

The Forensic Services team of PricewaterhouseCoopers has the knowledge and experience necessary to conduct comprehensive fraud investigations. Our team in Poland has jointly performed in excess of 200 investigations. We have performed investigations on behalf of shareholders, management boards, regulatory bodies and other interested parties (e.g. banks or other creditors). Our knowledge of finance combined with the latest investigative techniques ensures that our Clients receive the optimal solution to critical situations. We differ from other financial advisors/experts as our skills become crucial when financial issues become legal problems.

Investigations

If you are an owner, a board member or otherwise responsible for managing an organisation, you should ask yourself at least some of the following questions:

- are you concerned about fraud or impropriety within your organisation?
- are the operational and financial controls and procedures adequate for the detection and prevention of fraudulent transactions?
- are there any accounting or reporting issues which have led to a financial result other than anticipated?
- why has the company recently acquired by your organisation, not performing as expected?
- why does a particular supplier always seem to win the largest tenders?

There are also more obvious problems that can turn into nightmares. They provoke further questions:

- are you increasingly convinced that the extremely strong personality of your managing director adversely affects the internal control environment and creates the potential for wrongdoing?
- have you heard rumours that your purchasing director has perhaps, too close relationships with your suppliers?
- or perhaps the director responsible for tendering enjoys a lifestyle inconsistent with his/her potential income?
- are your capital expenditure costs running out of control?

- following a recent acquisition you are concerned about the loss of certain key customers. Have you considered that the management of the acquired company may be operating own/another company in direct competition with you?
- do you suspect that information about subsidiaries is not fully reported or are you concerned about controls over a subsidiary abroad?

If your answer to any of the above questions is "could be" or if you are facing other issues which have legal or financial implications, our knowledge and experience may be of assistance.

In Poland, the Investigations team is an integral part of our global network, which employs more than 1,300 investigators. Our team of investigators consists of engineers, economists, lawyers, insurance specialists, former members of law enforcement agencies and regulatory bodies, as well as accountants. We combine knowledge of finance with forensic skills and expert industry sector knowledge which form an international network of experts, who understand the local legal, financial and business environment.

Investigation

When a company is affected by fraud, the following questions on the next steps arise:

- should the Police be called or legal action be taken? Who is involved?
- should the suspects be suspended/ dismissed immediately if they are employees?
- what should happen to any records or computers which may contain vital evidence?
- how can you minimise losses and recover lost assets?

An expert approach to these issues is often the key to a successful outcome. Our assistance focuses on the following three key elements:

- investigation, which is an in-depth process of collecting data and information relating to the potential source of a problem. We gather all critical financial and non-financial data, including, information on the relationships of suspects, conflicts of interest, statements from employees and informants and interviews with other third parties, using modern techniques and technologies (e.g. recovering erased data from computers)
- analysis of the evidence collected, which would include obtaining an understanding of the legal and financial issues. Our reports present the key problems and express decisive opinions on the main areas of concern (e.g. explaining the fraud mechanism and identification of the individuals responsible for perpetrating the fraud).

- solutions, which may include taking appropriate measures such as civil or criminal prosecution against those responsible, recovery of the lost assets and recommendations as to how to protect the organisation against further attacks of this nature.

However prevention is always the best policy

Development and implementation of fraud prevention programmes in an organization is of paramount importance in the continued struggle against fraud. Our Investigations team can provide comprehensive solutions aimed at the prevention and detection of fraud, including the following:

- an objective assessment of fraud risks and the organisation's vulnerability to fraud, by assessing the internal control environment and the organizations approach to corporate governance and business ethics, e.g. code of conduct
- assessment and enhancement of procedures for monitoring and detection of fraud
- assessment and enhancement of the organisations response mechanism following detection of potential fraud
- assessment of procedures for hiring employees and contracting with customers and suppliers
- assistance with the development of a Ethical Hotline/Whistleblowers Program, which enables employees or other third parties to openly communicate irregularities within the organisation.

Our Investigations team has extensive experience working on cases involving misappropriation, fraud and embezzlement within organisations. These cases vary both in terms of their scale and complexity, however, the objective has always been the same – uncovering the fraud, minimising its impact and identification of individuals responsible.



PricewaterhouseCoopers' Forensic Services team provides accounting, financial, economic, and statistical services to lawyers, companies and other parties involved in litigation, arbitration or mediations and other alternative dispute resolution forums. We advise on claims processing, prepare expert reports, serve as expert witnesses, and conduct investigations.

Our professionals have testified in countless high value litigation matters and are seasoned in the presentation of facts to withstand vigorous cross-examination.

Dispute Analysis

Our credentialed experts work on major disputes where Clients or their legal representative require analysis, quantum and expert witness services.

