



INVESTIGATIONS IN RUSSIA & FORMER SOVIET BLOC COUNTRIES: HOW FTI CONSULTING CAN HELP

RISK, INVESTIGATIONS
AND DISPUTES

EXPERTS WITH IMPACT



Our Perspective

Russia is a “riddle,
wrapped in a mystery
inside an enigma”

– Winston Churchill



RUSSIA AND FORMER SOVIET BLOC COUNTRIES REQUIRE SPECIALIZED LOCAL EXPERTISE

- The Russian market is still evolving along a continuum, transforming a centrally planned and managed economy toward a freer market. Navigating this marketplace requires experienced insight.
- A lack of corporate transparency – a residual effect of the previous Soviet era – inevitably increases the risks of conducting business. This is especially true as it pertains to regulatory risk, such as anti-money laundering and anti-corruption (U.S. Foreign Corrupt Practices Act and UK Bribery Act) compliance.
- Critical and necessary business documents and electronic communications are in Russian. The ability to communicate in Russian builds trust among business partners.

RUSSIA AND THE ARC OF HISTORY

- Russia has been and always will be critical to Europe's economic well-being. As the Cold War recedes in memory, realpolitik is replacing ideology as the basis for Western relations with Russia.
- Russia is the world's second-largest producer of fossil fuels. It supplies a third of the EU's oil and gas. This provides a launching pad for Russia's economic resurgence and lays a foundation for its long-term importance to the West.
- The momentum of sanctions that locked many Russian companies out of foreign capital markets due to compliance challenges and political risks may be waning, which should lead to an improving economic picture within Russia.



When Should You Call FTI Consulting?

When you are entering the Russian market and you need to:

- Understand the key market risks and principals
- Establish robust anti-corruption and fraud-prevention controls specifically tailored for your industry and local market
- Evaluate potential business partners, agents, distributors or vendors by performing a thorough background investigation and reputational due-diligence assessment

When you are operating in the Russian market and you need to:

- Perform ongoing fraud and anti-corruption risk assessment reviews
- Assess or enhance existing fraud risk management systems based on internal audit or internal investigation findings
- Develop, conduct and assess the effectiveness of compliance and fraud-prevention training of employees

- Ensure compliance with company anti-corruption policies and regulations or develop post-acquisition integration and remediation plans when participating in a joint venture or undertaking an ownership transaction with a local firm

When you suspect fraud or bribery and corruption issues and you need to:

- Investigate and develop an immediate and thorough response and remediation plan
- Identify and trace misappropriated assets

When you are in a dispute with parties operating in Russia and you need:

- An independent assessment of facts developed using forensically sound protocols so that they can be used in dispute resolution proceedings
- To quantify losses sustained as a result of improper business conduct or fraud for presentation in a dispute resolution forum



Why Should You Call FTI Consulting?

FTI CONSULTING PROVIDES A UNIQUE RANGE OF IN-HOUSE INVESTIGATIVE AND CONSULTING CAPABILITIES

- Our work is intelligence-led and structured to accomplish the client's goals. We understand the **complexities that come with operating in Russia and other Former Soviet Bloc countries**.
- Our in-house team includes Russian and other Slavic language native speakers, most of whom have lived and worked in the region. Our experience enables us to offer **unique insight into Russia's operating environment, thereby helping clients achieve their business objectives**.
- We have undertaken **pre-investment due diligence and specialist investigations** for large banks and government institutions in Russia and other Former Soviet Bloc countries. Our past investigative projects have included individuals and corporate entities across a range of industries, including aerospace & defense, oil and gas, financial, life sciences, telecom and consumer products, among others.
- We work regularly on **commercial dispute support assignments in Russia and Eastern Europe**, helping clients formulate their dispute resolution strategies, identify witnesses, recover assets, prepare evidence, and present our findings to the relevant oversight party.
- In jurisdictions where public record information is limited or unreliable, we often consult our **network of trusted and well-placed sources**. These sources include senior decision makers, business executives, journalists, and members of law enforcement, government and non-governmental organizations. This, together with our team's expertise in the region, provides accurate reporting, in-depth contextual understanding and clear recommendations.





