

Justice News

Department of Justice
U.S. Attorney's Office
Northern District of Illinois

FOR IMMEDIATE RELEASE

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Former McKinsey & Company Partner Arrested on Fraud Charges for Allegedly Billing \$890,000 in Bogus Consulting Services and Travel Expenses

CHICAGO — A Chicago-based partner in a global management consulting firm schemed with a client to bilk their companies out of hundreds of thousands of dollars in purported consulting services that were never performed, according to a federal indictment announced today.

NAVDEEP ARORA, a former partner in the Chicago office of McKinsey & Company Inc., was arrested Sunday at JFK International Airport in New York. Arora, 51, of London, England, and formerly of Chicago, is charged with eight counts of wire fraud in an indictment filed in U.S. District Court in Chicago. Arora made an initial appearance yesterday in U.S. District Court in New York and was ordered detained pending further proceedings.

The indictment, which was returned in August and unsealed yesterday, also charges MATTHEW SORENSEN, a former internal consultant for State Farm Mutual Automobile Insurance Co., with five counts of wire fraud. Sorensen, 49, of Bloomington, Ill., is scheduled to appear for arraignment at 2:00 p.m. on Jan. 11, 2016, before U.S. Magistrate Judge Michael T. Mason in Chicago.

According to the charges, Arora oversaw various consulting services provided by McKinsey to State Farm. The indictment contends that Arora and Sorensen used two companies – “Gabriel Solutions” and “Andy’s BCB” – to defraud their employers out of phony consulting fees. Sorensen billed McKinsey for the bogus work purportedly performed by the companies, and Arora allocated the fees to the State Farm projects to which he was assigned, according to the indictment.

As a result of the scheme, McKinsey and State Farm paid \$38,265 for consulting services purportedly performed by “Andy’s BCB,” and \$452,710 in fees billed by “Gabriel Solutions,” the indictment states. Sorensen pocketed nearly all of the fees paid to “Andy’s BCB,” and he took approximately \$370,000 of the amount paid to “Gabriel Solutions,” according to the indictment.

In addition to the phony consulting services, the indictment contends that Arora fraudulently obtained over \$400,000 from McKinsey, State Farm and other McKinsey clients in the form of travel

and expense reimbursements. Arora claimed that the costs had been incurred for legitimate business purposes, when in reality the expenses pertained to Arora's personal travel. The indictment alleges that Arora falsely expensed personal trips to Scottsdale, Napa, Vail, Miami, Las Vegas, New York, London, Prague and Munich, among others.

Arora also obtained reimbursement for personal expenditures he incurred in Chicago while residing there, the indictment states. The Chicago expenses included hotel, dining and theater costs, according to the indictment.

Each count of wire fraud carries a maximum penalty of 20 years in prison and a maximum fine of \$250,000 or twice the gross gain or gross loss resulting from the offense, whichever is greater.

The indictment was announced by Zachary T. Fardon, United States Attorney for the Northern District of Illinois; and Michael J. Anderson, Special Agent-in-Charge of the Chicago office of the Federal Bureau of Investigation.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt. If convicted, the Court must impose a reasonable sentence under federal sentencing statutes and the advisory U.S. Sentencing Guidelines.

The government is represented by Assistant United States Attorneys Sunil Harjani, Timothy Storino and Jason Yonan.

 Indictment

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