- Did you know that a professional expert report can significantly increase your chances of winning the court or arbitration case?
- If you suffered a loss, have you considered whether and to what extent lost revenue, additional expenses or opportunity costs should be included in the calculation of the loss? What other components should be included? How should they be valued? What documentation is needed to demonstrate and quantify the loss?
- Are you aware that the preparation of a valuation of shares, particular assets, or a business in a litigation context, may differ from a commercial valuation prepared in the ordinary course of business?
- If you have suffered a loss as a result of negligence or malpractice by senior management and there is limited chance of recovery from the individuals at fault, but you have a Directors, Officers, and Employees, indemnification insurance policy – have you considered claiming from your insurance company for the losses suffered?
- Your production facility has been disrupted as a result of a fire and you have filed a claim with your insurance company for the damage which was caused. Did you consider filing a claim for loss of earning arising from the disruption?

- During an acquisition/merger, do you feel that the value of net assets used to determine the purchase price has been incorrectly calculated, i.e. inadequate provisioning or an inappropriate basis of valuation of assets was applied? Have you specified how the final consideration should be calculated, how the completion accounts should be prepared and interpreted, by whom, and the actual purpose of the completion accounts?

How we can help

Typically our work in Dispute Analysis involves assisting companies and their legal representatives, with investigating complex issues to support litigation proceedings. Early, reliable assessment of the potential damages, can be helpful for both plaintiffs and defendants in making decisions about whether to commence or to maintain litigation, and in considering settlement offers.

Once the matter proceeds to court, the emphasis usually shifts to rigorous analysis and calculation, and presentation of a defensible position. Thus, in an environment where litigation is a growing trend, either through the court system or through alternative dispute resolution forums, we can provide legal representatives and their Clients with assistance in the following areas.

Dispute

Damage Claims Analysis

The parties to the claim have suffered economic harm/ loss. To refute/support such claims for damages, PricewaterhouseCoopers can assist with the following:

- develop an overall understanding of the potential impact of alleged actions which form the basis of the claim
- evaluate the economic or financial relationship between any changes in the activities of the opposition and the costs of operating and “cost drivers”
- evaluate economic loss claims, including past and future income/profitability, inflation, discount factors, and other assumptions used in the damage model
- identify any potential flaws or inconsistencies in the opposing parties’ damage claims, including an analysis of:
 - the reasonableness of the underlying assumptions;
 - the facts supporting the claim;
 - other factors, besides those alleged, that may explain changes in the oppositions’ operating costs; and
 - the soundness of any financial or statistical modeling/valuation
- assist with deposition and cross-examination of opposing expert, in addition to providing expert testimony on PricewaterhouseCoopers findings.

General Litigation Support

PricewaterhouseCoopers has extensive experience in providing litigation support. This includes the management of massive amounts of data supplied during discovery, providing expert testimony, preparing expert witnesses and vetting witnesses called by the opposition. Typically we would:

- assist legal counsel with document requests to ensure that all necessary financial and economic data is obtained
- manage data provided by the opposition in either documentary form or by electronic media
- provide expert testimony on a wide range of economic and financial issues. This includes developing sophisticated financial and economic models that can be used at trial
- prepare “your” experts with data and findings from our analysis and investigations
- investigate “their” experts to identify credibility issues and formulating questions based on our findings for cross-examinations. Obtain and analyze reports, papers and articles authored by relevant witnesses for inconsistencies and witnesses who could be helpful to the defense
- should settlement become an option, we have extensive experience and capabilities in the management and administration of the claims process.

We realize that no single professional is right for all disputes, and that objectivity and credibility are essential. A financial advisor’s special knowledge, skill, experience, training, and education are important considerations when seeking advice and assistance.

PricewaterhouseCoopers provides a national and global network of analysts, actuaries, accountants, fraud examiners, and others who are leaders in their respective fields, offering a wide variety of skills to address the issues affecting parties involved in disputes.



Forensic Technology Solutions (FTS)

With as much as 90% of all business records now created and stored electronically, it is rapidly becoming the rule rather than the exception that modern technology, which allows massive transmission and storage of electronic information, where millions of documents, e-mails or accounting transactions are processed per day – invites abuse. For example, employees, using computer technology perpetrate traditional offences, such as fraud, theft of intellectual property or trading secrets, processing fictitious transactions or payments. Catching and successfully prosecuting such acts requires experienced cyber-fraud investigators, data recovery and data analysis experts; professionals trained in the forensic acquisition and analysis of electronic evidence.

PricewaterhouseCoopers has the extensive knowledge and experience necessary to conduct comprehensive and complex forensic electronic data recovery, examinations and analyses (E-discovery).

Our Forensic Technology Solutions (FTS) team in Poland, while concentrating its efforts across Central and Eastern Europe region is an integral part of the global PricewaterhouseCoopers FTS network, working closely with our international teams on electronic data analysis assignments.

