

EXPERTS WITH IMPACT™

In Tracing Funds in the CIS



When an allegation of misappropriation in the CIS arose following the dissolution of a large and complex joint venture, FTI Consulting's forensic accounting experts were best placed to trace the funds and provide expert evidence in Court.

FTI Consulting has a long established track record of helping clients in Russia and the CIS unravel complex transactions and recover assets. When it was alleged that almost USD 100 million had been misappropriated and applied in a variety of ways, our client knew they needed the support of a specialist team to uncover the facts.

More often than not, data availability and quality are the recurring frustrations in cash tracing exercises, and this was exactly the problem we faced here. Untangling a complex web of incomplete and contradictory data and transforming it into something organised and logical made for a gruelling process. Aside from being voluminous, piecemeal and difficult to manipulate, it was also in several difficult languages, making it more susceptible to errors of interpretation.

Leveraging our deep forensic and data & analytics capabilities, as well as our multi-lingual expertise, our experts tackled the challenge head on to unscramble the data and reveal the facts. Despite being inherently difficult, we were able to reorganise the data in such a way that it could be interpreted and analysed, and established how the funds had been applied. Hence, whilst projects of this sort can be protracted, we produced high-quality work in a highly efficient manner, meeting all deadlines.

The key areas of focus were:

- interviewing client staff and external auditors to gain an understanding of the group structure and the general flow of funds within the group;

- processing and analysing financial information relating to over 50 bank accounts;
- tracing the allegedly misappropriated funds to their final destination; and
- tracing funds into other asset purchases, and establishing whether there was any proprietary tracing claim.

As our experts dug deeper into the data, we soon came to realise that traditional, textbook methodologies of cash tracing could not easily be applied to the fact pattern we observed, and were therefore of limited value. This meant we had to view the case through a new lens, and consequently developed a bespoke tracing methodology to reflect the facts of the case.

Following extensive, painstaking work, we produced our analysis of the fund flows in a robust and detailed report, setting out our findings in a clear and concise manner for the Court.

IMPACT:

FTI Consulting's expert witness, Ian Thompson, gave oral evidence at the trial, and was described by the judge as having given "extraordinarily careful attention to the matter". Both the judge and opposing counsel, a top-ranked silk, accepted a key part of his evidence.



Ian Thompson has given oral evidence on five occasions - three in the High Court in London and two in the Commercial Court in the BVI. He has been cross-examined by top-ranked QCs and has been described to *Who's Who Legal* by clients as having "an uncanny ability to effortlessly find solutions to complex problems".



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For further information on how FTI Consulting can assist you in **forensic investigations**, please visit fti.to/forensic-investigations

About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.