

FORENSIC FORESIGHT MONTHLY

Issue 03



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Financial Crime · Forensic Accounting · Investigation

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WHAT'S INSIDE THIS ISSUE?

- When 5,000 Accounts Become One Investigation
- The Difference That Did Not Reconcile
- The Discipline of Asking Precisely

EDITORIAL NOTE

Investigations sometimes begin with too much information rather than too little. Thousands of transactions, several bank accounts, years of accounting records and large volumes of supporting documents may all be available. The difficulty is deciding where within that information the investigation should go deeper.

This idea appears in different forms across the issue. The **Forensic Brief** looks at a money-laundering case involving thousands of mule accounts and asks how recurring relationships and convergence points can help bring structure to a large financial trail. **Case in the Dock** takes the opposite view of scale. It follows selected import payments transaction by transaction and shows how an unexplained amount became visible only when the customer debit, overseas payment and internal accounting entries were connected.



The **Practitioner's Perspective** carries the same idea into information requests. Broad data can help identify a pattern, but once a particular ledger entry, party or transaction requires explanation, the question also has to become more precise. Across these situations, the volume of information is only the starting condition. Investigative direction comes from identifying the relationship, transaction or explanation that deserves the next question.

That emphasis on better questions is something we also want to carry beyond the articles themselves. Last month, we mentioned that our reader question had gone unanswered. This time, one reader responded on LinkedIn. It is a small beginning, and we hope these exchanges continue to grow with each issue.

WHEN 5,000 ACCOUNTS BECOME ONE INVESTIGATION

THE FORENSIC BRIEF

What FIU-IND's latest cyber fraud tells us about examining the money trail

On 10 July 2026, the Government of India reported details of a cyber-fraud case analysed by the Financial Intelligence Unit, India (FIU-IND) involving approximately Rs. 868 crore, more than 5,000 mule bank accounts, cryptocurrency transactions and multiple jurisdictions. The case began with intelligence from the Indian Cyber Crime Coordination Centre (I4C). FIU-IND analysed the financial network and exchanged information with foreign FIUs, following which the Enforcement Directorate (ED) carried out searches, seizures and attachment proceedings and filed two prosecution complaints.

For investigators, a case of this scale creates a practical problem. Thousands of transactions can be reviewed individually, but doing so may still leave the larger fund flow unclear. The relationships between accounts, beneficiaries and onward transfers become important because they help decide where detailed examination should begin.

Where does an investigator begin when the money trail is spread across thousands of accounts?

1. Look for what keeps repeating

The first review should help identify recurring beneficiaries, counterparties, amounts, dates or transaction patterns. Accounts that appear unrelated when examined separately may begin to show a connection when the same names, destinations or movement patterns appear repeatedly.

2. Understand how the account is behaving

The way money moves through an account can help determine which accounts require closer attention. Investigators may look for:

- frequent receipts from unrelated parties,
- quick onward transfers,
- unusually high turnover, and
- repeated transfers to the same beneficiaries.

These observations do not establish wrongdoing, but help identify where further enquiries may be useful.

3. Find where separate trails begin to meet

Several trails at account level may eventually lead to a smaller set of beneficiaries, intermediaries, wallets or other destinations. These points of convergence can help organise a large dataset and identify the relationships that should be examined in greater detail.

4. Use the pattern to sharpen the next request

Once an unusual relationship is identified, the investigation can become more specific. The team can call for the relevant ledger, invoice, agreement, bank record or explanation relating to that transaction or counterparty instead of seeking a large set of records without a clear direction. Imagine 200 accounts receiving relatively small amounts over several days. Seen separately, the transactions may appear unconnected. If many of those accounts transfer the funds shortly afterwards to the same three beneficiaries, the review changes. The investigator now has a smaller set of relationships to examine and more precise questions to ask.

What to carry forward from this

- Large transaction datasets become more useful when recurring relationships and common counterparties are identified first.
- Account behaviour, including rapid onward transfers and repeated movement patterns, can help prioritise where deeper examination is required.
- Points where separate fund flows converge can reveal links between accounts that initially appear unrelated.
- Pattern analysis should help the investigator narrow the population and ask more specific questions about the transactions and relationships that matter.



CASE IN THE DOCK

Cross-border payments can look simple from the customer’s side, but several records sit behind every transaction.