THE STRENGTH OF OUR TEAM

FTI Consulting's investigative resources include:

- Former regulators, government prosecutors, government intelligence officials and law enforcement professionals
- Forensic accountants
- Certified Fraud Examiners (CFE)
- Electronic data specialists
- Cyber crime specialists

The strength of our team is complemented by the range of services provided by FTI Consulting. Working together, FTI Consulting can bring a **unique range of in-house investigative and consulting capabilities to a project**. These include corporate finance and restructuring, economic and financial consulting, forensic accounting, strategic communications, and technology services.

BRIAN ONG

SENIOR MANAGING DIRECTOR

Forensic & Litigation Consulting



Mr. Ong is a senior business adviser with over 25 years providing accounting, financial analysis, business valuation and corporate transactional advisory services to a variety of clients including numerous corporate clients, corporate boards of directors, "C-level" executives, in-house legal counsel and external legal counsel.

Mr. Ong directs large-scale financial investigative assignments including forensic accounting investigations, financial reporting investigations, financial fraud investigations, investigations involving the Foreign Corrupt Practices Act and white-collar crime investigations. Much of his work has been conducted in Russia and Former Soviet bloc countries.

The Range of Services

FTI Consulting Provides

FTI Consulting works with clients to conduct proactive investigations, enhance compliance programs and perform value-added analyses that help decision-makers address and mitigate specific corruption risks.

RISK MITIGATION



INVESTIGATION



REMEDiation



RISK MITIGATION

- Conduct corruption risk assessments, including pre-acquisition corruption risk reviews
- Design and implement risk-based compliance programs
- Perform geopolitical risk assessments and market entry analyses
- Conduct integrity investigations and investigative due diligence of pre-acquisition targets, agents, resellers and other third parties, including politically exposed-persons (PEPs)
- Perform post-acquisition and third-party compliance audits
- Train employees on corporate anti-corruption policies and corporate governance officers on incident-response protocols
- FTI COMPLY: an online compliance tool that organizes, monitors and centrally manages third-party due diligence

OLEG LEONOV

SENIOR MANAGING DIRECTOR

Strategic Communications



Mr. Leonov specializes in high-profile public affairs and reputation management assignments, as well as special situations and litigation support. He has advised on a number of benchmark IPO and M&A deals in Russia and the CIS.

Mr. Leonov also advises clients in the CIS region, particularly in Kazakhstan and Ukraine where he helps clients to navigate difficult political environments.



FTI has offices
in 81 cities and
29 countries

INVESTIGATION

- Perform forensic accounting tests of business transactions employing data analytics and data mining tools
- Collect information through publicly available material, conducting interviews and investigating beneficial relationships
- Identify and preserve electronic data and hard-copy records
- Analyze data and uncover relevant documents and information using advanced analytics and state-of-the-art tools on both structured and unstructured data
- Reconstruct accounting records
- Combine output with information and evidence gathered elsewhere to establish fact patterns
- Produce reports for key stakeholders based on our investigations that answer the who, what, where, when, how and why
- Identify control weaknesses and potential gaps in the anti-corruption compliance program and accounting internal controls
- Provide information to assist outside counsel on case strategy
- Create a crisis communications strategy

REMEDIATION

- Quantify the proceeds of corruption for disgorgement and recovery purposes
- Support legal counsel in negotiations with regulators by assessing a company's ability to pay fines
- Act as an independent compliance consultant reporting to the Board
- Assist a court-appointed monitor, pursuant to a settlement agreement or prosecution
- Develop and implement remediation plans to address a business' control weaknesses or systemic issues across an anti-corruption compliance program
- Develop or modify anti-corruption policies and procedures

Examples of Our Experience in Russia and Former Soviet Bloc Countries

TRACKING AN OLIGARCH

FTI Consulting conducted an enhanced due diligence investigation in Russia and Former Soviet Bloc countries, examining one of the region's wealthiest and most prominent oligarchs. Our client wanted to assess any possible areas of reputational or regulatory concern in relation to the oligarch and his holding companies.

Through extensive corporate research in the relevant country and several offshore jurisdictions, as well as via interviews with a variety of sources, FTI established that the subject's profile had been compromised by multiple allegations of misconduct and unsavory business activities.

In addition to mistreating his minority shareholders, the subject was alleged to have developed improper relationships with government officials. These relationships resulted in the award of several large state contracts and perverted the course of justice in multiple criminal investigations.

