

FRAUD EXAMINATION REPORT

TO: Client
Sample

FROM: Brian Erbis
Certified Fraud Examiner and Private Investigator

RE: Andrew Robertson

DATE: December 10, 2023

I. Background/Introduction

A routine internal firm audit of accounting records conducted in October 2018 revealed expenditure improprieties related to both the expense account of former employee Andrew Robertson and related filed corresponding invoices. A cursory examination of Robertson's company-issued Bank of America Purchasing Card revealed charges for purely personal items such as groceries, clothing and home furnishings. An examination of corresponding company invoices filed by Robertson revealed the expenditures were attributed as company-related by being listed as office supplies or catering expense. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF No. 1, (DDC).

Considering these initial findings, a fraud examination team was assembled, and a fraud examination was conducted which included review of relevant company records and documents.

II. Executive Summary

The fraud examination commenced upon discovery of the accounting discrepancies during the October 2018 audit. Various steps were taken as part of the examination starting from the inception of Mr. Robertson's tenure with the firm. Robertson was employed as office operations manager for both the Washington, D.C. and Northern Virginia offices from February 2017 through November 2018. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF No. 1, (DDC). His activity in his time with the firm was investigated which consisted of the examination of charges made to his company-issued purchasing card, previously filed invoices, reviews of purchasing guidelines, and interviews of key firm personnel.

An interview of Mr. Robertson was unable to be conducted as he was placed on leave on November 20, 2018, pending an internal investigation and was subsequently terminated on November 30, 2018, by official mail after he was unable to be reached by phone. The matter was referred to law enforcement for criminal prosecution on December 17, 2018. See id.

III. Scope

The purpose of this fraud examination team was to commence an internal investigation due to the discovery of several accounting invoice discrepancies connected to the purchasing card account of Andrew Robertson. The primary goal was to ascertain the extent of the internal organizational fraud, the resultant financial losses, and other potential liabilities realized by the firm as a result of Mr. Robertson's embezzlement of company capital. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF Nos. 1, 48, 52 and 63 (DDC).

IV. Approach

Fraud Examination Team Members:

Brian Erbis, CFE

Procedure:

As part of the examination of this matter, the team took the following actions:

- Obtained, reviewed, and analyzed firm accounting records and financial documentation, specifically activity statements along with the usage terms and conditions agreement upon issuance of the Bank of America P-card assigned to Andrew Robertson. As part of the review, source documentation such as purchase records, invoices and receipts were also examined and compared for legitimacy. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF Nos. 1, 48, 52 and 63 (DDC).
- Conferred and cooperated with Special Agent Alexander Scanzera of the United States Secret Service who was the law enforcement investigator assigned to this case.
- Obtained, reviewed, and analyzed records from the United States Government's Public Access to Court Electronic Records database (PACER) pertaining to the prosecution of this case by the United States District Court for the District of Columbia. The purpose was to acquire financial records obtained by law enforcement through court process that was previously unavailable prior to prosecution, due to grand jury secrecy. See Federal Rule of Criminal Procedure 6(e). Among the court documents examined were the information, criminal complaint, statement of offense and the government's memo in aid of sentencing.

The documents discussed the external aspect of the fraud in this case from analysis of doctored source documents through records reflecting charges to Amazon, Crate & Barrel, FedEx, Fresh Direct, Instacart, PayPal and Williams & Sonoma. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF Nos. 1, 48, 52 and 63 (DDC).

- Secured and searched Mr. Robertson's office for evidence. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF Nos. 1 (DDC).

Individual Interviews and Conferrals:

The following individuals were interviewed or conferred in person by members of the Fraud Examination Team:

- Director of Administration of the firm
- Special Agent Alexander Scanzera (United States Secret Service)

V. Findings

The fraud examination team reviewed pertinent documents, collected information, and conducted interviews and finds as follows:

The documents and information reviewed, and interview conducted of the Director of Administration by the Fraud Examination Team over the course of the examination, ascertained that Andrew Robertson knowingly embezzled approximately \$425,000 from the firm over the course of his year and a half tenure. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 63 (DDC).

The following is a summary of the evidence and information supporting the Fraud Examination Team's findings:

In October 2018, an internal firm audit of accounting records revealed expenditure irregularities related to both the expense account of former employee Andrew Robertson and corresponding invoices which served as predication for this fraud examination. A review of Robertson's company issued Bank of America Purchasing Card revealed charges for purely personal items such as groceries, clothing, and home furnishings. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF No. 1, 48, 52 and 63 (DDC). Additionally, the conditions of use of the Bank of America Purchasing Card state, in part, "The Bank of America Purchasing Card should be used for business-related purchases that are for the office or firm operations, such as payment for supplies or equipment, catering, business development events, attorney recruiting

related expenses and fees.” See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 63 (DDC).

The standard procedures in an audit include, but are not limited to, reviewing records, source documents and physical counts of inventory.

The undersigned interviewed the Director of Administration and Mr. Robertson’s immediate supervisor due to the audit’s findings. The purpose of the interview included gathering all relevant facts pertaining to the results of the audit and securing all relevant documents pertaining to Mr. Robertson’s employment activity including reviewing conditions of usage of the firm’s Bank of American purchasing card.

