SHIN & KIM

# Accounting Fraud Investigation

The 2018 amendment to the Act on External Audit of Stock Companies obligates companies, upon notification by external auditors regarding accounting standard violations, to retain external experts and conduct thorough investigations. The findings from these accounting fraud investigations serve as material audit evidence regarding factual matters and accounting treatment, and the appropriateness of subsequent corrective actions significantly impacts the formulation of the auditor's opinion.

The Accounting Fraud Investigation Team at Shin & Kim is equipped with cutting-edge digital forensic analysis tools (Falcon, EnCase, Axiom, x-Way) and leading review platforms (Nuix, Relativity) for both external and in-house investigations, complemented by proprietary analysis and search systems. By leveraging comprehensive expertise across all relevant legal domains—including corporate accounting, audit procedures, and responses to agencies – such as the Korea Exchange and the Financial Supervisory Service – arising from audit opinions and extensive practical experience, our team conducts accounting fraud and internal misconduct investigations tailored to diverse client demands. In addition, we are dedicated to promoting accounting transparency through these external reviews, thereby facilitating the resumption of trading and ongoing listing compliance.

Shin & Kim's Accounting Fraud Investigation Team conducts robust, evidence-based investigations with external specialists, employing state-of-the-art digital forensics and methodical review methodologies, and deliver comprehensive legal services assisting companies and auditors in achieving appropriate accounting practices and responding to regulatory oversight.

## Key Services

Shin & Kim has further enhanced its expertise by recruiting former Prosecutor General Moon Moo-il, a foremost authority in digital forensic investigations, and a certified public accountant with substantial auditing experience at the Financial Supervisory Service. The team now includes an expanded cadre of review analysts to ensure rigorous external investigations.

- Accounting fraud investigations by external experts under the External Audit Act
- Engagement of external experts on auditor's side for accounting fraud investigations
- Investigations into internal misconduct, such as embezzlement by employees

- Investigations into trade secret leaks
- Digital forensic analysis
- Response to search and seizure by investigative authorities
- Advisory on relevant laws and regulations, including corrective actions of auditors and audit committees

## Experience

- Accounting fraud investigation of embezzlement by an employee of Company F, a leading domestic synthetic fiber company
- Accounting fraud investigation on embezzlement by the representative director of Company P, a KOSDAQ-listed firm
- Accounting fraud investigation of fictitious sales, etc. at listed Company H, a KOSDAQ-listed firm
- Accounting fraud investigation of fictitious sales, etc. at Company S, a KOSDAQ-listed firm
- Accounting fraud investigation of window dressing through unit price manipulation at Company D, a KOSDAQ-listed firm
- Accounting fraud investigation into revenue recognition at Company P, a KOSDAQ-listed firm
- Accounting fraud investigation of fair value assessments of acquired assets at Company N, a KOSDAQ-listed firm
- Accounting fraud investigation of obstruction of external audits by concealing contracts at Company S, a KOSDAQ-listed firm
- Accounting fraud investigation of obstruction of external audits through forgery of external inquiry letters at Company S, a subsidiary of a KOSDAQ-listed firm
- Internal investigation of a pharmaceutical rebate case at Company A, a multinational company
- Investigation of internal embezzlement at Company B, a domestic paper manufacturer
- Investigation of trade secret leakage at Company C
- Forensic response to an internal audit at Company H, a major domestic construction firm
- Forensic analysis for a major domestic entertainment company
- Internal investigation into employee misconduct at Company I, a domestic manufacturer and seller of mobile phone and electronic device accessories
- Forensic response for the internal audit of Company J, a major social media operator
- Forensic response related to the analysis of information on internal employee misconduct at Company K, a Chinese firm operating in the Korean market
- Response to a large-scale technology leak incident at Company G, a domestic defense technology specialist

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