



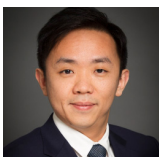
The Biggest Investigation of Market Collusion in Hong Kong: Untangling the Web of the Convoy Enigma

Convoy Global Holdings Limited (“Convoy”) was one of the largest independent financial advisory firms listed on the Hong Kong Stock Exchange. In May 2017, a stock market activist published a blog post about the “Enigma Network”, which was a group of 50 Hong Kong listed companies including Convoy with significant overlapping ownership.

“We are pleased to have completed the investigation, respond to inquiries from stakeholders, and resolve any uncertainties related to market rumours and help steer the company back on track. In yet another high profile and complex “highstakes” investigation, FTI Consulting again demonstrated why its expertise and people are the go-to trusted advisor for crisis situations”

SITUATION

In June 2017, FTI Consulting was engaged by the company to conduct an independent investigation into allegations of management misfeasance and collusion, following one of the most drastic small-cap stock crashes in Hong Kong’s history. FTI Consulting completed an initial investigation within a short period of four weeks. Our work uncovered evidence of a string of fraudulent transactions including suspected loan fraud, market manipulation, misappropriation of assets, together with capital raising and proprietary investment transactions that were designed to defraud shareholders that had no business substance beyond a superficial level.



SEAN LAM

Senior Managing Director,
Risk & Investigations

OUR ROLE

FTI Consulting worked seamlessly with our client to deploy a multi-disciplinary team to swiftly identify and collect potentially relevant data from a mix of hard copy and electronic financial and non-financial information management systems and transactional records. By combining these seemingly disparate data sources, we effectively utilised our proprietary analytics tools to conduct tailored fund tracing analysis to “follow the cash” through complex and convoluted routes and establish critical evidence as to when, how and by whom the company’s funds were handled and left the company.

To further support our findings, the team carried out a wide array of accounting analysis covering over 30 corporate entities, investigative due diligence research of in excess of 200 investigation subjects and e-discovery of selected custodians for more than 3,300 GB of electronic data and 5.1 million user generated files and email correspondence to identify accomplices.



FTI Consulting supported ongoing litigations instigated by the company against former senior executives and 20 other defendants, seeking US\$100+ million in damages for alleged misappropriated funds, assuming the responsibility for case assessment, evidence gathering, and e-discovery.



In August 2018, FTI Consulting was retained by Convoy’s Independent Board Committee to conduct a comprehensive follow-up investigation.



Our role expanded in late 2019 to advising the Board of Directors in enhancing the company’s corporate governance and internal control systems to meet Listing Rules obligations.



FTI Consulting is still retained by the company to provide ongoing forensic investigation and litigation support.

OUR IMPACT



Our findings were presented to the company, along with relevant regulatory authorities. This triggered one of the largest enforcement actions by the SFC and the ICAC, and the successful prosecution of several former executives in 2021.



SEAN LAM

Senior Managing Director
Risk & Investigations
+852 3768 4609
sean.lam@fticonsulting.com

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