

REPRINT

# MANAGING FRAUD INVESTIGATIONS IN MULTINATIONAL CORPORATIONS

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HOT TOPIC

# MANAGING FRAUD INVESTIGATIONS IN MULTINATIONAL CORPORATIONS



## PANEL EXPERTS

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**Kaisa Karvonen** leads the forensic services practice at BDO Switzerland. She holds an MSc in finance, is a certified accountant, an auditor of ISO37001 anti-bribery management systems and a certified global sanctions specialist. She brings over 20 years of consulting experience in forensic accounting, anti-corruption compliance and investigations in private and public interest companies, and international organisations.

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**Jeremy Dane's** career has focused on providing consulting in civil and criminal matters with a particular emphasis and specialised expertise in forensic accounting, fraud investigations, fraud due diligence reviews and compliance assessments. With more than 23 years of investigations and compliance experience, he is frequently engaged as both a litigation consultant and forensic accountant, primarily in the areas of fraudulent schemes and corruption and bribery.

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**Carlos Dias** is a partner in BDO's forensics department in Brazil, with more than 20 years of experience in technology, security information, digital forensics, e-discovery, data analytics and fraud investigation. He manages and conducts projects-related litigation support on technology, environment, intellectual property, fraud and cyber crime investigations for diverse companies across various industry segments.

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**Stan Gallo** is a partner and leads BDO forensic services in Australia. An experienced former detective and senior leader with 40 years' experience in law enforcement and professional services environments, he is a highly regarded risk specialist who combines complex investigative and forensic technology skills with proactive risk management to assist organisations in resolving issues and aligning governance, risk and compliance programmes with their strategic objectives and regulatory requirements.

**R&C: To what extent are you seeing an increase in corporate fraud investigations? What factors make large companies a particularly attractive target for fraudsters?**

**Dias:** In recent years, we have observed a rise in sophisticated document fraud in Brazil, facilitated by new technologies. It is now easy to create fake transfer receipts, invoices and payment confirmations. Even those with limited tech skills are engaging in cyber crime, enhancing internal fraud schemes. Additionally, accounting fraud by senior management is increasing, aiming to disguise losses as profits. The rapid advancement of artificial intelligence (AI) poses further challenges, as fraudsters refine their tactics. Robust processes, awareness initiatives and strong compliance programmes are crucial for prevention. However, laws and regulations must also evolve to effectively deter and penalise fraud, especially at senior levels.

**R&C: What are the most common types of fraud typically experienced by multinational corporations? How is technology being used for more sophisticated methods of committing fraud?**

**Karvonen:** Asset misappropriation and embezzlement remain top of the agenda for corporate investigations, in addition to corruption and bribery. For internal fraud, AI technology enables

**“Complex investigations will require greater collaboration between legal, compliance and IT to remain effective across jurisdictions.”**

*Stan Gallo,  
BDO Australia*

fraudsters to disguise fraudulent payments, by creating convincing supplier invoices, contracts, receipts and other supporting documentation easily at the press of a button. External fraud is driven by increasingly sophisticated phishing attacks and impersonation schemes, such as chief executive fraud, including the utilisation of voice imitation. Corruption and bribery are facilitated today using cryptocurrencies and the money laundering opportunities they enable.

**R&C: Should a multinational corporation suspect or confirm it has become the**

**victim of fraud, what initial steps should it take to investigate the matter?**

**Dias:** The most crucial step when facing a suspicion or confirmation of fraud is to spare no effort in collecting and preserving digital data, using appropriate forensic computing and e-discovery methodologies, carried out by specialised and certified professionals and companies, ensuring the use of approved tools for forensic work. Promptly obtaining electronic data from computers, emails, servers, instant messengers, mobile phones, financial and accounting databases, and cloud data in a comprehensive manner – even if the data is linked to individuals not yet under suspicion – makes a fraud investigation more reliable. Once the data is preserved, we have technical means to go back in time to investigate what happened in the company or in the process under suspicion. Another important point when confirming fraud is to alert the company's auditors as early as possible, so they can follow the investigative work and feel reassured about the figures or potentially diverted amounts.

