With nearly 10 million “users” within the program’s database, the claim universe was potentially unlimited – approximately 175,000 claims were filed.
THE SOLUTION:
USING ADVANCED ANALYTICS TO UNDERSTAND THE PROGRAM
Following the SEC shutdown, FTI Consulting was engaged to work with the receiver representing the victims to prove the fraud, identify losses, and maximize asset recovery. FTI Consulting established two workflows for this engagement:

1. A team of accountants working through traditional processes of reviewing the stream of funds from subpoenaed bank statements to confirm relationships, and locating records for related deposits and withdrawals.

2. A team of data scientists investigating how the program worked through collection of data and application of technology to that data to analyze and recreate the full picture of transactional activities.

Accountants’ workflow
To understand how the program worked, FTI Consulting used the company’s responses to SEC requests re monthly revenue as a benchmark to recreate the program operation, and to make the most of fact-finding interviews with key ZeekRewards personnel. In this way, it was possible to identify the most important books and records.

FTI Consulting developed a process of identifying cash coming in from outside the program using a combination of technical assessments, the interviews with ZeekRewards personnel, and the output from the SEC’s investigation. FTI Consulting also used correspondence received from the scheme’s net winners and losers to validate findings.

Data scientists’ workflow
With no available data dictionaries and limited access to key company personnel, FTI Consulting had to assess forensic copies of three disparate enterprise databases, containing more than 400 tables with more than 1.5 billion rows of transactional data.

A technical program was developed to systematically run distributions on each table to identify the type and volume of records and fields contained within and the summary statistics. The results of these findings identified the key data on which to focus additional research.

A model for handling claims
Having clarified what had happened, FTI Consulting established an equitable model to handle the complex process of determining the percentage of reimbursement each claimant was entitled to and the amount they had already received. Each claim was evaluated and categorized as a program net winner or loser. Claimants who had made money required a Form 1099 for income earned, and/or were subject to clawback and distribution. The process had to allow for various baselines based on expected and realized clawbacks in parallel with victim stratification.

IMPACT:
LOSSES RECOVERED AND VICTIMS COMPENSATED
Using advanced analytics and the other techniques described above, FTI Consulting successfully recreated how the program worked, identified the way money flowed in and out of the company, and traced recoverable funds. Through careful, targeted analysis, FTI Consulting was able to recover the majority of losses, with minimal objections to the figures established.

To date, approximately 349,000 checks have been issued to victims, bringing overall recovery to 75 percent.

For further information on how FTI Consulting can be of assistance, please visit www.fticonsulting.com/data-and-analytics

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

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