

Digital Forensics | Fraud | Embezzlement

The following descriptions highlight a variety of matters for which Vestige has been retained that involve alleged fraud and embezzlement. Each of these cases are real matters that we have worked, but for privacy and confidentiality purposes the relevant information has been sanitized. These cases are not the entire population of cases matching such criteria, but instead represent a wide sample of the cases we have worked in this specific area. Should you need additional information, please contact us.

Foreign Owned U.S. Subsidiary

This non-litigation matter involved a U.S. subsidiary wholly owned by a foreign company. The foreign company suspected that the subsidiary's General Manager and others were embezzling money. A group of officers from the foreign company flew to the United States. A team consisting of Vestige analysts and a forensic accounting firm met with them and began working immediately upon arrival to the U.S. subsidiary's location to investigate. Vestige preserved, collected and performed a fraud investigation on 25 computers. Vestige discovered that the GM was running a competing business while simultaneously employed by the foreign company. The GM was using several of the company employees, some of the management and the assets of the company for his own personal gain. Primarily high-dollar inventory, intended to be used for sales, was being rented out for side jobs. A 50,000 sq. ft. warehouse, separate from the parent company operation, was used to stage all the equipment that was going out and coming in from rentals. Total fraud amounted to approximately \$6 million and was achieved through a variety of fraud schemes: check kiting, ponzi, inappropriate use of assets, false vendors, false contracts, revenue hiding and inappropriate expense recognition. As a result, management and involved individuals were removed, improved controls were put in place and guilty individuals were made to pay restitution.



Large Corporation | Internal Audit

Vestige assisted a large corporation in performing an internal audit. The corporation wanted to go public, but suspected upper management might be inflating the value of the company for its own personal benefit. Vestige was hired to examine the system and run searches in which the data results would be turned over to a forensic accounting firm. Vestige was able to gather information and process it quickly. This resulted in the exposure of foul play and saved the company from a botched IPO.



College | Internal Investigation Alumni Donations

The Board of Directors of a college wanted to investigate the President of the University and other key administrative members for inflation of alumni donation dollars. The alumni dollars correlated with an increase in pay bonuses. A key player of the IT department was suspected of being part of this scam. Vestige successfully used their knowledge of IT infrastructure to acquire a large amount of data with no disruption to the system terminals. Evidence was found that substantiated and proved the use of inflation tactics, resulting in the forced resignation of the President of the College and other key individuals involved in the scheme.



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Home Builder vs. Financial Controller | Segregation of Duties & Internal Controls

A successful, upscale home builder became concerned when he discovered that his financial controller embezzled money. The financial controller designed and built a \$3.6 million home for his own personal use by using the services of the developer's subcontractors and funding the home with the developer's own money. Vestige's role was to determine the extent of involvement of the immediate and extended family in the embezzlement scheme. The developer also requested that Vestige determine if any residual assets existed. Vestige completed its investigation to the satisfaction of the client. This case scenario serves as a classic example of the importance of segregation of duties and meaningful internal controls.



Wholesaler | Bank Fraud - Serial Number Generator

This case involved a wholesale seller of large equipment cranes and earth movers. The wholesaler ran into financial trouble and began borrowing heavily. The wholesaler collateralized the equipment with multiple lenders by falsifying the serial number plates through the use of a serial number generator. The wholesaler scammed nine banks for over \$23 million. Vestige helped uncover the scope of the fraud, helped counsel for the Creditors establish who all was involved in the fraud and found residual assets that the Creditors could seize.



Individual | Fictitious Vendors and Invoices

Vestige was hired by a forensic accounting firm to assist in the investigation of an individual that allegedly embezzled close to \$3 million. A subsequent investigation confirmed that approximately \$3.2 million was embezzled through the use of both fictitious vendors and invoices to these vendors. Vestige was hired to examine the financial systems, the accounting department's operations and the correspondence amongst other individuals within the company to determine the extent of collusion. Vestige helped show that it was a single individual placed in a position of power with a lack of internal controls that resulted in the \$3.2 million loss. The client was made whole through the proceeds of its insurance policy.



Scrap Metal Dealer | Inventory Conversion

A scrap metal dealer noticed a decline in profitability despite records indicating adequate volume and weight in scrap material. The dealer suspected that an inventory conversion scheme was the culprit. Vestige's analysis involved recovering and reviewing e-mails, instant messages and cell phone text messages between a supervisor and an individual. Vestige confirmed that the individual was responsible for stealing truckloads of scrap metal. The goods were being stolen at night, and the supervisor in charge was turning a blind eye, presumably for a kick-back fee. The dealer subsequently put controls in place to prevent future acts from occurring, and the matter was turned over for criminal prosecution.



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