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FOR IMMEDIATE RELEASE

Due Diligence Discovers \$40MM SOD Vulnerability

A subsidiary of General Cable (GC) acquired a license for Unbeaten Path's **Due Diligence** software in early 2011. When the product was installed in their several BPCS v6.1 and ERP LX environments, it promptly discovered important segregation of duties (SOD) vulnerabilities in GC's Brazilian operations. The headquarters IT department alerted regional management to the SOD problems discovered by Due Diligence, but no remedial steps were taken.

A February 25, 2013 news story published in "Business Courier" from Cincinnati disclosed an inventory theft in GC's Brazilian operations. A snip from the top of that article appears to the right. [Click here](#) to see the full article.

On March 1, 2013, General Cable released two 10K annual reports to the SEC: one for calendar year 2012 plus an amended "10K/A" for calendar year 2011. Both of those reports provided information about internal control deficiencies in the Brazilian operation that were described as the root cause of a \$40MM inventory theft.

This text is from page 45 of the 2012 10K report:

"Access to information technology (IT) systems in Brazil was not effectively controlled. Specifically, several Brazilian accounting employees were provided broad access to the systems, including the Brazilian cost accounting manager and cost analysts, who the Company believes exploited their access and colluded to facilitate theft of substantial quantities of copper and fraudulent adjustments to the systems. In addition, the inventory module in the Brazil IT systems was improperly decoupled so that it did not automatically update the general ledger, thereby enabling the cost accounting manager to more freely enter manual adjustments in the general ledger, which furthered the theft conspiracy."

Prompt attention to Due Diligence software findings would have stopped the inventory theft long before it accumulated to \$40 million dollars.

The next paragraph in that 10K report included additional very interesting information about the nature of the internal control failure (see next page):



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“It appears that the Brazilian cost accounting manager was able to make numerous manual entries in the general ledger without required documentation and approval; in other instances, cost analysts, at the cost accounting manager's instruction, made manual entries to the general ledger, which the cost accounting manager then approved.”

If Unbeaten Path's **Needle in a Haystack** software had been used to observe CG's general ledger data in the Brazilian environment, the product would have generated real-time email alerts flagging each of those manual transactions as a rare event. Needle alert emails are sent to pre-designated data governance executives and/or internal auditor(s). Needle in a Haystack's artificial intelligence detects and reports data accidents (or data manipulation) you can't anticipate.

Click on the list below for more information:

- Due Diligence** segregation of duties audit software
- Needle in a Haystack** data protection software
- An abbreviated copy of GC's 10K report for calendar year 2012
- Full copies of GC reports to the Securities & Exchange Commission

For more information, please call Unbeaten Path. Our North American toll-free number is (888) 874-8008. International callers would use +262-681-3151. Unbeaten Path is in the same time zone as Chicago.

Click [here](#) to send an email.

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