

## CUSTOMER CASE STUDY

# Conducting Fraud Investigations with Magnet AXIOM

Reducing Investigative Time and Complexity with Artifact Categorization and Case Collaboration

## THE ISSUES

- Keeping up with new and updated apps and artifacts
- Rising data volumes and more places to search for evidence
- Analyzing all relevant data quickly to contextualize business records
- Communicating the most relevant results to non-technical stakeholders

## MAGNET FORENSICS TOOLS

- Finding and categorizing new artifacts
- Offering more time to meet client needs and validate results thanks to greater processing speed and efficiency
- Reporting that goes as deep as needed via Portable Cases, helping fraud investigators adjust the scope of their efforts and helping clients understand what took place

**Investigation Type:**  
Fraud

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## BACKGROUND

Financial crimes are no longer just about cooked books, hidden accounts, or other irregularities. As ledgers and bank accounts have gone digital, so too have fraud investigations — with cases now factoring in deleted data, communications, and even the metadata within pictures and locations.

This renders digital forensics extremely important to modern-day fraud investigations. Alan Nelson, Founder and Managing Director of Dallas (Texas)-based Nelson Forensic & Advisory Services, LLC, has used AXIOM in several investigations and recommends it to any certified public accountant (CPA) or certified fraud examiner (CFE). “If your skills lend themselves to the digital space, it’s an absolute must,” he explains.

That’s because what you don’t find in paper records or from conducting interviews, you’ll almost invariably obtain from hard drives or mobile devices. In fact, Nelson adds, “If a client calls, you’d better have a digital capability, because you’re likely to find case-critical information on a hard drive the client doesn’t know about,” he explains.

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Even so, many small and medium accounting firms have no such resource. Nelson, who refers to himself as a “recovering accountant” who “cut [his] teeth on tracing money,” offers digital forensics services as a highly specialized and valuable asset specifically to fraud and internal investigations.

## ORGANIZED, FOCUSED CATEGORIZATION SHOWS WHERE TO LOOK FIRST

A user of Magnet Forensics tools since the earliest days, Nelson describes how AXIOM can help reveal the critical leads contained within the files and financial statements stored on computers.

AXIOM, Nelson says, organizes things so cleanly that it offers an important starting point in any investigation. “The first thing you see is the data in the left column, shown as Refined Results, which allow you to focus on where the bodies are buried, so to speak,” he says. “It may not be the whole story, but it may take you in a direction you may not previously have anticipated.” Artifacts are organized into application categories which provide the examiner with tremendous insight into the user’s behavior, conduct, and historical activity.

Rather than be a “rabbit trail,” however, these leads tend to be highly focused. “AXIOM is a handoff from traditional or old-school paper reviews,” Nelson explains, “allowing you to quickly and seamlessly focus on certain artifacts with evidence so that you can get to the end much more quickly.”



He adds, “Once processed, the data all falls into the related artifact categories.” This enables the investigator to see, for example, patterns of data, behavior, and conduct that paper records don’t always reveal. From there, filters such as timelines pinpoint items of interest and periods of time when the subject was perpetrating their crime.

These are all reasons why AXIOM is one of three forensic tools Nelson uses—and is his first tool of choice on every case. “If you do nothing else, take 10 minutes to scan all the artifact categories in the Refined Results buckets,” he says. “It will categorize everything for you.”

## MEETING RISING DATA VOLUMES WITH GREATER PROCESSING EFFICIENCY

AXIOM is part of a larger trend that Nelson has noticed toward allowing investigators to work more efficiently and quickly. “Litigation support in the 1990s involved lots of data entry, tracing the money behind the scenes,” he explains. “Nowadays, we’re not talking ten thousand bank transactions; we’re talking ten to twenty million.”

Apart from transactions, devices like the phone or the hard drive may contain millions of artifacts on their own. “Over the past twenty years, I’ve used many different tools whether for digital forensics or data mining, to pull out information and help focus in quicker and better.”

Data mining software is useful for, say, a list of one million transactions, where an examiner is much less likely to find the critical piece “buried on Row 600,000.” To lend context and insight to that piece, and to make trends and patterns visible, AXIOM offers metadata from images and geotags.

“Before, we worked longer, or we didn’t get there,” Nelson says.

“Technology improved the scope of what we can handle, so that what would’ve taken days or weeks can go faster now.” AXIOM can process a one-terabyte hard drive in a relatively short period of time – depending on the volume of data on the drive—and Nelson says it’s a “huge advantage” to be able to watch its progress, and to look at artifacts right away.

