



VALUE OF EXPERIENCE

US offshore funds investigation

CHALLENGE

An International North American bank received a John Doe summons from the US Department of Justice (DoJ), as it was suspected that some of the offshore accounts opened on behalf of US citizens were not in compliance with FATCA regulations. In preparing its response, our client required a detailed analysis of its account opening and management processes and a thorough investigation of identified account handlers.

Our client also needed to understand how and why breaches in FATCA regulations had occurred and, if so, how widespread the practice may be within the company.

SOLUTION

Navigant was appointed to carry out a data forensics and analysis investigation of transactional and correspondence data. After gathering data from across the bank, in accordance with US tax law and associated regulatory compliance directives, Navigant analysed the collected data. The findings had to be assembled in a clear and concise way so that our client's legal team could use them to demonstrate a willingness to work with the DoJ and to negotiate a mutually acceptable settlement.

Navigant conducted due diligence at the Bank in order to determine the level of exposure to high-risk accounts from a U.S. tax law perspective. The high-risk account population was chosen from a statistically significant sample of accounts with certain demographic information and financial value based on a 90% confidence level with a 10% error margin. This led to Navigant reviewing 350 high-risk customer accounts in detail.

The Legal team, Navigant's FATCA experts and the bank's review team, performed an electronic document, hard copy file, and transactional review. Interviews were conducted with bank personnel, and risk questionnaires were completed for each in scope account in-order to identify the percentage of high risk customers at the bank.

The interviews conducted were with selected account managers to understand if there had been any deliberate violation of FATCA regulations, and to assess whether these were isolated incidents or part of a much larger, sanctioned practice endorsed by the bank's senior management.

The transactional data was spread across 40 disparate systems which Navigant was able to collate and analyse by executing an extract-transform-load (ETL) workflow into a single database. We also developed a set of criteria to 'red flag' accounts that were in potential violation of FATCA regulations.

All collected transactional data was loaded into custom software platform developed by Navigant, providing accounting and tax law experts with a 360 degree view of each flagged account. The data spanned across 40,000 customer accounts in multiple locations comprising of millions of transactions and consisted of email communications, messaging and chat applications, as well as mobile communications and voicemails.

RESULTS

Navigant was able to provide a detailed picture of FATCA violations within the bank and articulate where and why specific incidents had occurred. This also gave our client a much better chance of identifying similar instances in the future and proactively mitigating them before being approached by the DoJ again. The client's legal team were able to use Navigant's findings to assemble a narrative that demonstrated full and fast cooperation with the DoJ and an indication that the improper FATCA practices were largely isolated to a particular account executive. Navigant's work secured a significantly lower financial penalty related to FATCA regulations.

Navigant's ability to analyse and fully conduct its work in situ, rather than shipping all the data to the U.S. and subjecting it to U.S. data subpoena powers, was of great value to the bank and because it also helped to meet their broader data privacy concerns.

Navigant's expertise in complex forensic data analysis, bespoke technical capabilities and specialist knowledge of US tax law was what was most valued by a Middle Eastern bank embroiled in a FATCA regulation breach.

40,000



CUSTOMER ACCOUNTS ANALYZED INCLUDING 300 HIGH RISK ACCOUNTS.

15 MILLION

FX DEALS COMPARED WITH 400 MILLION DAILY REUTERS AND BLOOMBERG FX PRICING DATA POINTS TO DETERMINE THE DISTRIBUTION OF PRICING PRACTICES.



1.7TB

OF EMAIL DATA PROCESSED AT CLIENT SITE TOTALING 5 MILLION EMAILS AND ATTACHMENTS



USED EMAIL THREADING AND SEARCH TERMS TO REDUCE REVIEWABLE POPULATION TO 250K EMAILS AND ATTACHMENTS



ASSISTED 40 PERSON REVIEW TEAM TO REVIEW RELEVANT DATA ONSITE

For more information please go to navigant.com/LegalTechnology

About Navigant

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