In this case, selected import payments raised questions because the amounts and supporting records did not fully explain the movement of funds. Some key documents were also incomplete or unavailable.

One assignment of the wider investigation focused on reconstructing these payments from customer debit to overseas settlement and tracing any unexplained amount.

THE DIFFERENCE THAT DID NOT RECONCILE

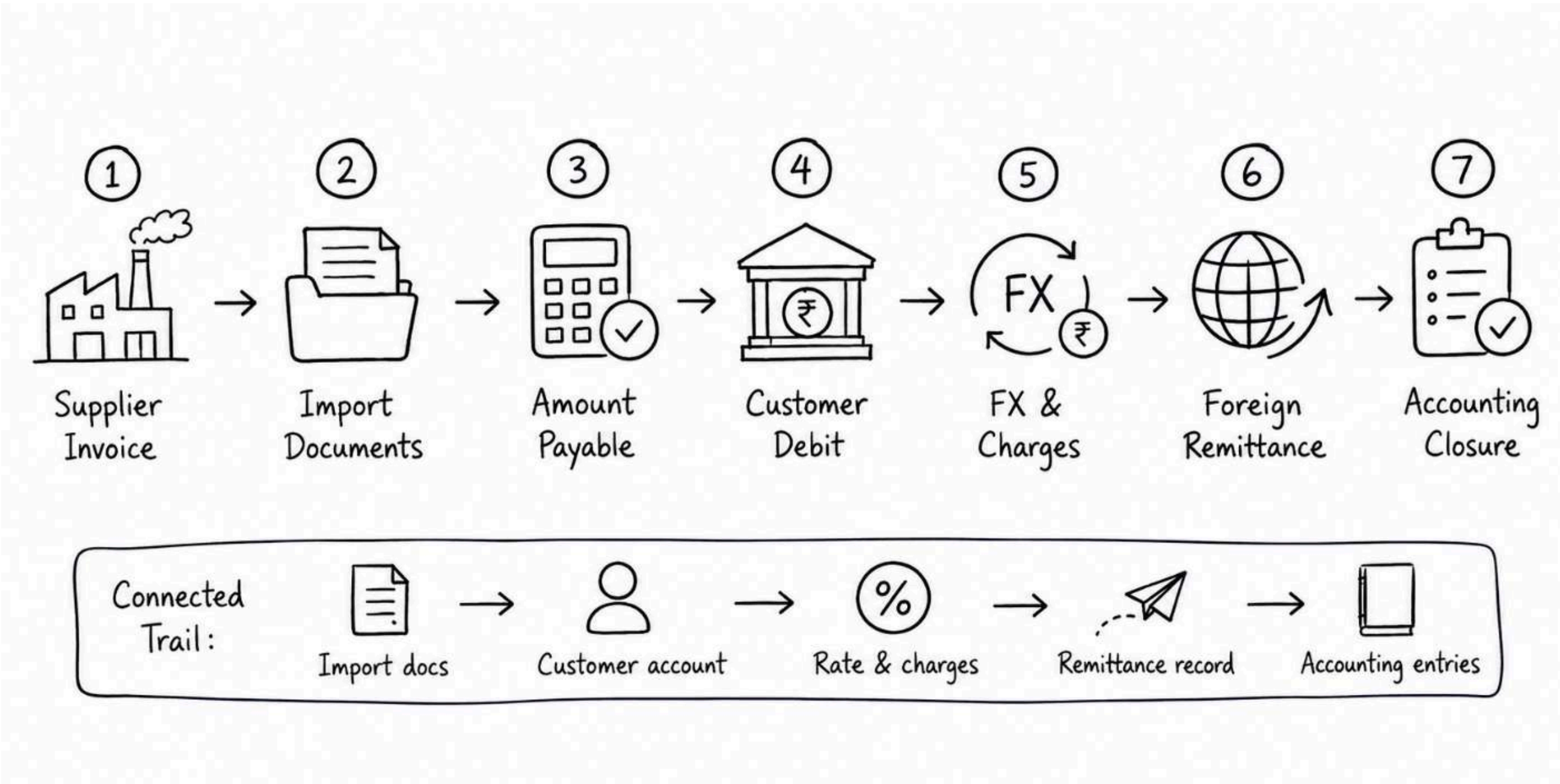
How selected import payments were reconstructed from customer debit to overseas settlement

Understanding the Transaction

Consider an Indian company importing specialised machinery from a supplier in Germany. The supplier raises an invoice in foreign currency and the importer approaches its bank to make the payment. The bank verifies the import documents, determines the amount payable, converts the foreign-currency obligation into rupees, applies the relevant charges and debits the customer’s account. The corresponding foreign currency is then remitted to the overseas supplier.