On November 20, 2018, Mr. Robertson was placed on administrative leave pending the outcome of the fraud examination. After several attempts to contact Mr. Robertson by telephone, he was terminated by the firm by official mail sent to his residence. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 1 (DDC). As a result, he was unable to be interviewed as part of this fraud examination.

As part of the fraud examination, Mr. Robertson’s office was secured and searched for evidence. Among the documents gathered were invoices that were believed to be altered. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 1 (DDC).

The firm’s director of administration contacted law enforcement on or about December 17, 2018, to report the facts uncovered pursuant to the audit and fraud examination. The case was subsequently investigated by the United States Secret Service and assigned to Special Agent Alexander Scanzera. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 1 (DDC).

Mr. Robertson was subsequently arrested by Special Agent Scanzera and prosecuted by Assistant United States Attorney Kate Rakoczy of the United States Attorney’s Office, District of Columbia. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 1 (DDC).

Due to grand jury secrecy, certain details germane to the fraud uncovered by law enforcement investigation through court process were unavailable prior to the commencement of prosecution. This information also would not have been acquired without subpoenas or search warrants due to privacy laws and therefore would not have been available solely in a private investigation. See Federal Rule of Criminal Procedure 6(e).

A review of the United States Government’s Public Access to Court Electronic Records database (PACER) revealed several documents pertaining to the prosecution of this case which were

germane to this fraud examination. Information acquired from the public documents offered a cursory explanation of the conversion of the firm's embezzled funds which furnished facts that were previously undetermined. Various court documents revealed that Robertson appropriated embezzled firm funds by use of the firm issued Bank of America purchasing card (hereinafter, "P-card") from April 2017 to October 2018 as follows (all amounts are approximate):

Unauthorized Purchases:

- \$90,000 in clothing and other personal items from Amazon
- \$12,000 in home furnishings through Crate & Barrel
- \$1,279 media console from Williams & Sonoma
- \$5,000 in 36 orders of groceries through InstaCart
- \$1,200 in 10 orders through FreshDirect

Total-\$110,000

- Personal Expenses:

- \$45,000 to personal storage unit accounts where Robertson claimed it was to be used for storage for the firm's office furniture.
- \$5,000 to personal Verizon account

Total-\$50,000

- PayPal Fund Transfers: (100 transactions spanning 8/17 to 11/18)

Total-\$275,000

Grand Total: \$435,000

The PayPal electronic funds transfers were facilitated using Robertson's assigned P-card. PayPal business records obtained by law enforcement showed approximately 100 transfers from the P-card. Robertson transferred funds from the P-card to his personal PayPal account ultimately transferring the fund from PayPal to his personal Bank of America checking account. According to court documents, Robertson created and submitted altered invoices to the firm and made false entries into the firm's accounting software to justify the expenditures. The invoices were doctored to indicate that payments were to the firm's catering company for catering services. Records obtained during the criminal investigation from the catering company showed catering services furnished on seven occasions from January 2017 to December 2018. Moreover, it was discovered that Robertson changed his PayPal account information to reflect that the account belonged to the firm's contracted catering company to further cover up the fraud. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF No. 1 and 63 (DDC).

Pursuant to the search of Robertson's office mentioned earlier, forged receipts and invoices were recovered and examined. As part of his fraud scheme, Robertson altered receipts for the personal purchases in this case to indicate that the items purchased were authorized. In other words, he photoshopped receipts by changing the items that were purchased changed the delivery from his home address to the firm's address. Robertson would then code these transactions in the firm's accounting system as "office supplies" or "catering expenses." In one instance, which served to be the underlying basis to establish the subsequent plea to mail fraud, Robertson ordered a pair of Prada khaki pants through his personal Amazon account. Robertson used his P-card for the purchase and directed the delivery to be made to himself at his residence via Federal Express. Robertson then submitted the altered receipt/invoice to read "8 Monitor Holder" instead of the true item to the firm's billing/accounting office altering it in the amount of \$264.98. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF No. 1, 48, 52 and 63 (DDC).

A review of the Government's Memorandum in Aid of Sentencing revealed that Mr. Robertson previously embezzled approximately \$700,000 from a previous employer through the filing of fraudulent invoices. Additionally, it was revealed that Robertson, as part of his employment application with our firm, provided a social security number different from his own, which he supported by a forged W-2. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 63 (DDC). This conduct was intended to prevent our firm from discovering this past act as part of a pre-employment background check.

In reviewing the Defendant's Memorandum in Aid of Sentencing, defense counsel stated that Mr. Robertson has two prior criminal convictions (1 felony and 1 misdemeanor). It is further stated that at the time of the conduct of this case was suffering from "untreated clinical depression" for which he is being treated by a psychiatrist. The report also mentioned that Robertson previously had cancer and suffers from rheumatoid arthritis and severe sleep apnea. As to the character of Robertson, the report stated that he suffered a "very traumatic childhood" and that his clinical depression arose from the death of his mother in 2017. The report added that as of the date of this document, Robertson is employed in the healthcare field earning a six-figure income. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 68 (DDC).