Crucially, FTI discovered that the subject used Cyprus-registered Special Purpose Vehicles (SPVs) to buy shares in his own companies at a significant discount, then sell them at current market rates.

As part of the investigation, FTI also developed an extensive summary of assets, mapping the entirety of the client's holdings in Eastern Europe and offshore zones.

YULIA MAKSIMENKO

MANAGING DIRECTOR

Forensic & Litigation Consulting



Based in New York, Ms. Maksimenko specializes in directing forensic accounting assignments, corporate investigations, bribery and corruption reviews. She also provides dispute resolution advisory assistance on matters involving complex accounting and financial issues on behalf of Russian and international clients.



INVESTIGATING BRIBERY ALLEGATIONS IN AN EASTERN EUROPEAN SUBSIDIARY

FTI Consulting investigated, for a U.S.-based multinational Fortune 100 corporation, an anonymous allegation that the leaders of an Eastern European business unit had paid government officials to obtain business and rigged bids in connection with a government tender process. Combining the skills of our forensic accountants, investigators and field researchers, FTI analyzed the books and records of the client's European subsidiary, evaluated the nature and extent of company connections to government officials, and assisted in interviewing key players. FTI also provided evidentiary support and financial analysis for presentations to government regulators in the United States and Europe.

FTI conducted transactional investigative due diligence and anti-bribery risk assessments, with a focus on identifying potential risks related to the enforcement of the Foreign Corrupt Practices Act (FCPA) in Russia, Tajikistan, Kazakhstan, Uzbekistan and elsewhere in the CIS.

FTI conducted discreet due diligence of a potential acquisition target located in Belarus, with a focus on identifying potential risks related to the enforcement of the FCPA.

MIKHAIL TERNOVYKH

DIRECTOR

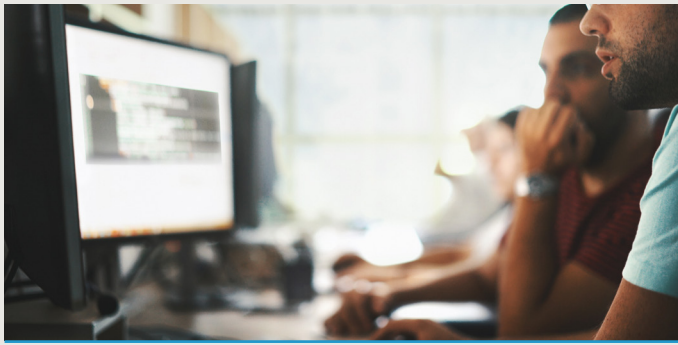
Forensic & Litigation Consulting



Mr. Ternovikh specializes in forensic and litigation consulting, bribery and internal fraud investigations. He has conducted sensitive forensic projects in Russia and Central Asia (Uzbekistan, Tajikistan, Georgia, Kazakhstan, Ukraine and Kyrgyzstan).

Mr. Ternovikh has worked on a number of investigative assignments for large international companies, including bribery and corruption investigations and corporate compliance, internal fraud and collusion cases, contract and procurement frauds, kickback schemes.





UNRAVELING A CONSPIRACY IN THE UKRAINE

FTI Consulting provided support to a major European software company located in Ukraine that had received an anonymous whistleblower letter containing allegations of corruption in the local branch's procurement procedures. The letter referred to an alleged conspiracy involving managers at the local office and officials at Ukrainian state-owned enterprises to embezzle government funds. FTI investigated the backgrounds, lifestyles and corporate affiliations of the subjects, searched for links between them, and evaluated the likelihood of their engagement in corrupt activities.

Through our source network in Ukraine, FTI identified and established previously unknown links between investigative subjects and identified a precedent for potential corruption through searches of litigation records. FTI found that the lifestyles of the subjects were largely consistent with their professional roles; however, we also obtained valuable insider commentary into the relationships between local companies and state-owned enterprises, which provided our client with crucial contextual knowledge that served as the basis for their subsequent decision-making process.



