



Case Study: Fraud Research

Facilitating Recovery, Tighter Controls for a Manufacturer

CHALLENGE: CFO's Fraudulent Actions Threaten Prospects for Sale

A manufacturer discovered its CFO had committed fraud using fraudulent vendors and personal expense accounts.

Internal research determined the extent of the fraud and the amount of money the CFO needed to repay.

Because the company was preparing for sale, it sought an expert resource to:

- Validate the internal investigation had discovered all of the fraud
- Provide a narrative as to how the fraud was committed
- Provide a list of recommended controls to help ensure a similar situation wouldn't recur
- Provide a report discussing its findings

SOLUTION: Thorough, Actionable Research and Review

During a two-week engagement, CMF applied extensive research efforts to determine the extent of the fraud, including:

- Interviewing key employees who discovered and reported the fraud
- Interviewing the CEO who confronted the CFO and maintained a relationship with the CFO during the repayment period
- Reviewing and validating the listing of fraudulent transactions
- Reviewing the general ledger, vendor files, personal expense accounts, and customer files to determine whether any additional, unreported fraud had taken place

OUTCOME: Validated Fraud Resolution, Tighter Fraud Controls

Within two weeks, the CMF team achieved the following:

- CMF issued a report for the company that explained how the fraud was perpetuated, and presented an opinion that the company had discovered all of the fraudulent transactions and collected a sufficient amount to recover any losses suffered.
- The company was able to implement recommended preventative controls to ensure similar frauds won't happen in the future.

CMF ASSOCIATES, LLC

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