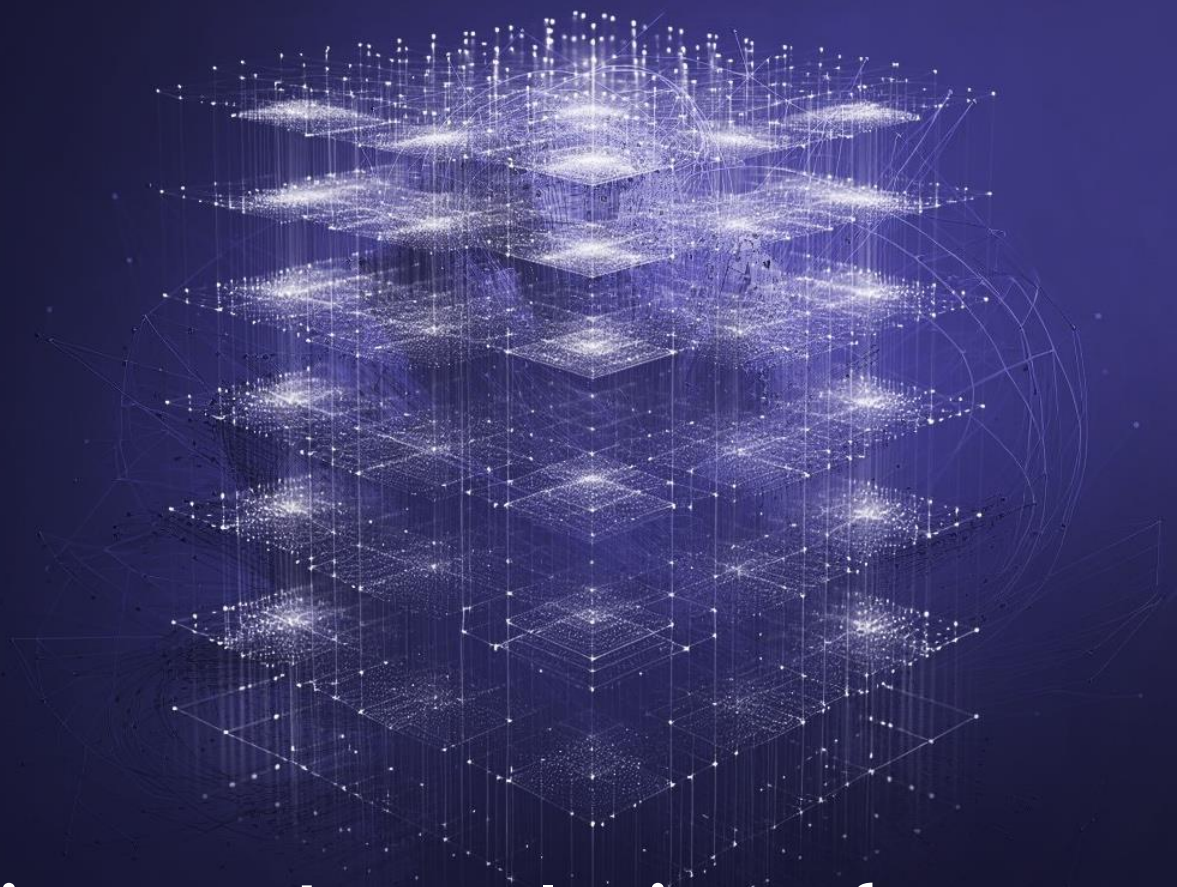
Gravity Stack



White Paper

Leveraging Sedra Solutions for Investigating Financial Crimes

September 2024

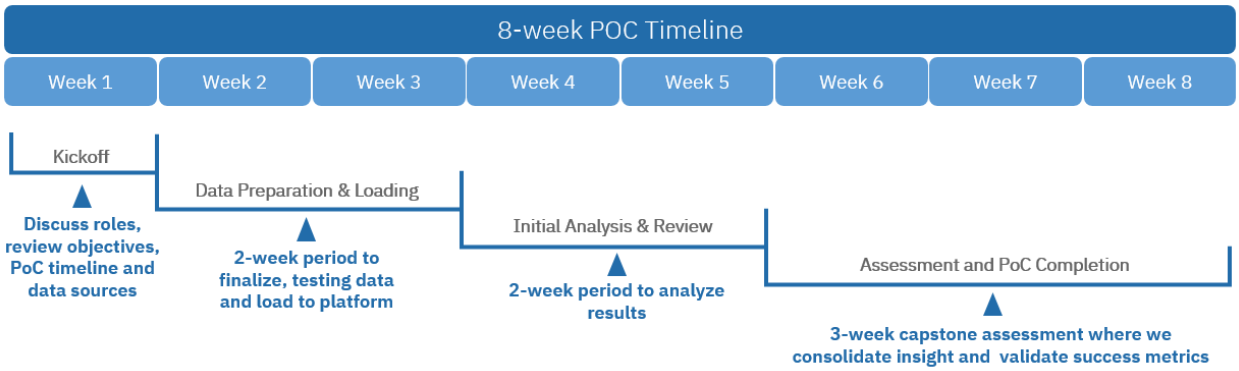
Leveraging Sedra Solutions for Investigating Financial Crimes

Background

Gravity Stack and Sedra Solutions recently completed a joint project wherein the Gravity Stack team performed a product evaluation and proof of concept testing on Sedra's newly developed forensic accounting technology.