Using state-of-the-art technology and our forensic laboratories equipped with modern technology, forensic hardware and software, we have the ability to efficiently find, retrieve, preserve, analyze and process a wide array of electronic information.

Our knowledge of available forensic investigative tools, techniques and methodologies combined with the expertise in Information Technology and understanding of accounting systems ensures that our Clients receive the optimal solution to critical situations.

Areas where typically our FTS expertise can be utilised

Typically our assignments and assistance focuses on the following key areas:

- Computer Forensics (Data Imaging, Recovery and Analysis)
- Email Extraction, Searching and Analysis
- Data Mining (Accounting Data Driven Analysis)
- Business Intelligence

Computer Forensics

Computer Imaging, Acquisition and Analysis (also known as Data Recovery) is devoted to retrieving and collecting electronic evidence, deleted files and other information (very often hidden from normal user) from various types of computers or other electronic storage media such as backup tapes, DVDs, USB devices, PDA, mobile phones, Blackberry type devices etc. using profession imaging software and tools.

Through the imaging process, an exact, unaltered copy of the target computer is made, from which documents, email correspondence, accounting records, common files, logs, and even traces of deleted documents can then be recovered and analyzed by the investigative team.

Our methodology ensures future admissibility of recovered information as evidence in a court of law if necessary.

Forensic Technology Solutions (FTS)

Email Analysis

Given the use of email as the communication tool of choice in most organizations, it is often a key source of evidence in an investigation. Using specialised email indexing and analysis software as well as proprietary extraction tools, FTS consolidates, de-duplicates and indexes all messages found on local server as well as in archived email boxes.

This process enables the investigative team to quickly and efficiently search emails and their attachments using keywords, without opening and reading each email file.

FTS teams at PricewaterhouseCoopers use various (standard and propriety) tools for Email Search and Analysis – the choice depending on the volume of source information, number of files used in the search and the complexity of the search algorithms.

We are able to analyze the most commonly used email formats including Microsoft Outlook, Lotus Notes, Outlook Express files, etc.

The final search results are extracted into formatted reports, which clearly display particular email information (senders, recipients, date sent, subject, and if necessary the body of email and its attachments).

Data Mining

Data Mining or Data Driven Forensic techniques are employed in situations where large volumes of accounting data have to be extracted from the company's financial systems, to be independently analysed outside of the company's environment.

The FTS team at PricewaterhouseCoopers uses various (standard and propriety) tools for Data Driven Analysis – the choice depending on volume of source data, the complexity of the accounting systems or data itself, the volumes of the company's transactions, and number of years to analyse.

We use our Data Driven techniques to acquire and reconcile data from corporate accounting systems such as SAP, Oracle, Dynamics, etc.

We then build on independent databases, ensuring that the original set of data remains unchanged, and analyse information from General Ledgers, Accounts Receivables and Payables, Customer or Supplier master files to among others:

- Summarize & stratify transactions
- Identify suspicious transactions (e.g. payments to unknown bank accounts)
- Detect potential duplicate payments or credits
- Extract exceptions (e.g. multiple invoices, out of date invoice sequences)
- Extract outliers and deviations (e.g. high value once off invoices or payments)
- Spot changes to data at unusual times (e.g. late night postings of transactions)
- Recognise conflicts of interests (Employees-Suppliers)
- Identify suspicious or unexpected relationships between vendors, customers, employees
- Discover "Ghost Employees" and so on.

