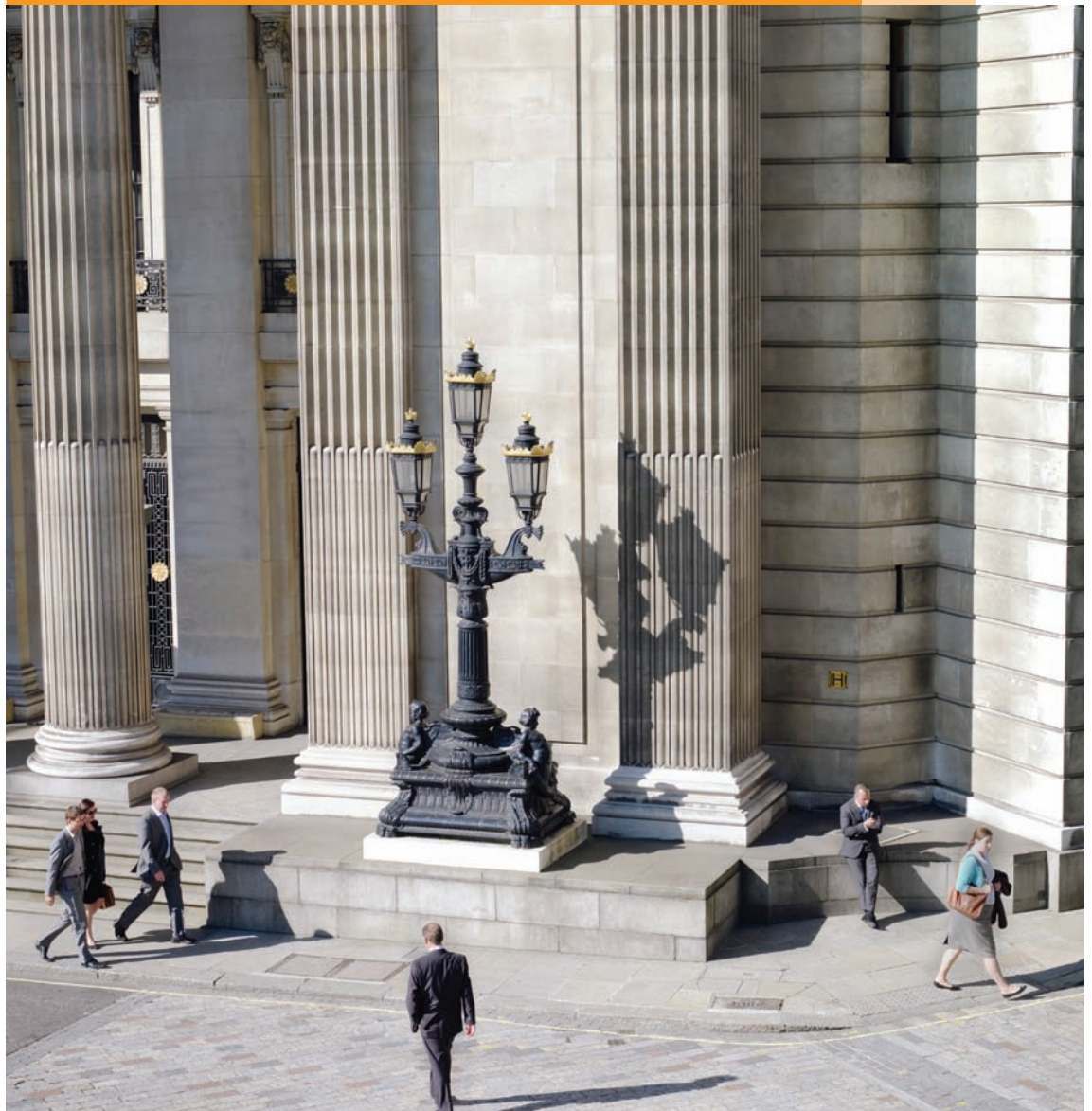


Federal regulatory risk and compliance

*An introduction to our
capabilities around
federal regulatory risk
and compliance*

February 2011





Federal regulatory risk and compliance

The US Government has numerous and ever-changing statutes and regulations impacting our clients' operations. Specifically, the government has increased its scrutiny over how companies comply with the Foreign Corrupt Practices Act (FCPA), export control requirements and government contract requirements, including the mandatory disclosure rules. At PricewaterhouseCoopers (PwC), we understand that working with the federal government can be challenging and has significant risks and rewards, especially during a time of unprecedented change. Success in this environment requires systems, controls and strategies to meet the challenge.

PwC professionals are uniquely qualified to provide clients with the expertise needed to effectively manage the regulatory and business issues that must be addressed when operating in a regulated market.

