

# A substantial threat\*

Corporate crime poses a real and substantial threat to the stability of any business. Taking the proper measures to prevent crimes or to react quickly to a malfeasance is critical. Fraud and theft involving anything from intellectual property to inventory, from cyber crime to corruption can mean critically expensive problems. Every organization is vulnerable. Risk does not discern between geography and a company's size, industry or scope.

Despite widespread coverage in the press, and the government's and regulators' efforts to reduce fraud, economic crime continues to be a menace to businesses in Canada and around the world. Currently, over one-half of Canadian companies were victims of economic crime, suffering an average loss of over US \$3.7 million. Disturbingly, while 62% of Canadian companies surveyed have strengthened existing controls over the past two years, 39% of fraud was discovered by chance and internal or external tip off.

Fraud can affect organizations in many ways beyond direct financial losses. The collateral costs associated with staff morale, reputational damage to the organization and the erosion of shareholder value must be taken into account. Over 80% of companies globally who suffered fraud also stated that this had caused damage—or significant damage—to their business. In Canada 42% of Canadian companies who had suffered fraud had claimed it had caused collateral damage within their organization. While the immediate loss from fraud may have been of little direct consequence, its reputational damage and its ability to distract management from “business as usual” were regarded as critical.

## Mitigating the threat

The PricewaterhouseCoopers (PwC) Investigations & Forensic Services practice provides confidential, unparalleled resources to investigate fraud or advise on ways to manage and mitigate risk. We also identify and analyze vulnerabilities—whether in one country or worldwide. Our professionals have a presence in over 40 countries and offer:

- A comprehensive understanding of local and regional legal, financial and regulatory systems and also of the types of frauds that pose major threats to doing business in those territories.
- An international network of partners and staff who offer a unilateral advantage in investigating problems that extend across borders or that afflict multinational organizations.
- The expertise of qualified investigators who have held senior-level positions with major prosecutorial and law enforcement agencies in Canada, the United States, the United Kingdom, Europe, South Africa and Asia.

## Our team can assist you by providing:

- Corporate investigations into how fraud occurred and who was responsible, including:
  - Investigation of corporate irregularities and whistle-blower allegations from the mailroom to the boardroom;
  - Alleged misappropriation of corporate assets, their recovery or restraint-of-use;
  - Undisclosed conflicts of interest and improper business relationships; and
  - Investigations into regulatory non-compliance (under the auspices of a government authority).
- Computer forensics and cybercrime investigations, including:
  - The recovery of data from IT systems to investigate impropriety or misuse;
  - Investigations into unauthorized network intrusions e.g., hacking; and
  - Investigations into distribution of pirated software or other misappropriated assets.
- Fraud risk management advice to assist organizations in mitigating diverse threats from fraud and establishing an effective Anti-fraud Regime and if applicable, ensure compliance with legislation (Sarbanes-Oxley 404 Act and Canadian Multilateral Instrument 52-109).
- Money laundering investigations, including:
  - Violations of money laundering statutes and regulations;
  - Suspicious transactions and the verification of legitimate customers; and
  - Compliance advice for money laundering reporting.
- Intelligence screening of people and entities, including:
  - The integrity of suppliers and vendors;
  - Due diligence support for those providing M&A finance;
  - The backgrounds and qualifications of new or promoted employees; and
  - Witness qualifications, their personal history and testimony.
- Insolvency and bankruptcy investigations in recovering funds on behalf of debtors or creditors.

## Who to call

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## Realized value

PwC offers experienced and knowledgeable teams to manage and minimize the threat of corporate crimes to your business. Our in-depth process of forensic accounting diagnosis and corporate investigations allows clients to continue their business, recover lost funds and halt further economic losses. Clients realize the benefits of:

- Utilizing innovative, expert advice and analysis of damages and settlements
- Re-designing business practices to prevent future financial fraud
- Improving internal controls
- Strengthening vulnerable IT systems
- Evaluating the complex nature of financial and accounting fraud
- Receiving in-depth experience in the preparation expert reports and trials

PwC professionals are well positioned to help our clients achieve the best possible outcomes.

With global offices in 153 countries and a team of over 154,000 people, PwC is the brand name for professional business services across the globe. Our diverse background and skill-sets will benefit you in your investigations and forensic undertakings, regardless of how big or small the project.

Statistics quoted are based on results of the PricewaterhouseCoopers 2007 Global Economic Crime Survey