“Some tools take forever to cut through stuff, but over a single day, I processed two laptop hard drives and delivered four USB thumb drives containing Portable Case files. The client was very impressed with the turnaround AXIOM gave,” Nelson says. “In a business’ darkest hour, that speed can be important.”

Estimating that AXIOM cut his case backlog by 25 to 50 percent, Nelson says this kind of time savings enables examiners to handle additional client requests. Nelson refers to one case of embezzlement in which the head of an accounting department had manipulated ACH data to his benefit: “When I gave the client the case files, I found that AXIOM was far and away easier to offer the client access to everything I saw.”

## KEYWORD SEARCHES CAN NARROW THE SEARCH

The complexity of fraud investigations demands forensic examiners who can focus on the most critical details without becoming sidetracked. Keyword searches assist help an examiner focus on areas that they may have not considered during the initial consultation with the client.

However, says Nelson, the value in conducting any keyword search is understanding the artifact those keywords “hit” on. Many times, forensic examiners lack financial knowledge or an understanding of business records, and end up overlooking their investigative relevance. “You might have five thousand spreadsheets on a hard drive, and not only will no one look at that, but the client won’t pay you to do so,” he explains.

The artifact categories of greatest interest to fraud investigators tend to be business records like spreadsheets, PDF and Word files; however, chats, emails, and attachments all lend context, helping accountants to narrow their investigation as well as examiners’ own—if the forensic examiner is prepared.

“It’s useful to ask what keeps your client awake at night. People without much civil investigation experience tend to identify the issue poorly; they may focus on who’s dating whom in the office, pounding the charge code, with nothing to show for it,” says Nelson.



The true power of AXIOM's efficiency, however, only starts with its time savings. Nelson stresses the true meaning of this capability: it enables examiners to be more careful, to take the time to validate things.

"Excel and PDF files are one of the keys of the castle; [exploring them gives] us more time to make sure our assertions are true and accurate," he says, calling this capability an "insurance policy that heightens your confidence in your work, giving you time to go back and dot i's and cross t's."

This degree of accountability and transparency is valuable not only for clients themselves, but is also when third parties like insurance carriers get involved, because they may reimburse examiners for their fees.

## CASE COLLABORATION THAT BENEFITS MORE THAN JUST THE FORENSIC EXAMINATION

Accountability and transparency start, of course, with a clear sense of the scope of an investigation and what the client wants to achieve. These expectations are set in the initial meeting. "Rarely, on Day 1, will the books and business records be well organized," he says. "Usually it's a patchwork of binders, notebooks, and file folders, even in well managed organizations."

Clients therefore need a partner—not an extra layer of complexity. "I'm a firm believer that every time you start a case, you begin with the end in mind," Nelson says. "Whether you hand the case over to the client or to law enforcement, they have to be able to navigate through your report. You can't scare them away with the technology."

Providing an AXIOM Portable Case file to a client reduces this risk, offering clients the ability to go as deep as needed—to dig into information from the hard drive. "You can sit with them and walk them through it," Nelson says. "This expands their knowledge."

This benefits the entire case when clients find critical facts that improve memory recall. "When they look at the artifacts, they may think of things they didn't recall previously as they reflect, such as coworkers they noticed acting strangely."

Complex fraud investigations that involve more than just business records demand digital forensic tools that can not only zero in on the most relevant evidence, but can also enable examiners to communicate findings clearly and effectively to the accountants responsible for reviewing the records—and ultimately, to the client who is affected by fraud. For Nelson Forensic & Advisory Services, Magnet AXIOM offers these and more capabilities, saving clients the time and money they need to start rebuilding their business.



## SEE MAGNET AXIOM IN ACTION FOR YOURSELF

To learn more about AXIOM's enterprise investigation features, including remote recovery, disk decryption, memory analysis, and more, visit our [Magnet Forensics for Enterprise](#) page. For more about how to use AXIOM to prevent and investigate intellectual property theft and other insider threats, [read our guest blog post written by Ryan Duquette](#), MSc, CFE, CFCE, Founder and Principal of HEXIGENT Consulting.

Finally, if you'd like to learn more about AXIOM and how it can help find evidence you may be missing with other solutions, visit [magnetaxiom.com](#). While you're there, you can learn more about the product, request an in-depth personal demo from an AXIOM expert, and request a free 30-day trial version.

Learn more at [magnetforensics.com](#)

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