This material provides an introduction to our capabilities around federal regulatory risk and compliance. We introduce our FCPA, Government Contracts, Export Controls, and Forensic Technology Solutions practices, and provide an overview of the value we provide across multiple industries.

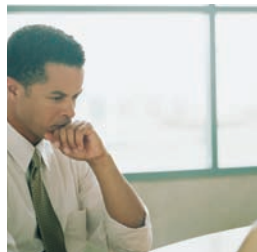
If you have any questions, or would like more information, please contact me at (617) 530-6156 or alternatively, please call any of the contacts listed.

Yours truly,

A handwritten signature in black ink, appearing to read "Erik Skramstad".

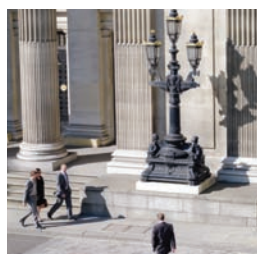
Erik Skramstad
US Leader—Forensic Services
PricewaterhouseCoopers LLP

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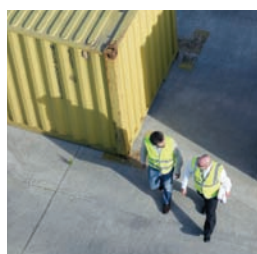
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Foreign Corrupt Practices Act



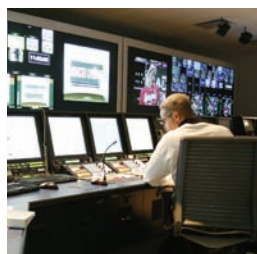
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Government Contracts



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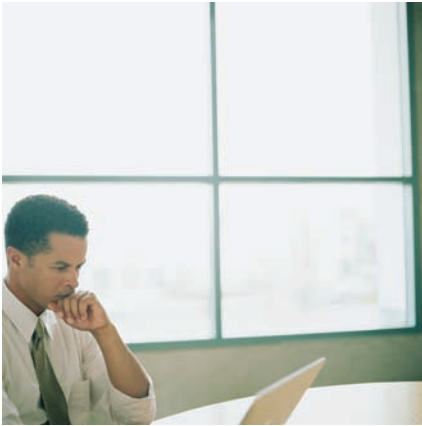
Export Controls



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Forensic Technology Solutions

Foreign Corrupt Practices Act



“Our focus and resolve in the FCPA area will not abate, and we will be intensely focused on rooting out foreign bribery in your industry. That will mean investigation and, if warranted, prosecution of corporations to be sure, but also investigation and prosecution of senior executives. Effective deterrence requires no less. Indeed, we firmly believe that for our enforcement efforts to have a real deterrent effect, culpable individuals must be prosecuted and go to jail where the facts and the law warrant.”

—Lanny A. Breuer, Assistant Attorney General Criminal Division

Keynote Address to the Tenth Annual
Pharmaceutical Regulatory and
Compliance Congress, 11.12.2009

Overview

In 1977, the US Congress passed the Foreign Corrupt Practices Act (FCPA) in an attempt to ensure commercial fair dealing, government integrity and accountability, and the efficient and equitable distribution of limited economic resources. The FCPA established criminal and civil penalties for payments (or promises of payments) made by US corporations or US nationals, to foreign officials that could be considered bribes.

The FCPA's two main areas of focus:

1. **Anti-bribery provisions:** essentially prohibit the promise, payment or giving of money or anything of value to any foreign official, for the purpose of obtaining or retaining business or any improper advantage.
2. **Accounting requirements:** applicable to companies required to file periodic reports with the US Securities and Exchange Commission (SEC). Such companies are required to (i) maintain a system of internal accounting controls that provide reasonable assurance that management's instructions are being carried out and that discrepancies in the company's books and records are detected and reconciled; and (ii) to make and keep books, records and accounts, which in reasonable detail, accurately reflect the transactions and dispositions of assets of the issuer.

Consequences

The federal government has dramatically sharpened its focus on business activities in foreign countries, and the frequency of prosecutions under the FCPA has increased notably over the last few years. Regulators are pursuing cases more aggressively and assessing larger penalties when violations are found. The severe penalties applicable under the FCPA make it imperative that a company invest in the development and implementation of a comprehensive FCPA compliance program.

The FCPA carries criminal penalties and fines of up to:

- \$2 million or twice the gain for firms
- \$100,000 for individuals and up to five years imprisonment

FCPA issues are also fertile ground for plaintiff actions or competitor lawsuits.