ASSISTING IN A FLAGSHIP GLOBAL ARBITRATION CASE

FTI Consulting provided research and analysis in support of a flagship global arbitration case between an international energy company and a sovereign party with significant Russian associations, which required a focus on the use of offshore structures. Our team provided support in drafting a memorandum for the tribunal by conducting a targeted review of the public record in multiple jurisdictions. FTI conducted research into the background and reputation of the adverse party's witnesses to prepare our client for cross-examination. We also identified evidence, facts and expert witnesses, interviewing over 100 potential witnesses in the process. This work began as a small media review and subsequently became a crucial part of the client's case strategy.



FTI Consulting's Global & Diverse Expertise



KEY

- FCPA Investigation
- UKBA Investigation
- Due Diligence
- Risk Assessment
- Monitorship
- Compliance Review

- Anti-Corruption Due Diligence
Distributor, India
- Competitive Intelligence Monitorship
Manufacturing, Ecuador
- Corruption Risk Assessment
Oil & Gas, Brazil, Uruguay & Switzerland
- Corruption Risk Assessment
French Multinational Conglomerate, France & Kenya
- Compliance Program Development
Medical Devices, Japan, Russia, China & Italy
- Corruption Investigation
Technology, China & Hong Kong
- Due Diligence
Natural Resources, Mexico
- Due Diligence
Private Equity, Brazil
- FCPA Investigation
Financial Services, US
- FCPA Monitorship Assistance
Betting & Gaming, US
- FCPA & UKBA Compliance Review
Education, US, UK & Central America
- FCA Section 166 Review
Insurance Broker, UK
- FCPA Investigation
Electronics Manufacturer, CIS, Finland & Turkey
- FCPA Investigation
IT Company, Czech Republic, Slovakia & Austria
- FCPA Investigation
Diversified Manufacturing, Turkey
- FCPA Investigation
Manufacturing Company, France & North Africa
- FCPA Investigation
Oil, Nigeria
- FCPA Compliance Review
Energy, Senegal
- FCPA Investigation
IT Company, Czech Republic, Slovakia & Austria
- FCPA Risk Assessment
Oil Services Company, Russia
- FCPA Investigation
Global Manufacturing Company, Russia & CIS
- FCPA Investigation
Pharmaceuticals, China
- FCPA Risk Assessment
Industrial & Consumer Products Manufacturer, China & South Korea
- FCPA Investigation
Healthcare Manufacturer, India
- FCPA Investigation
Oil, Indonesia
- Investigative Due Diligence
Services Company, Argentina, Peru & Chile
- Investigative Due Diligence
Education, South Africa
- Investigative Due Diligence
Investment Banking, Kenya
- Investigative Due Diligence
Trading Company, Afghanistan
- Investigative Due Diligence
Investment Banking, Singapore & Indonesia
- Investigative Due Diligence
Resort/Casino, China, Cambodia, Thailand & Hong Kong
- Investigative Due Diligence
Financial Services, Australia
- Investigative Due Diligence
Investment Banking, Japan
- Local Partner Due Diligence
Mining, Zambia & DRC
- Pre-Investment Due Diligence
Consumer Goods, UAE
- Pre-Investment Due Diligence
Mining, Papua New Guinea
- Pre-Acquisition FCPA Due Diligence
Property, Australia
- SFO Bribery Case
Printing Company, Kenya & Mauritania
- SFO Bribery Case
Services Company, India, Vietnam & Nigeria
- SFO Bribery Case
Construction, Nigeria

FTI Consulting

Experts With Impact

Advisor to the
world's top 10 bank
holding companies



**47 of Global
100 corporations**
are clients



With more than **4,600 employees** and offices
in **29 countries** on six continents, our breadth
and depth extends across every major social,
political and economic hub **around the globe**

Trusted advisors serving
clients globally with **diverse
expertise and exceptional
credentials** – including
accountants, economists,
engineers, former CFOs
and strategists



Combines unparalleled **expertise and industry
knowledge** to address critical challenges for clients

Our largest industry groups are:
Energy, Power & Products; Financial
Institutions & Insurance; Healthcare & Life
Science; Real Estate; Retail & Consumer;
and Telecom, Media & Technology





For more information about anti-corruption investigations & compliance,
please email us at ACIC@fticonsulting.com

About FTI Consulting

FTI Consulting, Inc. is an independent global business advisory firm dedicated to helping organisations manage change and mitigate risk: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. Connect with us on Twitter (@FTIConsulting), Facebook and LinkedIn.