A properly processed transaction should leave a connected trail. The import documents establish the commercial obligation. The customer account shows how much was recovered. The exchange-rate working and charges explain the rupee debit. The remittance record shows what was finally sent abroad.

This is the ideal scenario. The review used this sequence as the benchmark:



Scope of the Review

The wider review covered foreign-exchange transactions processed through the bank. Within that assignment, this workstream was limited to selected import-bill payments and the accounting trail created while those payments were settled.

The objective was specific: to determine whether the amount recovered from the customer could be fully reconciled with the underlying import obligation, the exchange conversion, legitimate bank charges and the amount ultimately remitted overseas. Where the transaction did not reconcile, the review extended only as far as necessary to identify where the unexplained amount had been recorded or moved.

The focus was therefore on **the transaction trail between customer recovery and overseas settlement**, rather than on examining the entire foreign-exchange operation or reaching conclusions on the wider case.

DID YOU KNOW? | Forensic reviews can be narrowly scoped

A large investigation does not always sit with one team from start to finish. Specific parts may be carved out as separate workstreams, such as fund-flow tracing, transaction testing, related-party review or digital evidence examination. The scope of each workstream should be clear about what the team is testing, which records are covered and where that review ends. A focused assignment can still produce a meaningful finding within a much larger case.

Reconstructing the Transaction

Where supporting records were incomplete or unavailable, the transaction was rebuilt using records generated at different stages of the process:

- **Customer statement:** established the amount actually debited from the customer’s account.
- **Import file:** established the underlying liability and the amount payable to the overseas supplier.
- **Remittance record:** showed the amount actually sent overseas.
- **Exchange-rate and bank-charge records:** explained the legitimate difference between the foreign-currency obligation and the rupee amount recovered.
- **Internal account ledgers:** showed how any intervening or unmatched amount was accounted for.
- **Adjustment and payment records:** helped trace what happened to the amount subsequently.

Together, these records were used to test whether the customer recovery, overseas remittance, exchange difference and bank charges fully explained each selected import bill.

What the Review Established

When the selected transactions were finally reconstructed end to end, some of them did not reconcile. The difference could not be explained by the exchange rate, bank charges or the amount actually remitted to the overseas supplier. In other words, **more had been recovered from the customer than could be accounted for by the import payment itself.**

For example, if Rs. 82 lakh was required to pay the overseas supplier and the bank charges were Rs. 50,000, the total amount to be recovered should have been Rs. 82.50 lakh. If the customer had actually been debited Rs. 84 lakh, the remaining Rs. 1.50 lakh needed an explanation. That was the amount the review then traced through the bank's internal accounts.