The SEC and Department of Justice (DoJ) brought more enforcement actions in 2009 than in any prior year in the FCPA's history. Foreign prosecution of bribery and corruption was also on the rise. Both agencies continue to focus on investigations and prosecutions, with the DoJ reporting at least 130 open FCPA investigations. Some of the trends we noted last year include:

- Use of new enforcement theories
- Continued focus on prosecution of individuals
- Large penalties
- Industry-wide sweeps
- International cooperation
- Emphasis on due diligence in M&A transactions and third parties

- An international network of individuals experienced in computer forensics and cybercrime investigations
- The expertise of qualified investigators who have held senior-level positions with major prosecutorial and law enforcement agencies in the United States, Canada, the United Kingdom, Europe, South Africa and Asia
- An international network of assurance and tax professionals familiar with local disclosure requirements and tax implications

Realized value—how a proactive program can help

Recent settlements with US and global regulators have shown tangible benefits to companies that have developed robust and effective compliance programs, including reduced sanctions and the ability to continue operations in key territories where problems have occurred.

A proactive investment in developing such a program can add value to your operations by allowing you to:

- Closely monitor and manage risk
- Mitigate potentially harmful transactions or relationships
- Manage revenue leakage and expense creep
- Reduce management or operation distraction often caused by an investigation

Mitigating the threat

The PwC Forensic Services practice provides unparalleled, confidential, global resources to assist companies with implementing and/or assessing compliance programs, conducting reputational diligence on agents, intermediaries and targets, and performing transactional investigations under the direction of a company and its counsel.

PwC has a global presence, with offices in 757 cities across 151 countries. Our professionals offer:

- A comprehensive understanding of local and regional culture, language, financial and regulatory systems
- An international network of partners and staff who offer a unilateral advantage in investigating issues that extend across borders and the ability to provide our clients unprecedented global reach in a coordinated and expedited manner

We understand the complex issues and international challenges that companies face today when dealing with FCPA compliance sensitivity. Companies and stakeholders are pursuing practical, efficient ways to reduce the risk of corruption to both the company and its employees. Our vast experience in the following areas can assist you:

- Assess compliance risk and benchmark current compliance environment
- Develop effective compliance controls and monitoring techniques
- Remediate compliance-sensitive areas
- Conduct FCPA investigations and respond to regulatory inquiries
- Conduct pre-acquisition and third-party due diligence
- Conduct training of management, employees and third parties

Select representative experience

Over the last five years, we have completed well over 100 FCPA assignments, involving more than 300 field visits in 90 countries across various industries including: agriculture, automotive, communication and technology, chemical, defense, engineering and systems integration, financial services, health care, high-tech, hospitality, medical device, petrochemical, pharmaceutical and retail. Our anti-corruption professionals include experienced compliance specialists, forensic accountants, former regulators and law enforcement officials and specialists in forensic technology and document management.

Automotive

Conducted an investigation of alleged FCPA violations for a multinational automobile manufacturer and retailer in response to whistleblower allegations. PwC's global forensics resources from the US, Africa, Asia, Europe and Latin America were used to conduct onsite investigations in 14 countries. The investigation included analysis of documents, interviews of personnel and the extensive use of PwC's proprietary electronic discovery tools. We also assisted with remediation including a coordinated review and revision of policies and procedures, development and roll-out of a comprehensive training program to several thousand employees, implementation of a Compliance Office and hot-line, and a comprehensive review of methodology used in recording select transaction types.

Banking and Capital Markets

Conducted an investigation to identify and quantify compliance risk and exposure with respect to Nicaraguan joint ventures with state-owned enterprises. Procedures performed included a review of the books and records of the joint ventures along with a comprehensive exposure analysis of sensitive in-country accounts. We developed a detailed database that assisted in assessing the nature, business purpose and beneficiaries of wire transfers and certain other transactions, including intercompany transfers.

Energy

Conducted a pre-disposition investigation of alleged FCPA violations in the oil, gas and petrochemical division of a large multinational organization. The Company had over 700 subsidiaries with operations in 100 countries. PwC's global Forensics resources from the US, Africa, Asia, Europe and Latin America were used to conduct onsite investigations in 20 countries. The investigation included an analysis of documents, interviews of personnel and the extensive use of PwC's proprietary electronic discovery tools. We collected and analyzed over 1 terabyte of information from 1,500 email boxes representing approximately 5 million emails; data from network drives; and over 20 million rows of accounting data from ten different software packages. The information collected spanned a six-year period and related to operations in approximately 50 countries. The Company voluntarily disclosed the results of the investigation to the DoJ and the SEC, and the disposition was successfully completed.

Technology

Conducted pre- and post-closing compliance reviews into alleged improper payments made through certain fixed and mobile network units of a large multinational organization with operations in 150 countries. PwC's global forensics resources from the US, Africa, Asia, Europe and Latin America were used to conduct onsite reviews in 15 countries. Our review included analysis of documents, discussions and interviews of 275 local management and senior personnel, and the extensive use of PwC's proprietary electronic discovery tools. We collected and analyzed from the accounting systems in the 15 selected countries a selection of approximately 1,200 historical transactions for review. The information collected spanned a two-year period and related to worldwide operations. The Company used the information identified to modify deal terms and to mitigate on-going risks to operations due to compliance gaps.

