CASE STUDY

# One Auditor. Full Indictment.

How One Auditor Unraveled a Multi-State Investment Fraud

THE MISSION

State Securities Regulators protect investors by investigating potential fraud and following complex money trails. The forensic auditors in these organizations are tasked with carefully reconstructing financial records to identify the source and use of funds for administrative, civil, and criminal enforcement.

THE CHALLENGE

## Unraveling a Complex Transfer Scheme

The division initiated an investigation after they were notified of a potential securities violation. The scheme claimed to generate cryptocurrency profits and return gains above 5% to investors. Nearly $2M in investor funds flowed through a deliberately complex network of accounts.

**Extreme Complexity**
The case involved 12 bank accounts controlled by multiple principals across several entities, with nearly 9,000 transactions spanning multiple years.

**Manual Workflow Constraints**
The case was originally assigned to an auditor who spent over a year on manual reconstruction, a process which was very labor-intensive due to transaction complexity.

**Multi-Layered Entity Transfers**
The investigation involved tracking funds that moved through three layers of entities into personal accounts.

**Family Siphoning**
Investigator suspected the promoter used investor funds for personal gain and additional payments to his family members.

**Grand Jury Deadline**
The auditor needed to prepare a complete, defensible financial reconstruction under a strict Grand Jury deadline.

SOLUTION

## Valid8 as a Force Multiplier Tool

The auditor processed a year of manual work in months — and delivered court-ready exhibits to the Grand Jury on deadline

- **Visualizing Complex Fund Flows:** Instead of manually mapping hops, the auditor used automated tracing to instantly see how nearly $2M was funneled between entities.
- **Eliminating Laborious Reconciliation:** Valid8 automatically matched check images to bank statement entries, a process that was previously "laborious" and prone to balancing errors.
- **Generating Persuasive Prosecution Exhibits:** Rather than lumping data into a general bucket, Valid8 labeled each entity by name, allowing the auditor to show Grand Jurors exactly which principal received the money.

RESULTS

## Full Indictment and Operational Transformation

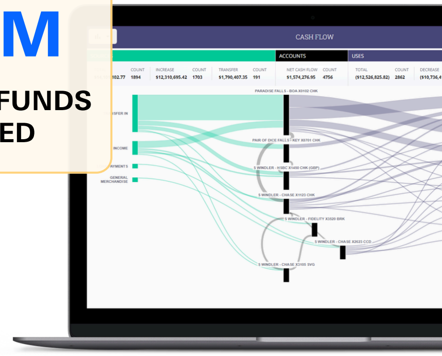
With Valid8, the auditor successfully bypassed the manual bottlenecks that faced investigators for years. The platform's ability to handle the "volume and complexity" of the transactions allowed the auditor to meet a strict Grand Jury deadline, and increased their annual case throughput by 800%.

This shift to automated intelligence empowered the auditor to deliver granular evidence that traced every dollar of the nearly $2M multi-state scheme, leading to a full indictment.

**12 ACCOUNTS**

**~$2M**

**INVESTOR FUNDS TRACKED**



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## Performance Wins

**Case Throughput**

**800% +**

Annual increase in cases processed

**Investigation Speed**

**2 MOS**

A year's worth of manual work completed

**Transactions**

**9K**

Processed and analyzed

**Indictment Rate**

**100%**

Secured on all charges at Grand Jury

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> *"By using Valid8, we are efficiently and effectively shortening the review and analysis cycle, allowing us to get so much more done versus the manual process."*
>
> **Forensic Auditor, CPA, CFE**
> **State Securities Regulator**

WRAP UP

## Scaling Investigative Capacity

This investigation proved that one auditor can dismantle complex, multi-state fraud when equipped with the right technology. By automating the analysis of nearly 9,000 transactions, the division not only secured a 100% indictment rate on this case but achieved an 800% increase in annual case throughput.