



EXCERPTS OF RECENT MEDIA COVERAGE

FORENSICS

A SAMPLING OF BDO THOUGHT LEADERSHIP IN THE MEDIA FOR Q1 2016

THE WALL STREET JOURNAL

U.S. FCPA DISCOUNT PROGRAM GETS LUKEWARM RESPONSE

By Stephen Dockery

The U.S. Justice Department's new program that offers deep discounts for companies that report and cooperate on foreign corruption violations has so far been received positively but cautiously from the corporate perspective...

The one-year pilot program strictly for foreign bribery violations was announced last week by Justice Department officials, offering up to 50% off of penalties for FCPA violations. It included extensive definitions of what is required of companies to receive the full discount under the program, but it stopped short of a set chart for types of cooperation and corresponding lenient conduct, as was said to be under discussion in the department...

Nina Gross from consulting firm BDO pointed out there is still room for increased certainty and a better business feeling about the program as it is used.

"It might be a game changer down the road as the department refines this," Ms. Gross said, adding that the program in itself is a sign the department is committed to working with companies. "This pilot program may be the impetus to in fact disclose."

THE MORNING RISK REPORT: MORE FOREIGN M&A DEAL REVIEWS COMING

By Stephen Dockery

The planned mega acquisition of chemical and biotechnology company Syngenta AG by a Chinese state-owned company is a cue for companies to pay attention to the growing number of national security reviews they may need to plan for as foreign investment increases...

For **Michael Barba, from audit and consulting firm BDO**, the potential review is indicative of the growing number of investments undergoing scrutiny due to increased awareness of CFIUS and a spike in foreign investment. "That raised some interest in CFIUS and you are going to see a little bit more coming down the pipe," he said, citing a recent controversial CFIUS case that challenged the process. Mr. Barba said CFIUS cases are set to increase after rising by a third in 2015. "We will likely see more deals of this size voluntarily file. The record levels of outbound investment we're seeing from China are also contributing to the increase in filings," he said. The U.S. government encourages companies to submit acquisitions for review before a transaction is complete. Foreign deals can be mediated by the body or blocked by the U.S. president.

The increased attention to the secretive foreign investment review has created a booming industry of professionals to



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Experienced in conducting high-profile investigations and utilizing resources in more than 150 countries, BDO's Global Forensics practice helps multinational organizations identify and mitigate risks associated with fraud and corruption, providing investigation, due diligence, anti-corruption compliance and fraud prevention services.

handle the process that involves most major branches of the U.S. government, Mr. Barba said. Firms and consultants have considerably increased in their expertise recently. "They are more than capable and they are more than staffed to handle these mounting [cases]," he said. Companies involved in such transactions will "need assistance in making sure their processes are all in order," Mr. Barba said. "Make sure all your policies and procedures are in order because they will be asked for," he said.

LEGALTECH NEWS

2016: THE YEAR OF TAR 2.0?

By Ricci Dipshan

The role of technology-assisted review (TAR) in e-discovery and forensic operations and the wide acceptance of the software in the legal industry are becoming more mainstream. Underscoring this trend is **BDO Consulting's recent addition of Adam Strayer as the leader of TAR for the firm's forensic technology services practice...**

"2015 was the year we saw TAR become mainstream. Our recent e-discovery survey found that nearly half of large organizations with over \$1 billion in revenue have adopted TAR. The adoption rate is lower for the middle market, but we expect the percentage to continue to climb," Strayer said. "At this point, most legal professionals realize that TAR brings value to the e-discovery process, especially as the challenges of Big Data continue to loom over them"...

Bringing Strayer onto the team also helps BDO Consulting position itself for what many expect will be a period of technological advances alongside the growing adoption for data review platforms.

Strayer declared "2016 is the year of TAR 2.0," noting that, "We're beginning to see organizations use TAR beyond litigation purposes, leveraging its capabilities in investigative scenarios and due diligence settings."

"From a technology perspective, in the past year, we've seen significant improvements in the user interface and graphical representations," Strayer said. "Looking ahead, continuous active learning, in which the system continues to learn throughout the review process, will eventually become the standard."

LAW360

FRAUD TRENDS FOR 2016 IN A WORD: TECHNOLOGY

By **Gerry Zack**

Technology continues to be the common thread in many of the important developments and emerging trends involving fraud and corruption investigations. In thinking about technology and fraud, and with a nod to Clint Eastwood, a simple classification system emerges: the good, the bad and the ugly.

The Good

Technology has provided the good guys with advanced tools useful in the prevention, detection and investigation of fraud and corruption. Data mining and analysis have evolved such that organizations can often identify an incident of fraud while it's happening, even catching the early signs of fraud before it occurs...

The Bad

Unfortunately, the bad guys can also use technology to further their criminal pursuits. Steganography, a technique for hiding something in plain sight, has become a standard practice for cybercriminals in the last year and will continue to gain momentum in 2016...

The Ugly

The bad guys also have become adept at seizing opportunities created when the good guys are careless in the deployment of new technology. This is an alarming trend that seems to only be getting worse. Though companies perform plenty of testing to make sure new technology does what it's supposed to prior to deployment, very little testing is done to ensure it doesn't do what it's not supposed to do — creating an opening for criminals.

CIO DIVE

5 WAYS COMPANIES ARE USING BIG DATA

By Justine Brown

Big Data is a hot topic as companies move to advance their enterprise capabilities and offerings. Some organizations have successfully figured out how to use Big Data, and they use it well. Others, however, have not had such an easy go of it...

Many companies have an abundance of data, but they may not necessarily know what to do with it. The following are five ways organizations are capitalizing on their Big Data...

BDO, a national accounting and audit firm, uses Big Data analytics to help identify risk and fraud.

"In the past during an internal audit, we would interview a lot of people and try to understand what is happening there in the company and try to identify where the risk is through the controls," said **Kirstie Tiernan, BDO consulting director**. "Now we focus on the data first; because the data doesn't lie. You can ask the data certain questions and you can get answers quickly and accurately."

Tiernan said she had a case recently where they were working through an investigation that involved thousands of vendors. "We didn't know which vendor was causing a discrepancy," she said. "We used analytics to pare down the entire population by a few different attributes. Very quickly we were able to get it down to 11-12 vendors to review."

"From there it was very easy to see there was one specific vendor that had a ton of inconsistent data and other clues that made them bubble to the top," Tiernan said. "If we were interviewing people or doing random sampling as we did in the past, the odds that we would have found that specific vendor would have been very low."

CFO

**CELL PHONE FRAUD:
WHO'S WATCHING IT?**

By **Jesse Daves and Celyna Frost**

According to the Federal Communications Commission, upwards of 40% of theft in major U.S. cities involves personal cell phones. But less talked about is the hidden threat of cell phone theft that takes place in the workplace.

Cell phone procurement fraud has been on the rise in recent months. Unlike street theft, which is usually a crime of opportunity, these schemes involve the systematic purchase of cell phones that are

then resold off-the-books by employees for personal gain...

Detecting Procurement Fraud

Because of the potential financial repercussions, companies must put due diligence measures in place and watch out for red flags that may indicate fraudulent procurement...

Suspicious Activity

Finance chiefs should be on the lookout for anomalies or changes in the level of activity and the number of issues reported. For example, IT may report an unusual number of suspended or "frozen" lines; initiate multiple, recurring shipments to unknown parties; or receive a high volume of packages.

Material discussed in this article is meant to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.

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