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Government Contracts



Government spending has been a significant portion of Gross Domestic Product for over a century, and the current trend both in the United States and worldwide is for increased government spending. Government contracts require performance over multiple years, include complex terms and conditions, and are highly regulated due to public funding. Hence, regulatory actions and litigation often arise in the course of government contracting.

Overview

US and International businesses performing US Federal contracts face many challenges and opportunities in an environment that continues to undergo unprecedented change. Federal procurement laws and regulations change with great frequency. The government continues to shift budget priorities and change the process for procuring goods and services. While federal acquisition processes are slowly yielding to acquisition reform, industry and government often have different expectations of reform and progress is slow. Success in this environment requires systems, controls and strategies to meet the challenge.

Businesses have new opportunities to enter or increase their penetration in the federal market place, not only in traditional defense procurements but also in the burgeoning federal market for healthcare, homeland security, infrastructure, construction and information technology. Many countries have periodically adopted government stimulus programs, most recently in response to the credit market collapse of 2008, to help grow their economy and create jobs. In the United States, under the American Reinvestment and Recovery Act of 2009, the government has appropriated \$787 billion for this purpose.

The challenge

Federal governments include a myriad of laws and regulations in their contracts, grants and cooperative agreements. The United States government imposes laws and regulations such as the False Claims Act, Truth in Negotiation Act, Federal Acquisition Regulation (FAR) and agency supplements, Cost Accounting Standards (CAS), Davis-Bacon Act, Competition in Contracting Act, and the Buy America Act.

Noncompliance with these laws and regulations pose a great risk to contractors. These can be financial risks such as monetary payback to government agencies, contract price adjustments and contract terminations, fines, penalties, and interest, and withheld payments. Noncompliance can also cause significant financial risk to government contractors such as being suspended or “debarred” from participating in future government activity. The financial risk here can be significant if the contractor depends on government activity for a significant amount of their business, and could impact their ability to continue as a going concern.

Government Contracts

Doing business with government agencies also poses reputational risks to contractors and recipients in the form of negative media coverage, criminal action taken against the contractor and its employees, and credit risk.

Federal governments are increasing their oversight of contractor performance and behavior, stressing compliance, transparency, and integrity. The United States government in December 2008, revised its Ethics and Compliance rules to include a mandatory disclosure requirement for contractors to report to the government any violations of federal statutes and regulations such as FCPA and exporting, and substantial overpayments. This increased government oversight, coupled with budget pressures, have forced contractors to evaluate their operations for efficiency and compliance as a condition of survival.

The solution

The Forensic Services practice has a specialized Government Contracts Practice (GCP) that provides experienced resources to assist companies with all aspects of doing business with the government. Our GCP professionals support counsel in their defense of matters brought about by government agencies against contractors. They also assist in actions brought against the government by contractors, and in disputes between parties that are government contractors. In government contracting, our GCP professionals provide support to contractors and their counsel in three areas: risk and compliance, recovery, and enforcement/litigation.

Risk and compliance

With the abundance of laws and regulations imposed by the government, contractors need a compliance program that covers the entire contract life-cycle. The government has laws and regulations for all aspects of the contract life-cycle, from bid and pre-award through contract close-out. Our GCP professionals understand these government regulations, and help contractors assess their current practices, and develop and implement new policies, business systems, controls, and processes that meet the government's requirements.

Recovery

Changes are common and routine in government contracts due to budget appropriations, shifting priorities, and the complex and technical nature of government contracts. Constant budget pressures and shifting priorities allow the government to change or cancel contracts at its discretion. Our GCP professionals assist contractors with preparing claims and equitable contract price adjustment proposals, termination settlement proposals, and new business proposals so that they are compliant with the government's requirements, and help the contractor maximize its recovery of costs and maintain desired margins.

Enforcement/litigation

Doing business with the government involves contracts, grants and cooperative agreements that are highly regulated, and funded with public money. Government contractors are sometimes faced with government allegations of fraud, waste, and abuse, noncompliance with regulatory or contract requirements, and deficient or inappropriate activity while performing on government contracts. Our GCP professionals analyze the allocability, allowability and reasonableness of costs charged to US Government contracts and assist clients in resolving complex issues such as allegations of failure to exclude unallowable costs, compliance with Cost Accounting Standards (CAS) and disclosure requirements. In addition, we support contractors and their counsel in defending against government and whistleblower allegations, support their strategy when they are a plaintiff in an action brought against a vendor, subcontractor, or third party under a government contract, and provide forensic services and subject matter expertise and testimony.

