Hilco Global
AN ORIX COMPANY

Reducing Supply Chain Exposure to Trade Fraud & Forced Labor:

Part III: Response & Investigation

When trade fraud or forced labor concerns surface, speed, control, and objectivity are essential. A disciplined response preserves evidence, protects privilege, and positions your organization for the best outcome with regulators, stakeholders, and the board.

When issues surface, speed and control matter. Potential criminal exposure under 18 U.S.C. § 545 and civil exposure under the False Claims Act require disciplined fact development and defensible decisions.

Executive Perspective:

Allegations, government inquiries, supplier issues, or data anomalies can quickly escalate into significant legal, financial, and reputational risk. Potential criminal exposure under 18 U.S.C. § 545 and civil exposure under the False Claims Act require organizations to act with urgency and discipline.

An effective response is more than fact-finding. It is about establishing governance, preserving evidence, assessing exposure, coordinating with legal counsel, and implementing remediation that addresses root causes.

Organizations that respond early, objectively, and with experienced independent support are far better positioned to protect their business, demonstrate good faith, and achieve favorable outcomes.

Common Triggers

✓ **Whistleblower or Hotline Allegations**
Allegations require prompt and objective review.

✓ **Customs or Regulatory Inquiries**
Government questions can signal deeper risk.

✓ **Supplier or Geographic Red Flags**
High-risk suppliers or regions require immediate scrutiny.

✓ **Data or Documentation Anomalies**
Discrepancies may indicate potential fraud.

Response & Investigation Priorities

1. Establish Governance & Preserve Privilege
Define decision-makers, engage legal counsel, align stakeholders, and stabilize the issue under privilege.

2. Preserve Records, Data & Evidence
Secure customs records, invoices, payments, communications, and system data before information is lost.

3. Scope the Facts Quickly
Identify affected products, suppliers, entities, jurisdictions, and time periods using documents, data, and interviews.

4. Assess Exposure & Escalation Options
Evaluate legal, financial, operational, and reputational implications, including potential disclosure and reporting obligations.

5. Remediate & Monitor Follow-Through
Address root causes through controls, training, oversight, and targeted monitoring to prevent recurrence.

Questions & Escalation Points

- Who owns the response and who must be informed?
- What must be preserved now?
- What products, suppliers, entities, and jurisdictions are affected?
- Should shipments, payments, or supplier activity be paused?
- Do we need independent support under privilege?
- Are disclosure, reporting, or board decisions required now?

About Hilco Global

Hilco Global advises boards, senior leadership, investors, and legal counsel on complex, high-stakes matters involving fraud, misconduct, regulatory inquiries, accounting irregularities, and disputes, helping clients establish facts, preserve and analyze evidence, assess risk, and move decisively toward resolution.

We deliver rapid response on time-sensitive, confidential matters and act as a force enabler to support existing teams that may be resource constrained, deploying cross-trained professionals and leading technologies to support forensic analyses and ongoing monitoring.

Clients rely on our independent, defensible analysis on highly sensitive and complex matters, supported by a global, scalable, and consistent approach to deploying experts across jurisdictions.

How Hilco Global Helps

- Regulatory response & government inquiries
- False Claims Act risk assessment
- Licensed Private Investigators
- CPAs, CFFs, CFEs, CAMS professionals
- Privileged forensic accounting
- Technology-enabled investigations

Representative Matters

Investigated Trade Fraud Allegations
Involving misclassification and undervaluation schemes affecting millions in duties.

Responded to Government Inquiries
Regarding country-of-origin certifications and potential transshipment to avoid tariffs.

Assessed Exposure & Remediation
Developed corrective actions and controls to address gaps across global DDP arrangements.

HILCO GLOBAL IS ASSET SMARTER.

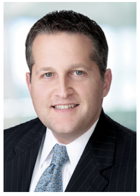
Hilco Global, a subsidiary of ORIX Corporation USA, is a diversified financial services company that delivers integrated professional services and capital solutions that help clients maximize value and drive performance across the retail, commercial industrial, real estate, manufacturing, brand and intellectual property sectors, and more.

Kristofer Swanson
CPA, CFF, CFE, CAMS

Executive Director & Practice Leader
kswanson@hilcoglobal.com
773.551.0293

Andrew Bayer
ACCA, CFE, CAMS

Senior Director
abayer@hilcoglobal.com
347.889.3837



Jordan Kraner
CPA, CFF, CFE

Senior Director
jkraner@hilcoglobal.com
317.999.9351

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