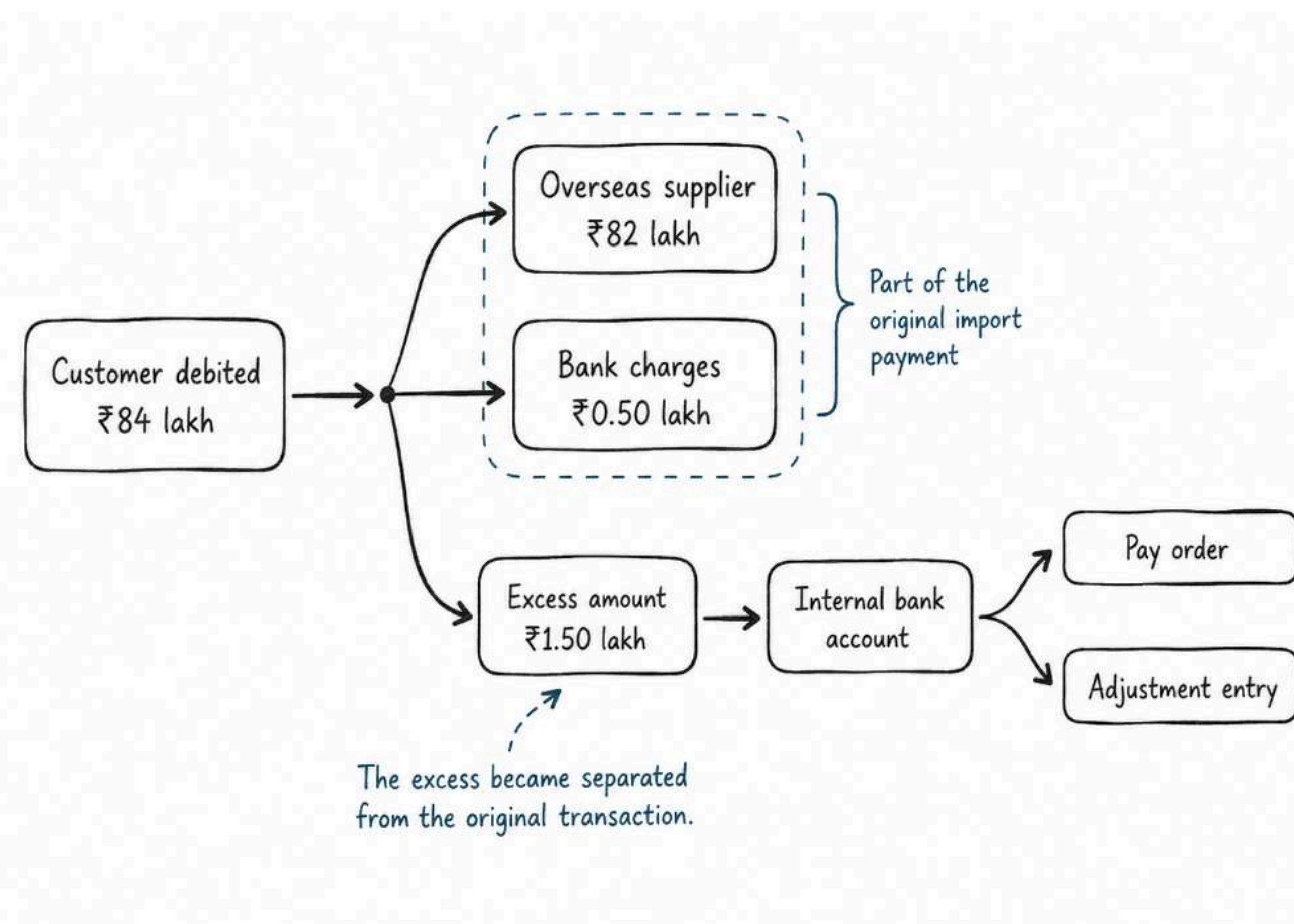
The next question was where that excess had gone. The transaction trail showed that these amounts had moved into internal bank accounts used for operational adjustments and clearing. That, by itself, was not conclusive, because such accounts form part of normal banking operations. The significant finding came when the entries were followed further.

The excess amounts had not simply remained pending in the internal accounts. They were subsequently cleared through pay orders and adjustment entries. For instance, the Rs. 1.50 lakh could later be used to issue a pay order to someone or adjusted against another entry in the bank's records.

This explained why the issue was difficult to see from the ledger balance alone. Once money entered an internal account and later moved out, the account could eventually show a nil or apparently reconciled balance. Viewed at that level, nothing necessarily appeared outstanding. But when the later clearing entries were linked back to the individual import bills, the original difference became visible.

The review therefore established a much more important fact than a simple reconciliation error: **amounts recovered from customers for specific overseas payments had become separated from those transactions, passed through internal bank accounts and were later cleared through other entries.**

That was the point at which an apparently completed import payment became an investigative trail.



What this Case Teaches

- A reconciled account can still contain unreconciled transactions. Bill-wise tracing can reveal what a clean closing balance hides.
- In cross-border payments, the critical break may occur after the legitimate payment has been completed, when the remaining amount begins moving through internal accounts.
- Internal accounts deserve attention when they become the bridge between the original customer transaction and a later beneficiary or adjustment.
- When original records are incomplete, the strength of the review lies in whether independent records tell the same transaction story.
- An unexplained difference becomes an investigative lead only after exchange effects, charges and other legitimate components have first been ruled out.