Select representative experience

Risk and compliance

Our GCP professionals assisted a Fortune 20 company with assessing their government contract compliance infrastructure in anticipation of increasing their volume of government business significantly, including in the short term under Federal stimulus. We helped identify and remediate the deficiencies in areas such as pricing and estimating, billing, timekeeping, and contract performance measurement. We also assisted with organizational structure, level of authority and business system issues.

Recovery

Our GCP professionals helped a shipbuilder prepare a delay claim to recover costs incurred during the ninety-day delay period when contract work was stopped by the government. These costs included unabsorbed overhead, storage costs, severance pay and idle capacity costs. When the contract continued, it had been partially terminated in that the government changed the scope from building a ship to managing the efforts of several subcontractors whose work the government wanted continued. We also helped the shipbuilder prepare a termination settlement proposal to recover unreimbursed costs for the terminated portion of the contract such as inventory, subcontractor efforts and other costs such as loss of useful value of fixed assets. This involved reclassifying the undepreciated (net book) value of various assets that were capitalized, but because of the termination of building a ship, became useless to the contractor, and thus charged direct to the terminated contract. We also assisted the shipbuilder with repricing the continued portion of the contract in an equitable adjustment proposal which included recapturing their investment and recovery of costs associated with accelerating other work in the shipyard to offset termination costs such as idle capacity and severance.

Enforcement/litigation

Our GCP professionals assisted a Fortune 50 company with determining and supporting the correct charges of incurred costs. The government alleged that a contractor was submitting false claims by incorrectly charging costs incurred for another contract that was over budget (and unrecoverable) to a contract that was under budget. We helped validate the actual costs incurred for both contracts, including the correct allocation of indirect costs, and quantified the amount allegedly overcharged to the government. We also helped quantify the impact of any potential false claims on the contractor's audited financial statements, and assisted with the disclosure of the prior period adjustment of reported earnings and profit.

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Export Controls



US exporters are expected to fully understand their control obligations and implement well-documented, transparent compliance procedures—a daunting burden for any company doing business in a global environment.

Know your export compliance obligations

The US government regulates the export of commodities, software, technologies, and services that have commercial, defense, terrorism, and/or proliferation applications. US export controls apply to the shipment of tangible items, as well as intangible transfers of technical data.

US export control laws and regulations—such as the Export Administration Regulations (EAR) and International Traffic in Arms Regulations (ITAR)—contain rapidly changing, complex requirements.

Some questions that a well-developed export management system should address:

- Is your company's export management system staffed strategically?
- Are the responsible parties with export compliance responsibilities clearly identified and do they receive sufficient training?
- Is there sufficient oversight for your company's export control activities by your Trade Compliance Department and/or Legal Department?
- Is your company's process for making export jurisdiction and classification determinations sufficiently robust?

- Are your company's export control processes well-documented?
- Does your company have a mechanism for documenting the investigation and resolution of potential export control violations?
- Does your company's export management system address other export regulatory requirements, such as embargoed and sanctioned country requirements administered by the Office of Foreign Assets Control (OFAC), anti-boycott regulations, or foreign export requirements for US re-exports (e.g., EU controls for certain dual use commodities).
- Do your company's export control processes undergo periodic internal audits (e.g., are your export licensing activities being monitored? Is export data being reported accurately in Automated Export Systems (AES)?)?
- How would your company's export management system fare under a US Government audit?

More than just the cost of doing business

Exporters are facing increasingly aggressive enforcement of export controls by US government agencies. Failure to comply with US export controls can result in severe civil and criminal penalties (which can be assessed against

both the corporation and/or chargeable individuals). In addition to significant monetary fines and prison sentences, export control penalties may include the denial of export privileges. Such a denial (even a temporary one) may have a lasting impact on a company's financial health.

Since the Department of Commerce and the State Department publish lists of export violators, exporters also risk bad publicity and other potential negative repercussions under the Sarbanes-Oxley Act for export violations.

How we can help you address your export compliance needs

Multinational business requirements in today's geopolitical environment of heightened national security present a number of immediate core challenges from an export compliance perspective. In order to help you meet these and other export control challenges, PwC's Export Controls Services (ECS) offer a variety of export control solutions.

We specialize in services such as conducting classification reviews of information security (encryption) products (including the navigation of complex notification and reporting requirements); we also specialize in conducting export control assessments of university research activities (e.g., by addressing deemed export issues and the applicability of fundamental research, publicly available/public domain, or educational information exclusions).

Project-based services

These types of services tend to be delivered via discrete projects.

