



Economic crime in the media and entertainment sector

The problems of fake news have been well documented. A more insidious challenge for media businesses, however, is that of becoming the inadvertent vehicle to support and facilitate economic crime, whether that is by lending an air of respectability to dubious interest or by becoming part of problematic activities themselves.

As perceived guardians of information in an increasingly information driven world, the problems of misinformation and cyber security are heightened for the media industry and the potential brand damage associated with any failure has a material significance far beyond the financial impact of any issues.

Why the sector is at particular risk of economic crime



New and emerging business markets, including online



Established media entities adapting to a rapidly changing world



Significant regulatory and public scrutiny



Valuable customer information



Trusted brands

Specific economic crime challenges



Data breaches

Data breaches and leaks of client information or Intellectual Property can cause significant financial and reputational damage.



Fake news

Perceived trustworthiness of the media can lead to the inadvertent dissemination of "fake news".



Bribery and corruption

Global companies and use of public infrastructure increase the risks of bribery and corruption, e.g. for TV rights, for tax evasion, to secure permits or resolve challenging local issues and for leaking sensitive information.

Spotlight on: User generated content

User generated content poses a number of potentially significant risks to media companies. These include inadvertent violations of copyright law, breaches of privacy rights, discrimination accusations (e.g. if one user's "offensive" content is removed but not another's) and litigation risk from publicising inaccurate information, e.g. relating to competitors.

Media companies also run the risk of becoming an inadvertent player in the laundering of money, spreading the influence of extremist groups or even aiding terrorists to raise funds.

One way to mitigate the legal risks of user generated content is through implementing clearly accessible policies, stipulating the extent to which explicit consent is required before a piece of content is shared; the extent to which content will be moderated; and the criteria by which content will be evaluated in order to determine whether it is retained or removed.

Our available capabilities

Customer overcharging

Two TV companies discovered significant issues with their phone-based viewer interaction activities on high profile, prime time content. We performed a forensic review of the issues to determine the facts which involved a series of fact-finding meetings and an email review. We also assisted our clients in communicating with the regulator, identifying viewers that had been affected (and quantifying the exposure to those viewers) and reimbursing the relevant parties for the amounts overcharged.

Suspected corruption

We were commissioned by a UK media provider to investigate allegations that they had provided extravagant entertainment to customers and government officials, received kickbacks and provided services at a substantial discount in return for personal benefits. Following a series of investigative interviews and the capture, search and review of electronic data, we substantiated some of the allegations and enabled our client to take action and make a series of control improvements.

Accounting investigation

A high profile media group asked us to look into a material overstatement of accrued income in their financial accounts. We conducted interviews, reviewed electronic communications data and performed financial accounting analysis to understand the reasons for, the awareness of and the implications of certain irregular accounting practices. We calculated the correct amounts of accrued income which should have been recorded in the company's books and records at each of the last three financial year ends. Our work provided the company and its statutory auditor with some assurance over the restated financial position and was used to make management and disciplinary decisions concerning certain employees.



Claire Jolly
Partner
Financial Advisory
+44 161 455 6315
clajolly@deloitte.co.uk



Ian White
Partner
Financial Advisory
+44 20 7303 2225
iwhite@deloitte.co.uk

Deloitte.

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.

Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2020 Deloitte LLP. All rights reserved.

Designed by CoRe Creative Services. RITM0419305