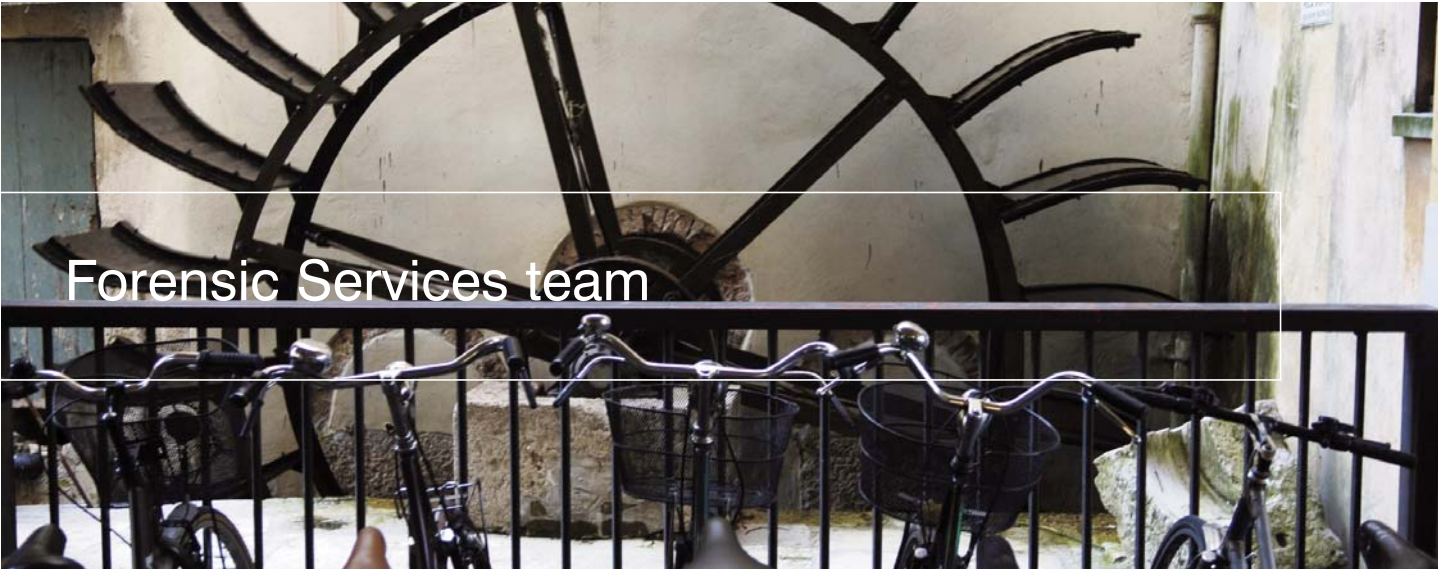
Business Intelligence

We gather information from various sources of information including publicly available records, internal company information, to quickly understand complex scenarios and volumes of seemingly unrelated data, and communicate the results.

This very often increases the chance of solving cases of fraud, identify unexpected relations between companies and individuals involved in the fraud schemes, or breaches in corporate security.

We utilise our business intelligence tools and models to visualize text-based information – quickly creating an easy-to-understand visual representation of what would otherwise be a mass of written reports.

Our approach allows us to process multiple sources documents, extract relevant data from each document and present the information as a consolidated chart to quickly identify relationships across documents and identify missing or erroneous details.



Forensic Services team



Brian O'Brien

Partner

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- leader of the Forensic Services team in Poland
- has worked in Poland since 1995
- has supported Clients in disputes with their business partners
- has performed investigations for both multinationals and Polish companies in a number of countries in Central and Eastern Europe and Africa, in a wide range of industries, including pharmaceuticals, energy, manufacturing, retail & distribution and construction
- prior to joining the Forensic Services team he provided advice to Clients on mergers and acquisitions, inward investment, due diligence and assessment and enhancement of internal controls
- specialises in litigation support and corporate investigations
- qualified Certified Fraud Examiner (CFE)
- member of the Institute of Chartered Accountants of Ireland (ICAI)



Marcin Kossowski

Senior Manager

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- has 10-years of experience in professional advisory services
- since 2000 he has participated in a number of investigations and forensic reviews, specialising in uncovering fraud, misappropriation and financial misrepresentation
- has trained officers from the Central Bureau of Investigation on funds' misappropriation and fraud detection
- specialises in litigation support and corporate investigations
- qualified Certified Fraud Examiner (CFE)
- member of the Association of Chartered Certified Accountants in the UK (ACCA)



Kinga Barchon

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- has 8-years of experience in consulting services with PricewaterhouseCoopers and Mazars & Guerard
- has conducted numerous fraud investigations at the request of multinational companies operating in Poland and other CEE countries involving misappropriation of assets, management negligence, fraudulent financial reporting and bribery
- specialises in construction disputes and capital projects investigations
- qualified Certified Fraud Examiner (CFE)
- member of the Association of Chartered Certified Accountants in the UK (ACCA)

Forensic Services team



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- has 7-years of experience in investigations of tax fraud, money laundering, counterfeit and contraband products
- prior to joining PricewaterhouseCoopers Forensic Services team in 2004, he worked in a law enforcement agency which specialises in combating organised economic crime
- has co-operated on investigations with international anti-fraud institutions, e.g. OLAF, Europol
- specialises in fraud risk management assessments and corporate investigations
- law graduate from Wrocław University
- qualified Certified Fraud Examiner (CFE)



Janusz Oczyp

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- has more than 12 years of IT related consulting experience, of which 7 is Forensic Technology based;
- has worked in Central and Eastern Europe, specialising in Computer Forensics, E-Discovery, Data Mining and Accounting Data Analysis;
- has extensive experience of managing Forensic Computing and Data Analysis projects and IT Risk and Security audits;
- was involved in Fraud and Corruption Investigations across Central and Eastern Europe as well as in global FCPA compliance reviews
- Associate Member of Certified Fraud Examiners (ACFE US)
- EnCase Diploma (UK)
- Microsoft Certified Web-based Applications Developer Diploma (Australia)