- **Risk assessments**—Understanding the scope, type, and levels of risk that may exist in a company's export management system. Risk assessments (which may be transactional and/or procedural) include prioritized findings and recommendations presented in matrix form or an in-depth report.
- **Consent agreement assessments**—Providing consent agreement implementation support, including conducting in-depth assessments of companies in accordance with compliance measures set forth by the State Department. We coordinate our activities with each company's appointed Special Compliance Officer. ECS also has experience assisting Special Compliance Officers with the responsibilities set forth by the Directorate of Defense Trade Controls (DDTC).
- **Compliance infrastructure**—Conducting an analysis of a company's organizational structure, available resources and compliance requirements in order to help design a functional compliance environment that is responsive to a company's business needs.
- **Internal reviews**—Designing and/or conducting periodic internal reviews for a company's export compliance areas.
- **Development of export compliance manuals, technology control plans, desktop procedures and template forms**—Helping companies document export control processes and procedures on a variety of export compliance areas, including the preparation of supplementary forms.
- **Training**—Conducting export control training sessions customized for a company's departments or business units, based on applicable compliance obligations in order to help the company focus on relevant training.
- **IT systems solutions**—Helping a company address deemed export issues for technical data subject to EAR and/or ITAR requirements by assessing whether controlled technology is properly secured within the company's IT platforms and systems, and making recommendations based on the risk of technology transfers to unauthorized persons. Additionally, our ECS team delivers forensic technology solutions and investigations.
- **Merger/acquisition/divestiture analysis**—Conducting due diligence investigations of prospective target companies to identify potential export liabilities and helping to integrate the export activities of acquired businesses into the acquiring company's export compliance program.
- **Voluntary disclosures and responses to US Government inquiries**—Supporting companies in the preparation of voluntary disclosures and responses to US Government inquiries (e.g., requests for information). We often work directly with our clients' corporate counsel under attorney-client privilege.

Operational services

ECS is also accustomed to providing ongoing compliance support for our clients. These services include the following:

- **Customer/order screening**—Assisting companies with using IT tools to screen export transaction parties against US Government restricted party lists to help reduce the risk of conducting government-prohibited export transactions.
- **Export jurisdiction and classification determinations**—Working with a company's technical personnel to gather the necessary information to perform an export jurisdiction determination and classifying the items under the appropriate set of export regulations. We also have extensive experience with the preparation of Commodity Jurisdiction (CJ) requests to the DDTC and Classification Requests (CCATS) to the Bureau of Industry and Security (BIS).
- **Export license application preparation**—Assisting companies with the preparation of information required for filing export licenses and related agreements under the ITAR and EAR, including the provision of strategic advice on government agency interaction.
- **Export shipment reviews and related documentation preparation**—Conducting export control reviews of a company's export shipments, including end-user/use screening, classification, and license requirement determination.
- **OFAC/anti-boycott transaction reviews**—Reviewing transactions to assess compliance with applicable OFAC regulations on embargos/sanctions or anti-boycott requirements.

Other export control solutions

In addition to the services described above, ECS has delivered customized solutions for our clients, based on their specific business needs. These solutions include the following:

- **Knowledge packs, emerging markets**—Preparing regional or country specific guides that highlight relevant customs, VAT, tax, re-export, and/or licensing requirements.
- **Overseas export assistance**—Utilizing PwC's local contacts on a global scale to assist our clients with US re-export issues or foreign export requirements.

Select representative experience

Aerospace/Avionics/Defense

We have helped major Fortune 50 aerospace and defense companies navigate through complex governmental restrictions regulating the export of aerospace equipment, military technology transfers and defense equipment.

We have conducted in-depth assessments for companies subject to DDTC consent agreements, classified parts and technologies, and assisted in the preparation of license applications to secure government authorizations needed for complex research and development projects.

Industrial Products

Playing a strategic role in the development of export controls under the EAR and the ITAR for coatings and sealants, chemicals, glass and fiber glass, optical, and silicas products has been a major component to our relationship with an industrial products client. In addition to conducting assessments on key business units, we have assisted our client with training personnel with export compliance responsibilities (in the US and China), working with the client to develop corporate level export control procedures, perform export jurisdiction and classifications for over 28,000 items, prepare commodity jurisdiction requests, provide export license application support, and support other export control related operational activities.

Technology

We have supported technology companies with product classification for the hardware and software products manufactured by recently acquired companies, including the identification and management of applicable US Government filing and reporting requirements. We have assisted in the preparation of technology control plans, as well as extensive desktop procedures on the processes related to encryption classification and government filing for the US, Israel and Hong Kong. Other activities include providing operational support for US re-exports.

Electronics and Semiconductor Sectors

The high-tech sector is an increasingly critical focus of global export controls, and we have been keeping abreast of the latest developments. We have assisted companies in determining their export obligations in the development of offshore facilities and the related need for technical data transfers. We have helped companies develop internal compliance plans, provided support for a Special Comprehensive License audit conducted by the US Government, and provided ongoing operational support (including assisting clients in the preparation of export license applications, development of export compliance manuals, and managing the development of IT solutions to promote continuing compliance with dynamic regulatory demands).

