-fraud consulting, corporate investigations and FCPA consulting.

White Collar Defense

Government agencies have increasingly taken an aggressive stance toward businesses that are not in compliance with regulatory oversight and relevant industry statutes. Additionally, officers and directors of companies are increasingly subject to intense scrutiny for business decisions and the overall business practices of their company. In some instances, criminal investigations may run parallel with civil investigations and litigation. Legal counsel practicing in the area of White-Collar Criminal Defense often retain us to assist in the investigation of complex accounting issues, regulatory compliance, whistle blower allegations, questioned financial transactions and other issues requiring an in-depth investigation of both the business environment and the books and records of a company. Our team has also been hired as financial experts for the Department of Justice in its investigation of whistle blower allegations in defense contract situations. Our engagement experience includes matters involving allegations surrounding:

- Financial statement fraud
- Defense contractor violations
- Bank fraud
- Ponzi schemes
- Investments or securities fraud
- Real estate/mortgage fraud
- Healthcare fraud

Anti-Fraud & Anti-Corruption Compliance Training

Our team has extensive experience advising organizations on addressing risks associated with anti-fraud and anti-corruption efforts. We can assist in the design and implementation of anti-fraud programs and controls, proactive compliance reviews and pre- and post-acquisition due diligence analysis of anti-corruption risk.

Our services include:

- Detailed interviews of organizations' leadership and employees to determine the ethical attitude and "tone at the top"
- Current anti-fraud and anti-corruption policies and procedures assessments
- Compliance program development/enhancement, procedures and policies to address the organizations identified risks
- Anti-fraud and anti-corruption training to employees
- Anti-fraud and anti-corruption due diligence
- Enhanced due diligence for high-corruption risk transactions, employees and third parties

We offer the following anti-fraud and anti-corruption training:

- Fraud 101 and advanced training for internal auditors, corporate security professionals, employees, vendors and third parties
- Advanced training for employees and third parties involved in high corruption risk transactions
- Deception detection training provided by retired FBI Special Agents and polygraph experts

We can assist corporate clients to review ethics hotline procedures and provide recommendations for process improvement. Specific reviews include:

- Evaluation of methodology utilized by an organization to report fraudulent activity
- Examination of internal communication and dissemination of fraudulent activity reports
- Evaluation of policies and procedures to act on and investigate fraudulent activity
- Analysis of fraudulent activity reports and investigative actions taken

Fraud Risk Assessments

The Fraud Risk Assessment (FRA) is an essential tool for companies and anti-fraud professionals in identifying and addressing the vulnerabilities to fraud, waste and abuse. For public companies, a robust FRA process is a required element of their anti-fraud programs and controls. The FRA assists organizations in identifying fraud risks and developing a response. We will be able to assist clients to accomplish the following:



- Identify the potential fraud risks and areas of concern regarding fraud, waste and abuse
- Evaluate key employees and departments that are at the highest risk for the occurrence of fraud and identify preventative methodologies to reduce the risk of fraud and loss of assets
- Identify and calibrate existing preventive and detective controls to the relevant fraud risks
- Evaluate effectiveness and efficiency of identified controls
- Review compliance and anti-fraud policies
- Evaluate mechanisms for communicating and responding to control failures and changes