The objective of this project was:

1) to assess the ability of Sedra's platform to support financial investigations within the context of practical business scenarios and
2) to help provide product feedback to the Sedra Solutions team on the platform and future roadmap planning.



Evaluation Process & Data

Synthetic banking data was generated with 20,000 financial transactions between 60 fictitious global companies for testing purposes. Within this dataset, Gravity Stack formulated a vendor fraud scheme scenario to have Sedra's platform help detect and isolate the fraudulent behavior.

Among the Gravity Stack and Sedra Solutions team members participating in this project, only one team member was aware of the mock fraud scheme – allowing others to blind test and evaluate the software platform in a real-life forensic accounting scenario. A mock client 'statement of work' was provided to the blind testers and to the Sedra Solutions team.

- Working in conjunction with the Sedra team, Gravity Stack used Sedra's platform to conduct a review of the 20,000 financial transactions, working only from the limited information provided in the client statement of work.

Feature Validation

Dashboard: Sedra's Dashboard provides a helpful overview of your case data. The dashboard allows you to view patterns in your data about the parties involved, the frequency of transactions, and the volume of those transactions, both incoming and outgoing.

Insights: The Insights feature allows investigators to quickly analyze parties that have unusual overlap in either their geographic location or shared bank accounts. Users can not only identify exact location matches but also near-geographic matches across multiple parties in the data. Sedra provides instant insight that would otherwise often be overlooked by human review.

Parties: The Parties feature provides users the ability to see a snapshot summary of all involved legal entities in their dataset, including party-specific summaries on the frequency, size and nature of the financial transactions loaded to the platform.

Jurisdictions: The Jurisdictions feature allows investigators to view high-level statistics about the geographic entities involved in their financial data. Users can view inflow and outflow patterns over time, grouped on the country of the parties involved in the transaction.

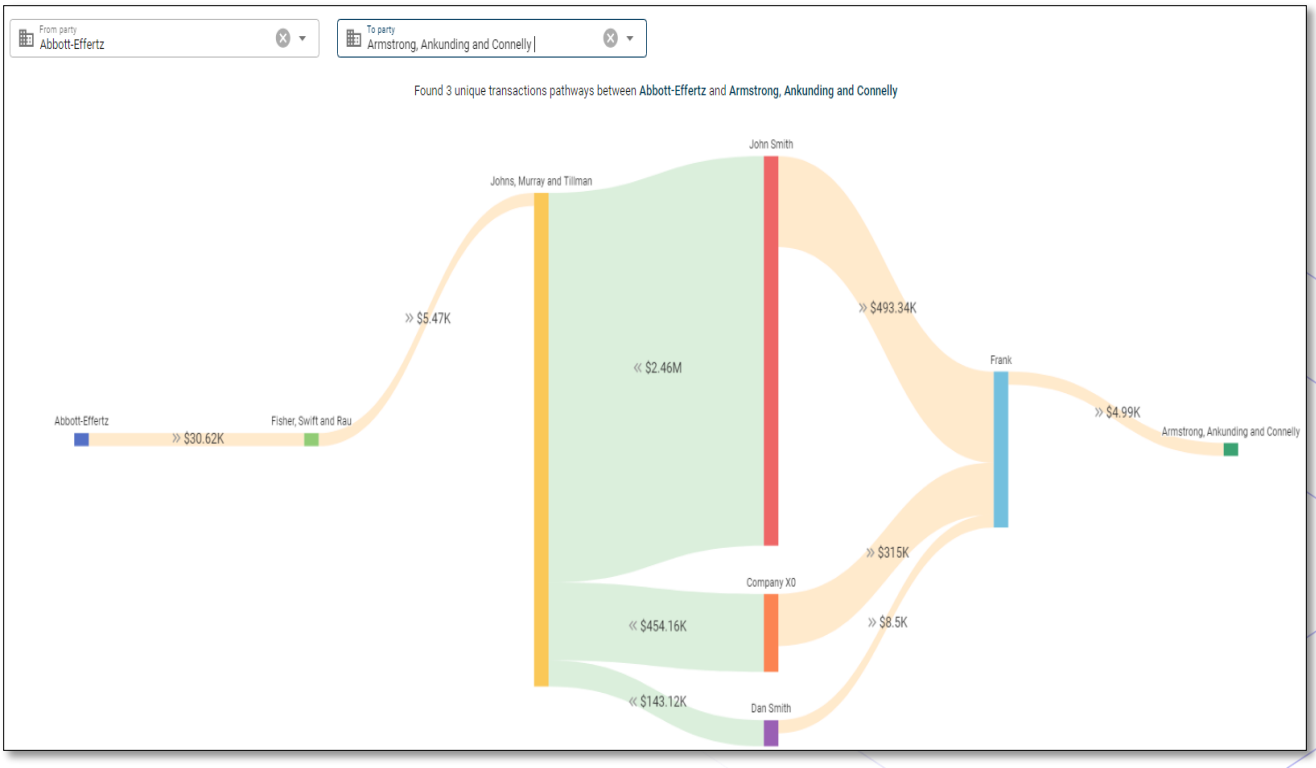
Transactions: The Transactions feature provides users a central hub to review date - ordered transactions between the originator and beneficiary parties. Users can filter and slice the data by time, transaction amount, jurisdictions and by the originator or beneficiary party.