Energy and Security

The delivery of energy products and services often requires commercial relationships with some of the world's most scrutinized locales, such as the Middle East, former Soviet Republics, and Africa. We have helped these companies to establish screening programs so that products will be sent to the designated end users, and not sold to customers on the US Government's prohibitive lists. In addition, we have assisted companies in developing a technology control plan to manage the export of technical data.

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Forensic Technology Solutions



“Our network of dedicated forensic technology professionals in over 35 countries is committed to helping companies and their counsel understand their exposure and respond to discovery requests. We combine forensic accounting and technology expertise with current technology tools and a uniform, worldwide methodology to provide you with sound, experience-based advice. By working closely with your teams and your technology, we provide the information that you need, when you need it.”

—Dyan Decker, Global Leader Forensic Technology Solutions

Overview

Honed by years of experience, we combine data analysis techniques, proprietary software tools, electronic discovery, information management principles, and our understanding of the unusual environment created by investigative and dispute matters to help our clients make informed decisions.

Our experienced professionals obtain and analyze voluminous amounts of data using cutting-edge technology to help our clients find what they are looking for or confirm it does not exist. In order to limit both cost and risk, it is important to understand how to identify and locate in scope data. Working as autonomously as you require, we can provide you with a thoughtful and timely analysis and understanding of where to look for data, how to secure it, and how to identify relevant data.

Our Global Practice is comprised of accountants, Certified Fraud Examiners (CFE), Encase Certified Examiners (EnCE), Certified Anti-Money Laundering Specialists (CAMS), Certified Information Systems Security Professionals (CISSP), Certified Information Systems Auditor (CISA), Electronic Records Management Master (ERMm), and MBAs.

Our professionals frequently work within the parameters of time sensitive business transactions and legal requirements. Our assistance provided to companies, organizations, litigators and regulators includes but is not limited to:

Tailored, time sensitive services which encompass

- Class action settlements
- Risk and exposure mitigation
- Compliance and regulatory Investigations
- Preparation for potential disputes
- Claims management
- Litigation support for counsel or expert witnesses
- In-house and audit committee investigations
- Arbitrations or special proceedings

Data analytics

PwC has developed several proprietary software applications that can help you meet your objectives in the most efficient way possible. Our proprietary fraud risk software applications allow us to analyze general ledger and sub-ledger transaction detail, as well as other structured data sources, to identify anomalies and suspicious transactions based upon our experience investigating fraud and conducting risk assessments. We utilize proprietary scoring algorithms for classification, outlier detection, name and address matching, signature and time-series analysis, and minimizing false positives.

Powerful data analysis capabilities

- Experts in major ERP, financial and legacy systems
- Deep experience in data protection and privacy standards
- Skilled at consolidating numerous databases into one searchable schema
- Numerous patent pending proprietary tools for analyzing large volumes of data
- Leverage powerful 3rd party tools and data sources to identify suspicious activity

e-Discovery

With as much as 90% of all business records now created and stored electronically, responding to requests for electronic information can be both complex and challenging. Identifying responsive information for huge stores of data can be time-consuming, disruptive and costly. Procedures for extracting data from computers in ways that reliably preserve evidence is not a simple undertaking, as data can often be altered either intentionally or accidentally. Recognizing these facts, litigators and investigators in both civil and criminal cases focus on electronic discovery and the role of computer forensics—the practice of reliably recovering and handling electronic storage media and the data contained therein so as to provide the appropriate foundations for admissible evidence.

We understand the risks and consequences of spoliation and non-compliance. Our team has extensive experience working with both IT and legal departments and we all speak your language.

Since 1990, PwC has advised on more than 5,000 electronic discovery cases in over 100 countries. We have worked on an extensive variety of cases, from accounting malpractice and patent infringement to asbestos litigation. And our breadth of experience covers the spectrum of industries, from software to semiconductors and financial services to forestry and paper.

The features of our electronic discovery services are designed to achieve compliance and minimize disruption while being as cost-effective as possible. Specifically, the benefits to you are:

- **Preservation:** data is secured for full compliance with the preservation order;
- **Consolidation:** all files are available in one repository;
- **Accessibility:** files are accessible over the internet by authorized users, at any time, from any location;
- **Security:** access to evidence is encrypted and tightly controlled;
- **Structure:** data is reviewed according to selected criteria;
- **Classification:** rapid identification of relevant documents by keyword searching;
- **Collaboration:** share discoveries/ideas through circulation of annotated documents;
- **Transparency:** each and every review and use of data is logged;
- **Scalability:** no practical limit to the volume of data manageable; and
- **Flexibility:** interface with most major case management programs.

