

EMPLOYEE MISCONDUCT INVESTIGATION

THE EMPLOYEE MISCONDUCT INVESTIGATION PRACTICE OF BDO CONSULTING ASSISTS BOARDS OF DIRECTORS, AUDIT COMMITTEES, INDEPENDENT DIRECTORS, MANAGEMENT AND COUNSEL IN EVALUATING ALLEGATIONS OF WRONGDOING INVOLVING EMPLOYEES OR MANAGEMENT.

► **TIMELY RESPONSE**

Organizations face a wide array of potential allegations related to employee misconduct which require an immediate response. The diversity and depth of BDO Consulting's practice enables our professionals to approach each matter with a focus on the specific tasks that yield informative results in a timely manner. We bring our knowledge and discipline to assist our clients in developing effective responses to allegations of:

- Employee embezzlement
- Theft of proprietary information and trade secrets
- Information leaks and corporate espionage
- Vendor kickbacks
- Sexual harassment and discrimination
- Workplace disputes, threats and acts of violence
- Workers' compensation fraud
- Employee discrimination

Our clients often require an urgent response to stem losses and manage the possibility of adverse publicity, financial market response and regulatory enforcement actions.

► **MULTIDISCIPLINARY, EXPERIENCED PROFESSIONALS**

The BDO Consulting Employee Misconduct Investigation practice provides clients with high quality, individualized service and immediate access to a significant depth of accounting and investigative talent. Our clients receive personal attention from highly experienced licensed investigators, Certified Fraud Examiners, computer forensic consultants, forensic accountants and insurance claim professionals.

Our fully integrated investigative and forensic accounting professionals focus on the root of the suspected fraud, leveraging experience with some of the largest and most complex cases in a wide range of industries. These professionals draw upon their significant track records of completed investigations as well as experience in former positions with federal law enforcement and corporate investigation departments. BDO Consulting's senior professionals are actively involved from an investigation's initial stages through the engagement's resolution. Our integrated staff has significant longevity of tenure with BDO Consulting, enabling our professionals to offer clients the strong, ongoing focus necessary for employee misconduct investigations.



We combine investigative, technical and industry resources to rapidly and thoroughly respond to suspected fraud, irregularities and workplace incidents.

► THE VALUE OF BDO CONSULTING

As part of a national accounting organization, BDO Consulting is the right choice for our clients' employee misconduct investigation needs due, in part, to our technical accounting resources. Our investigators work with experienced forensic accountants skilled in reconstructing missing records and tracing the flow of funds. With offices across the United States and BDO International Limited Member Firms around the world with forensic accounting and investigative experience, BDO Consulting is able to field teams where allegations arise and resources are needed.

► EMPLOYEE MISCONDUCT INVESTIGATION CASE STUDIES

BDO Consulting has provided Employee Misconduct Investigation services to our clients in numerous matters, including:

Employee Embezzlement

The payroll clerk of a commercial building repair company had embezzled \$5 million during several years. By setting up fictitious employees and directing fake expense reimbursements to her bank account, she was able to siphon off cash flow from the company, almost bringing it to closure. An initial investigation, handled internally, led the clerk to a plea agreement of a relatively short jail term and without restitution of the stolen funds. However, a subsequent investigation by our professionals presented more incriminating evidence and a clearer picture of her fraud and the actual amount embezzled. Our professionals investigated the backgrounds of both the clerk and her family, reviewed volumes of documents and conducted numerous interviews. As such, the judge revoked the employee's plea deal and re-sentenced her to a longer prison term and restitution of the full amount embezzled. We also assisted the company with litigation against third parties, resulting in additional recovered funds.

Information Leak

Based on speculation that a top producer at a professional services firm was about to leave his company for a competitor, the general counsel's office contacted our practice to conduct an investigation. Our professionals conducted interviews and reviewed email, and determined that the employee was planning to leave the company for a competitor. The employee had arranged for clients to follow him, and also sent proprietary information to a personal email account and to a contact at the competitor company. As a result of our investigation, the employee was terminated and the competitor was sued for an amount that was settled before trial.

Sexual Harassment

In response to sexual harassment allegations by an employee, the general counsel for a financial institution requested an independent investigation to determine the facts of the case. Our professionals conducted interviews with eyewitnesses and character witnesses as well as background investigations on the complainant and defendant. Our investigation uncovered information which discredited the employee's allegations and enabled the civil suit brought by the employee to settle quickly out of court.

Workers' Compensation

Our professionals were retained to address whistleblower allegations of insurance fraud at an organization that provided nursing care to individuals on workers' compensation. Through our interviews, we discovered that some nurses were over billing insurance companies for more than 24 hours in a single day. Our professionals completed the investigation, reported findings and made recommendations to management. A year after our investigation, the company asked our professionals to review the effectiveness of the new procedures they implemented based on our recommendations.

Vendor Kickback

After dismissing the purchase manager, a not-for-profit organization identified an unexpected and substantial decline in their spending on supplies. Our professionals conducted interviews, reviewed email and other electronic data, examined purchase orders and invoices and reviewed accounts payable procedures. The results of our investigation determined that the purchasing manager had established a relationship with the supplies vendor that caused the organization to lose more than \$600,000 over a five-year period. In this vendor kickback scheme, the supplies vendor billed the not-for-profit organization for supplies that were never shipped and the purchasing manager received a kickback from the vendor.

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BDO Consulting provides litigation, investigation, business restructuring and risk advisory services to clients in the United States and internationally. Our highly experienced and well-credentialed professionals leverage the global industry and accounting knowledge of the BDO international network, providing rapid, strategic advice to assist our clients.

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