**R&C: What are the main challenges a multinational corporation is likely to face when conducting a fraud investigation?**

**Dane:** Multinational corporations face significant challenges during fraud investigations, including navigating diverse legal systems, cultural differences

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*Carlos Dias,  
BDO Brasil*

and language barriers. These organisations must manage complex structures and varying compliance standards across countries, which complicates the investigation process. Coordinating cross-border teams while ensuring data privacy and confidentiality is crucial, as mishandling can lead to legal repercussions and reputational damage. Additionally, the need to maintain trust and transparency with stakeholders while conducting thorough investigations adds pressure. Effective communication and collaboration among international teams are essential to overcome these obstacles and ensure a successful fraud investigation across different jurisdictions.

## **R&C: What role does transaction analysis and forensic audit play in the investigation process?**

**Dane:** Transaction analysis and forensic audits are vital components of fraud investigations, providing the means to identify irregularities and trace financial discrepancies. By scrutinising transaction patterns, forensic auditors can uncover hidden fraud schemes and anomalies within financial records. These tools offer detailed insights, enabling investigators to detect, analyse and document fraudulent activities with precision. Forensic audits help establish a clear understanding of the financial landscape, supporting legal proceedings and recovery efforts. Transaction analysis aids in piecing together the puzzle of complex fraud cases, ensuring that investigators have the necessary evidence to pursue justice and prevent future occurrences.

## **R&C: How can investigators manage multijurisdictional issues associated with fraud investigations and asset tracing?**

**Dane:** Investigators can effectively manage multijurisdictional issues in fraud investigations and asset tracing by employing a comprehensive

and methodical approach. Utilising advanced data analytics and forensic accounting techniques allows for the efficient analysis of complex financial transactions across borders. Conducting thorough due diligence and employing open-source intelligence can uncover hidden assets and connections. Developing a clear investigative plan that outlines objectives, resources and timelines is essential for maintaining focus and efficiency. Understanding cultural nuances and local legal frameworks is crucial for navigating diverse

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*Jeremy Dane,  
BDO USA, P.C.*

jurisdictions. Regular training and adopting best practices in global investigations ensure a robust and adaptable investigative strategy.

## **R&C: What advice would you offer to multinational companies on conducting**

**an efficient, effective fraud investigation? What factors are essential to achieving established outcomes while mitigating the impact on the company's finances, reputation and legal standing?**

**Gallo:** Multijurisdictional investigations add an additional layer of complexity. A methodology that follows established principals underpins every efficient and effective fraud investigation. To effectively mitigate financial, reputation and legal risks, the investigative methodology must include a clear and comprehensive fraud investigation policy that includes procedures, roles and responsibilities, backed by access to expertise in fraud detection and investigation. A prompt response with discreet and confidential handling of the investigation will limit further damage while protecting employees, stakeholders and the organisation's reputation. It is also important to leverage technology and data analytics to identify and analyse suspicious activities. Ongoing communication with legal and compliance teams will also help companies to navigate legal and jurisdictional complexities and ensure that the investigation adheres to localised regulatory requirements.

**R&C:** Going forward, are we set to see a continued rise in cases of corporate fraud? Do you expect investigation techniques to evolve accordingly?

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*Kaisa Karvonen,  
BDO AG*

**Gallo:** With current global uncertainty and economic pressure, it is likely that we will see a continued rise in cases of corporate fraud. The increasing complexity of global business operations, coupled with massive data volume generation and advancements in technology, creates greater opportunities for fraudulent activities. To respond to this complex environment, investigation techniques must evolve accordingly. Increasingly sophisticated proactive controls to detect and prevent fraud, including advanced analytics, AI and machine learning, will assist with identifying evidence and



enhance the efficiency and accuracy of reactive investigations. Such complex investigations will require greater collaboration between legal, compliance and IT to remain effective across jurisdictions, both on an individualised basis, and as part of an overarching, comprehensive fraud prevention strategy. **RC**

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