On August 16, 2021, Andrew Robertson was sentenced by United States District Court Judge Colleen Kollar-Kotelly to 41 months imprisonment, 36 months of supervised release as a result of previously pleading guilty to Mail Fraud, Title 18 United States Code section 1341. Additionally, the court ordered special conditions which state that Robertson cannot open new credit accounts or incur new credit card charges without the approval of probation and cannot work in any kind of employment that would allow access to or control over financial accounts. Furthermore, a judgment of forfeiture in the *agreed upon amount of \$425,000* was entered

against Robertson as the proceeds of the fraud could not be recovered. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 57 and 71 (DDC).

Records from the Bureau of Prisons website showed that Andrew Robertson remains committed to RRM (Residential Reentry Management field office) in New York under Register Number: 73126-050 with a release date of July 4, 2024. See Bureau of Prisons, Find by name. Find an inmate (Nov. 21, 2023, 12:25 PM), https://www.bop.gov/mobile/find_inmate/byname.jsp#inmate_results.

An RRM is a halfway house for inmates nearing release. See Bureau of Prisons, Completing the transition. About Our Facilities (Nov. 21, 2023, 12:30 PM), https://www.bop.gov/about/facilities/residential_reentry_management_centers.jsp.

VI. Summary

This report establishes that Andrew Robertson, an office operations manager for the firm, diverted \$435,000 in company assets in a scheme that encompassed the span of his employment with the company. The primary mechanism used to facilitate his embezzlement was through unauthorized use of the company issued Bank of America Purchasing Card. See United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF No. 1, (DDC). A statement was unable to be elicited from Mr. Robertson, as he was placed on leave pending investigation. He was incommunicado and terminated by mail on November 30, 2018. The matter was referred to law enforcement for criminal prosecution on December 17, 2018. There was no statement obtained by law enforcement, most likely due to the exercise of rights afforded under the Fifth Amendment of the United States Constitution. See id. Mr. Robertson was prosecuted and agreed to a plea that bears an order and judgment of forfeiture in the amount of \$425,000, which was an amount in agreement with consultation with the firm, as the proceeds of the fraud could not be recovered. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 57 and 71 (DDC). The firm will continue to monitor and pursue any possibilities of asset recovery. Mr. Robertson was also sentenced to a term of imprisonment by the presiding judge. See id.

VII. Impact to Firm

In his very short term of employment, Andrew Robertson misappropriated an estimated \$435,000 from the firm. As previously stated, the firm agreed to a loss of \$425,000 with the United States Attorney's Office as part of the criminal case. The company was reimbursed through insurance minus a considerable deductible. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 57 and 71 (DDC). Further losses, such as the cost to

conduct this fraud examination, company time, and use of company resources are unrealized. Those amounts have not been calculated.

VIII. Recommendations

The firm has established a policy that mandates reporting of any such misconduct to the relevant authorities and assisting in the prosecution of criminal activities. However, it is recommended that additional internal controls be implemented to prevent recurrence. These controls should include preauthorization and additional levels of approval prior to incurring expenses. In addition, the firm should explore the possibility of implementing real-time notification of charges to designated supervision with the purchasing card vendor. This would assist in the prompt reversal of fraudulent orders and minimize or prevent unnecessary financial losses in the future. Furthermore, it is recommended that a full assessment of existing internal controls be conducted to identify any weaknesses and other aspects of the firm's finances that can be exploited. Moreover, it is suggested that the firm evaluate its existing background check procedure. Additionally, it was revealed that Robertson, during the hiring process, Mr. Robertson provided a social security number different from his own, which he supported by a forged W-2 to conceal his arrest and conviction for defrauding a prior employer. See United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 63 (DDC). This conduct was intended to prevent our firm from discovering this past act which most likely would have precluded this employment here at the firm. Therefore, the firm should consider employing more robust background checks supplemented by a criminal history fingerprint check.

End of Report

References:

Bureau of Prisons, Find by name. Find an inmate (Nov. 21, 2023, 12:25 PM),
https://www.bop.gov/mobile/find_inmate/byname.jsp#inmate_results

Bureau of Prisons, Completing the transition. About Our Facilities (Nov. 21, 2023, 12:30 PM),
https://www.bop.gov/about/facilities/residential_reentry_management_centers.jsp.

Federal Rule of Criminal Procedure 6(e).

United States of America v. Andrew Robertson, 1:19-mj-00266-DAR, ECF No. 1, (DDC)
(criminal complaint)

United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF No. 48, (DDC)
(Information)

United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF No. 52, (DDC)
(Statement of Offense)

United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 57 (DDC).
(Consent Order of Forfeiture)

United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF No. 63, (DDC)
(Government's Memo in Aid of Sentencing)

United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 68 (DDC).
(Defendant's Memorandum in Aid of Sentencing)

United States of America v. Andrew Robertson, 1:21-cr-00209-CKK, ECF Nos. 71 (DDC).
(Judgment in a Criminal Case)