



# Insights: Top Disputes & Investigations

Data and Analytics





## Data and Analytics

In our Data and Analytics practice, we solve complex operational, regulatory and financial problems involving large databases consisting of structured, semi-structured and unstructured data. We assist our clients in a variety of industries and we expect our assistance to be increasingly needed as the reaction to the pandemic evolves.

One specific area we are watching closely is the financial services sector. With the rapid and large injection of capital into the credit market, we are expecting clients to ask us to help solve new issues arising from the increased credit activity. We have assisted financial firms extensively and are constantly searching for and developing new technologies. We have recently used machine learning algorithms, for example, to evaluate loan portfolios to predict their value and assess their underlying risk.

In this section, of our **2020 Insights: Top Disputes & Investigations**, we highlight our work helping clients resolve disputes on major Data and Analytics projects.





# Assisting with a Sales Practices Investigation

A global financial services company was investigating allegations of improper sales practices, specifically related to pricing of foreign exchange transactions. The allegations, which received regulatory scrutiny and coverage in a major business publication, centered around whether clients received pricing promises, and if so, whether those promises were fulfilled.

FTI Consulting was engaged to assist counsel by using data analytics to identify potential instances of improper sales practices by evaluating the pricing and client communications for thousands of clients. This analysis was completed by mining data from disparate systems – the company’s entire transactional data warehouse and its CRM system – so counsel could easily review individual client’s specific facts and circumstances. FTI married customer experience records to the transactional data for each client of interest, creating a chronology of transaction history, communication/correspondence with the client and rate changes received. It was ultimately determined that some clients’ purported pricing promises went unfulfilled.

Following this determination and report-out to U.S. regulators, the company further engaged FTI to assist with the remediation calculation for the affected clients. This involved recreating thousands of transactions based on specific pricing communicated to each client, and ultimately resulted in the affected clients receiving repayments, including interest. This repayment was also reported in the major business publication. Our analysis has helped the company remediate the impacts and issues during 2019.

## Subject Matter Experts



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# Implementing Streamlined Reporting for Private Equity Portfolio Company

A leading independent provider of civil and criminal justice technology solutions for public safety, investigation, corrections and monitoring was recently acquired by a private equity fund. The new owners defined a need for centralized, efficient and actionable reporting that could be updated and distributed in a repeatable, automated manner and enable timely delivery of critical information to key business stakeholders. FTI Consulting was retained to advise on and develop reporting for the following areas:

- Automating several management operating and financial decks, totaling more than 250 pages of reporting;
- Creating a mobile tool to distribute newly centralized account information to sales reps in the field, enabling deeper, timelier and more comprehensive insight into account status prior to site visits; and,
- Advising in-house development of dashboards to track IT project budgets and resource allocation, giving executives visibility into where and how productive work hours were spent.

Utilizing a SQL database, Excel inputs, VBA scripting and Tableau Server, the FTI team automated the refresh and distribution of four existing monthly and weekly reports, saving client resources approximately 130 hours of manual work per month. Additionally, report automation enabled the client team of eight full-time employees to focus on value-added work, thus reducing the need for increased staffing related to company growth. The automated process improved the timeliness of the data, prevented errors from manual data manipulation and centralized additional data sources in the data warehouse.

To create the mobile sales tool, FTI leveraged the client's newly created sales data warehouse. FTI designed and built a suite of mobile format dashboards in Tableau that contained summary account information such as revenue and product usage volume as well as detailed information such as product configurations, incident tickets and Salesforce contact notes. FTI assisted the client in expanding its Tableau Server license to enable dashboard deployment to the entire Sales organization on a real-time basis.

Finally, FTI advised the client's IT team on the development of a suite of dashboards to track IT project budgets and resource allocation. The FTI team worked alongside the client to design cost and schedule tracking metrics that clearly stated variance to budget and provided visibility into at-risk projects and resource groups.

For each workstream, FTI worked closely with the client's Business Intelligence team, training resources on new skills and providing technical assistance. At the conclusion of each workstream, FTI seamlessly transitioned ownership of all processes to the client for continued usage and enhancement.

## Subject Matter Experts



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# Data Analytics Technology Drives Record Number of Recoveries from Ponzi Scheme

In August 2012, the Securities and Exchange Commission (SEC) shut down ZeekRewards.com (“Zeek”), exposing one of the largest Ponzi schemes in U.S. history. Zeek was a multi-level marketing business that ran a penny auction website incentivizing participants to give away “Sample” or “VIP” bids to attract new customers to its site and share a percentage of the company’s daily profits. Zeek defrauded hundreds of thousands of people worldwide, with more than \$822 million in victim losses. When the Receiver was appointed, he found boxes of cashier’s checks without accompanying books or records, so he turned to FTI Consulting for help.

FTI established two primary workstreams: 1) recreating the books and records and 2) re-engineering how the program worked using available enterprise database records (1.5 billion rows of transactional data) to identify lists of net winners and net losers. As part of those workstreams, FTI provided the following assistance to the Receiver:

- Authored an expert report (leading to summary judgement for the Receiver) citing evidence that Zeek operated as a Ponzi scheme, which was used as the backbone of the U.S. net winner clawback action, as well as numerous foreign clawback actions
- Performed asset tracing, which resulted in the identification of tens of millions of dollars in offshore funds not previously identified
- Determined accurate payments received by Zeek participants to issue correct IRS tax forms

- Assisted in the development of an online claims portal to allow Zeek participants to assert claims for funds lost in the scheme (online portal maintained by Garden City Group)
- Developed automated claims reconciliation tool to allow for efficient claims validation
- Compiled quarterly check distributions and re-issuances (for checks returned or lost) to claimants and will continue to do so until all funds have been distributed

To date, approximately 175,000 claims have been filed, far more than in any other investigated Ponzi scheme. FTI has issued approximately 349,000 checks to victims, bringing overall recovery to 75 percent. The Receiver anticipates that after the final distribution is made, victims with allowed claims will have recovered more than 80 percent of their investment.

## Subject Matter Experts



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