

Case Study: Daylighting Employee Fraud

CHALLENGE:

An investor in Dallas TX funded a business for over 3 years. As business performance slowly declined, the investors asked more detailed questions which exposed poor accounting practices. Unsatisfied, the investor turned to Bruce Flournoy, CPA/CFF/CFE to shed some light on the situation. As soon as the employee found out an outside professional had been hired, they quit and stole all the accounting records.

SOLUTION:

Bruce had nothing to start with except thousands of pages of bank statements. Extracting the data is a tedious, error prone process taking hundreds of hours. The investor and attorney weren't willing to pay for a comprehensive investigation until there was proof of wrongdoing, so Bruce called Valid8 with the intent to build a case for the attorney.

- Bruce uploaded bank statements that he had access to.
- Valid8 extracted transactions and reconciled each statement to the penny.
- Patent pending matching algorithms identified transfers between accounts and entities.
- Fully reconciled, comprehensive data ready for analysis in less than 24 hours.
- After a quick analysis and a 1-click export to Excel, Bruce presented evidence that the perpetrator had stolen over \$19 million over a 3-year period.
- The investor and attorney agreed to aggressively pursue the case.

Using Valid8 data it became obvious that the perpetrator was consistently drawing down the funds by taking cash out in even number increments and writing checks to fraudulent companies.

"Valid8 compressed the time and reduced the cost of the initial discovery so that the client was confident to pursue the case. Without Valid8, the client wouldn't have pursued the case."

"I've used many different solutions from transcription services to OCR software, the speed and accuracy that Valid8 provides is unprecedented."

OUTCOME:

- Over \$19 million of stolen funds identified over a 3-year period.
- 38,550 total transactions totaling \$75 million of inflows/outflows.
- 1,223 transfers identified totaling \$17 million.
- Case time without Valid8 = 1,000's of hours over months (estimated).
- Case time with Valid8 = ~12 hours over a few days (actual).

Bruce Flournoy, CPA/CFF/CFE
Sole Proprietor

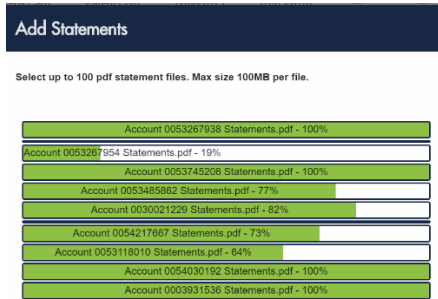


**CERTIFIED FRAUD
EXAMINER**

"Valid8's data visualization showing transfers between accounts and entities was critical to establishing our case narrative."

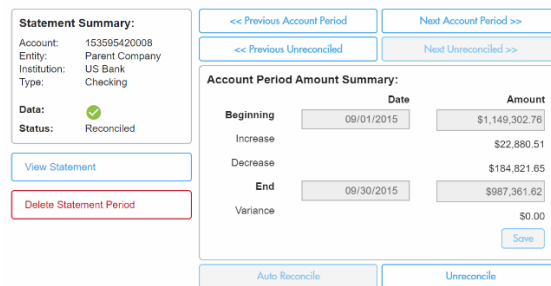
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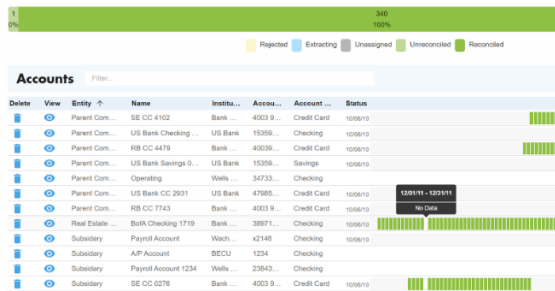
Automated Reconciliation

- 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.