Saved Search: The saved search feature can be found in several areas of Sedra's platform. It allows you to execute a query against a set of transactions by date, party, etc., and save your results for review later. While a seemingly simple feature, the saved search feature provides the ability to conduct a systematic review of subsets of potentially relevant transactions in the early, lesser-defined discovery period of an investigation.

Bank Statements: This feature allows users to view native attachments from banking entities associated with the transactions in your dataset. Users can review aggregate information per bank including inflows and outflows. Transactional data can be filtered to certain time periods, amounts and parties involved in the transaction.

Card Statements: Card Statements allows users to view individual credit card transactions, alongside the supporting native files from the credit card company and/or bank – a useful feature when needing to compare the backing documents against the financial transaction.

Parties Related Tracing: This feature is arguably one of the most powerful features in Sedra's platform. It allows you to visually trace the often-complex and seemingly distant financial relationship between any two entities in your dataset. Sedra's platform allows you to view the relationships with Sankey graphs and Tool Tips explaining the underlying data, so that investigators don't overlook relationships that might otherwise not be transparent.



Sedra Solutions Parties Related Tracing

Roadmap Features

In our discussions with the Sedra Solutions team, we explored various potential enhancements to the platform. We are excited to see several new features included in upcoming product releases. These features will further enhance the platform's capabilities, making it even more efficient and versatile for investigating financial crimes.

Case Timeline & Transaction Tagging: Adding a coding panel that allows users to interact with and tag certain key transactions would be helpful. Investigators building a timeline to support their case would benefit from the ability to overlay certain coded transactions against a chronological timeline or even annotate a fact pattern that will be produced with their findings.

Export to CSV or Excel: While there are better solutions than Excel for investigations involving large datasets, it can be a useful tool to quickly delve into smaller subsets of data. During the course of our review, we found ourselves occasionally looking for the ability to export a small set of transactions to Excel so that we could create pivot tables or further enrich the native data in the Sedra platform.

Support for Third-Party Due Diligence: Sedra's platform already allows investigators to quickly diagnose unusual financial data patterns during an investigation. Sizable investigations will likely include hundreds of parties, almost all of whom will be initially unfamiliar to investigators. Modern third-party due diligence (TPDD) software solutions are now offering corporations the ability to run simple, quick fact-finding patterns on the criminal history, political exposure, background checks and media mentions for their vendors, partners and affiliates. The ability for Sedra's platform to tie into these TPDD platforms would greatly benefit investigators in their understanding potential priority avenues of investigation in large sets of financial data.

Multi-Party Pattern Detection: During our product testing, the Sedra team previewed upcoming functionality in the Sedra platform that will allow end users to interact further with graph database functionality to review abnormal clusters of transactions between entities. Examples included being able to illustrate patterns that might indicate embezzlement or kickback schemes when more than two parties are involved.

User Experience

Accuracy and Precision in Detection

- Gravity Stack found Sedra's platform to be highly successful in detecting suspicious transactions. The platform is built on graph database technology, allowing reviewers to not only review one-to-one originator-to-beneficiary transactions but also the review of multi-party transactions involving three or more parties.

Ease Of Use & Transparency

- The Sedra platform delivers a user-friendly interface allowing for intuitive navigation. Users will find there is rarely a time where you are uncertain how to navigate to the information you need in Sedra's platform.

Flexibility & Scalability

- We found Sedra's platform to be highly scalable, capable of handling a large volume of transactions. For our product testing, we loaded 20,000 transactions of mock banking data and experienced no issues with system lag or latency when navigating through the data in Sedra's user interface.

Conclusion & Overall Findings

Sedra's value proposition is unique in the legal technology market, answering two needs that other current market offerings overlook

1) the ability to quickly clean, ingest and organize structured, financial data to support forensic accounting investigations and
2) providing investigators a defensible and repeatable data-driven approach to documenting the findings within their forensic accounting investigations.

Sedra's platform is intuitive and efficient at what it does. The platform allows non-technical investigators an efficient, modern toolset to understand the data involved in their matter. Sedra's platform aids investigators through a number of unique interfaces, including features that allow us to review the size, frequency and abnormality of certain transactions. Sedra's platform automates the data cleansing and visualization steps that can often otherwise be inefficient, costly and subject to human error during the course of a demanding investigation. With very little background information to work from, our blind testers successfully located the mock fraudulent vendor payment patterns.

As the Sedra platform continues to evolve, we have no doubt it will provide users with an increasingly sophisticated toolset for forensic accounting investigation.

Gravity Stack

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