Discovery readiness/ information management

Building a larger information management strategy

Most clients now view discovery readiness as a part of its larger initiatives to better manage records and information. We evaluate the records management policies, the retention schedule, and the information governance structure of our clients and help enhance their business-as-usual practices to reduce the amount of data they retain and better align their practices with their risk management and cost control goals.

Forensic Technology Solutions

Our global team comes from a background of helping clients respond to major discovery requests, and we bring the lessons learned from those efforts to benefit our discovery readiness clients. What we do for clients in the area of discovery readiness is formalize and better document all the people, processes and technology that are relevant to their litigation and regulatory matters. This can take a number of forms, but the most common requests we receive include:

Formalizing the discovery process

We develop a consistent, repeatable process that can be followed across all lawyers and matters which includes roles and responsibilities, procedures, documentation and key technology recommendations;

Developing a company data map

Our technology professionals are highly trained in the rapid understanding and mapping of company data, and we pull that information into a reference document for lawyers to understand what relevant data exists, where it is stored, who manages it, and how it is retained, among other key facts.

Evaluating and enhancing the Legal Hold process

We review the company's ability to rapidly and reliably preserve information relevant to a matter, identify gaps, and build processes that give counsel greater comfort that data on hold is actually being held.

Cost Control

PwC helps clients develop strategies for understanding and managing the myriad of costs related to discovery, including e-discovery vendors, attorney review, preservation and collection costs, among others.

Global reach

With more than 350 dedicated forensic technology professionals in over 35 countries, we understand local legislative and cultural environments, and are able to deploy personnel to assess and secure potential evidence from the moment we receive instruction. We invest significantly in developing and maintaining facilities, technology and software. That speeds the review time and means we can interface with the world's major case management packages so that electronic document production is seamless. We also invest in ongoing training, continuous improvement and knowledge-sharing programs for our people so that everywhere we operate you can be comfortable with consistent delivery and sound methodologies.

Select representative experience

FCPA

This engagement focused on an extended audit and compliance review based primarily on the Foreign Corrupt Practices Act. The client was a Fortune 100 Telecom industry leader who was the majority share holder in a joint venture which included operations in over 100 countries. PwC FTS leveraged multiple proprietary technology tools to preserve, acquire, consolidate and analyze numerous data sets. For the client's ERP systems, the FTS team analyzed 21 different instances of three different accounting platforms from 15 countries, including both current and legacy systems, simultaneously. In order to conduct these analyses in the most efficient manner possible, FTS leveraged their global network to have a team of 19 people from seven countries working congruently in Prague, Hong Kong, Singapore, and New York. To assist in interviews, the FTS team preserved and collected electronic and paper documents from over 420 of the client's employees from 22 countries. This process was completed by 15 teams comprising over 90 members from 21 countries of the FTS global network.

Risk & Compliance

This engagement started as the response to a crisis situation at a global payment processing company where a security breach resulted in the loss of over \$9M in a single day. Once notified of the situation, PwC's forensics group immediately deployed experts in order to help the client secure its IT infrastructure and provide immediate impact analysis. In less than two months, six workstreams with over 85 PwC partners and staff were involved in order to provide assessments, remediation and business/regulatory reporting assistance to the client. During this time, PwC secured, imaged and analyzed 600+ servers/devices, provided data analytics for 15+ TB of data and worked 24-hours a day in order to identify and notify 1.5M+ people of potential identity theft. Today, four workstreams and 60+ partners and staff are working to assist the client with proactively securing their IT infrastructure and locate/protect sensitive data within its environment in order to comply with regulatory requirements and protect themselves from future threats.

Export Controls

We were retained in this matter to assist a telecommunications manufacturer in their attempt to stop the flow of counterfeit batteries from entering their supply chain. These counterfeit batteries were causing fires and explosions. In support of a federal court order, we helped the client perform eight simultaneous seizures across the US at known distributors of the counterfeits, participating in teams consisting of lawyers, battery experts, US Marshalls and Private Investigators. We captured email, accounting systems, file and application servers, physical evidence and hardcopy documents for all the sites in a 24-hour period. When evidence arose that four other distributors were also relevant, we immediately deployed to those sites to conduct additional seizures before the order expired.

Subsequently, we supported client's counsel in court to understand the collection effort, and we worked with the client to develop a plan for effective analysis of the data and advancement of the investigation.

Government Contracts

We were retained to assist a client who the government had alleged violated the False Claims Act and Foreign Military Sales requirements under a government contract. The engagement involved analyzing several years of sales and billing data across multiple business locations in the US and 16 foreign countries. Our technology team assisted in the analysis of sales and billing data by developing a tool to reduce the analysis time by 75%. The technology team also assisted in developing a methodology for calculating the foreign and domestic content of products where no country of origin data previously existed. The court accepted this methodology, which mitigated damages and reduced analysis time significantly.

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