

Case Study

A leading Indian finance group

Service(s) Offered: **Investigation Services**

Sector/Industry: **Financial Services**



Investigating trading losses and potential misrepresentation

Our Client is a group of investors who had lost their principal equity investments due to secondary market trading losses (derivatives and equity segment). The investments of the group were being managed by a wealth management firm. The investors lacked sufficient knowledge on the events leading to the company making losses, believed that the statement of profits/loss provided by the wealth management company was inconsistent.

The investors intended to take legal course and approached us to independently evaluate the facts of the case.

Challenge

The information available with the customer was limited, leading to overall transactional trends across investors, customer balances and instruction communication on investments.

Solution

We conducted an analysis to evaluate indications of foul play on the part of the wealth advisor and any diligence lapses on the part of investors.

We thoroughly investigated all information available and we were able to consolidate evidences in the nature of documentation inconsistencies, transactional trends, key exceptions, timeline of events and related evidences in the form of a report for legal counsel's consideration.

Impact

We provided detailed inputs for the Legal Counsel's consideration on critical points and deviations:

- Unquestioned reliance of investors on wealth advisor's actions
- Uninformed investment/liquidation of equity shares retained as margin by the wealth advisor
- Inconsistent trends of derivative investments, including transactions not being aligned to active market trades and indications of uninstructed investments on behalf of the investors
- Consent for investment in schemes without adequate awareness of the risk by the investor.
- Geometric progression of transactional values/volumes that limits the visibility to accumulating net losses
- Representation variances between communications and transactions across investments, profitability and payouts

For more information on this case study, please write to us at:

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You can also visit our website to know how our services resulted in tangible business benefits:

www.nexdigm.com