

Case Study: Assessing Operations in a Chapter 11

CHALLENGE:

A high-profile Hollywood motion picture studio filed its second Chapter 11 plan of reorganization in an effort to succeed. The company's second plan of reorganization was unsuccessful primarily due to poor box office results, competition from streaming services, and a loss of creative talent / reduced infrastructure. The reduced infrastructure included fewer personnel that impacted day-to-day operations and accounting functions, which gave rise to segregation of duties issues. Given the lack of accounting controls and purported questionable behavior, the liquidating trustee suspected the debtor's principal skimmed money from the company's operating accounts. The liquidating trustee requested a forensic investigation be performed and engaged Brandlin & Associates (www.brandlin.com), a national forensic accounting firm, for help.

SOLUTION:

The liquidating trustee had limited funds to perform a complete forensic investigation. In a collaborative effort, Brandlin & Associates ("B&A") engaged Valid8 to assist in identifying purported illicit activities to satisfy creditor claims.

- The Brandlin team uploaded bank statements for all operating accounts.
- Valid8 extracted transactions and precisely reconciled each statement.
- Patent pending matching algorithms identified transfers between accounts and entities.
- "Bomb-proof", comprehensive data ready for analysis in less than 24 hours.
- After a few phone calls and a "1-click" export to Excel, B&A presented evidence of at least \$4.5 million of fraudulent transfers.

Within one week the law firm had proof of wrongdoing, in addition to previously undisclosed accounts, which made the decision to pursue a more comprehensive investigation a simple one.

"Valid8 prepared data in less than 24 hours, we identified \$4.5 million in fraudulent transfers, and got the client to engage in a more comprehensive phase 2, all within a week."

"The speed of digitization, transfer match, and 1 click to Excel were all critical to our success but the most impressive aspect of Valid8 is the ease of use."

OUTCOME:

- \$4.5 million of fraudulent transfers identified.
- 8,500 unique transactions totaling \$186 million of inflows/outflows.
- 2,500 transfers identified totaling \$130 million.
- \$56 million of net inflows/outflows analyzed.
- Case time without Valid8 = 100's of hours over months (estimated).
- Case time with Valid8 = ~10 hours over a few days (actual).
- Client approved a more comprehensive Phase 2.



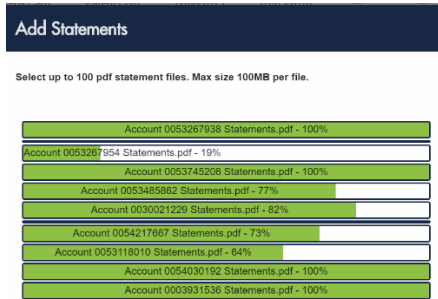
Jeff Brandlin, CPA/CFF, CIRA
President and Founder

David Bell, CPA
Managing Director

"The real value that Valid8 delivers is the ability to quickly determine if a broader investigation is needed."

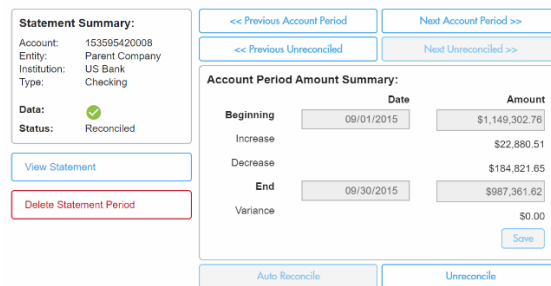
No Templates Required

- Upload any PDF from any institution in any format.



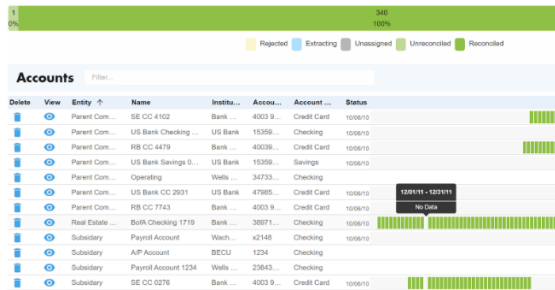
Automated Reconciliation

- Fully reconciled data returned in less than 24 hours.



Realtime Data Status

- Simple visuals to understand what data you have and what state it's in.



Interactive Data Visualization

- Visualize categorized sources flowing into categorized uses through a network of accounts.