KNOW THE TERM

SUSPENSE ACCOUNT

When a temporary accounting stop becomes part of the money trail

A suspense account is a temporary account used when a transaction cannot yet be posted to its final account. The amount is held there until the correct treatment, supporting information or destination is established.

There is nothing inherently suspicious about this. Banks and businesses routinely use suspense and other internal accounts while transactions are being processed, corrected or reconciled. The expectation, however, is that the entry should eventually be identified, supported and cleared to the appropriate account.

From a forensic perspective, the question is **why it entered, how long it remained there and where it ultimately went.**

Suspense accounts become particularly relevant when they contain old or repeated balances, entries with weak supporting documents, amounts that cannot be linked back to the originating transaction, or credits that are later cleared through unrelated adjustments or payments.

An account may even show a nil balance at the end of the period while the individual transactions passing through it remain unexplained.

In the import-payment case in this issue, the review followed amounts that could not be fully explained by the overseas payment and legitimate charges. The trail led into internal bank accounts, including suspense and office accounts, and then into later adjustment or payment entries. This was why transaction-level tracing mattered: the closing balance alone could not show whether each amount had been properly dealt with.

Forensic work follows the entry through the account. The reviewer links the amount back to the transaction that created it, examines the reason it was parked there, and then identifies the record through which it was eventually cleared. If the amount leaves through a pay order or another adjustment, the trail may need to continue to the beneficiary and authorisation records.

Practical test: For every material suspense entry, ask: Can its origin, purpose and eventual clearance all be explained by the same underlying transaction?

PRACTITIONER'S PERSPECTIVE

The Discipline of Asking Precisely

A reflection from investigative practice on why specific questions often produce better evidence

In investigations, I frequently see information requests that appear comprehensive:

“Provide the complete books of account.”

“Share detailed data for the period.”

“Provide all transactions relating to this party.”

These requests may be necessary at the beginning of an assignment. But once the records are available and an unusual transaction has been identified, continuing to ask broad questions can make the investigation less effective.

I have found that a broad question usually produces a broad answer. Ask someone whether the records are correct and the answer is likely to be, “Yes, the records are correct.” Ask for complete details of an account and you may receive a large bundle of documents, along with questions about why so much information is being sought. The response changes when the question becomes specific.

Instead of asking for everything relating to a vendor, ask:

“What is the Rs. 18.40 lakh entry in this vendor’s ledger on 17 March? Which invoice does it relate to, who approved it, and where is the corresponding payment?”

Now there is a transaction to explain. There is also an answer that can be tested. That distinction has become increasingly important to me in forensic assignments. Large datasets help us identify where something unusual may be happening. But once that point is identified, the investigation should become more precise rather than continue expanding.



The second question fixes the party, amount, date, ledger entry and supporting evidence. The person answering has to deal with the transaction that raised the concern. The response can then be compared directly with the accounting records and the money trail. This becomes particularly useful in a large volume of transactions. Calling for another large set of records can take the investigation backwards.

Before sending the next information request, I therefore try to identify exactly what I need to establish:

- Which transaction am I testing?
- Which ledger, account or party does it relate to?
- What explanation do I need from the person involved?
- Which document or independent record can test that explanation?

This does not mean investigators should avoid large datasets. They are often necessary to identify patterns and relationships. But once the pattern tells you where to look, the question should become narrower.

The quality of evidence often improves when the investigator stops asking for everything and starts asking for the exact transaction that needs explaining.

A QUESTION FOR ISSUE 04

At what point should an investigator stop expanding the dataset and start testing individual transactions in depth?

FORENSIC FORESIGHT FORUM

Last month, we asked:

When AI supports a verification process, where should professional responsibility begin: with the person using the tool, the person approving the work, or the organisation relying on the result?

On LinkedIn, Mr Adish Jain responded: “All three, but for different reasons. The key issue is not just the AI’s error; it’s whether human oversight, verification, and professional scepticism were strong enough.”

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That distinction matters. The user must understand what the tool reviewed, the approver must test whether the conclusion is supported, and the organisation must decide how AI-assisted work is governed and relied upon. Responsibility may sit at different levels, but none of them removes the need to understand how the conclusion was reached.

FINAL FORESIGHT

A forensic finding gains strength when it can travel beyond the investigator, beyond the client, and beyond the first explanation.

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