

# In-Class Activity: Red Flag Rapid Fire

Digital Finance, BSc Course

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Cross-Cutting | 10 min | Individual

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**Instructions:** Read each anonymised company description (60s each). Circle every red flag you spot.

**Company A** InnovatePay AG processes EUR 3 billion in annual payments across Asia-Pacific. Despite repeated requests from auditors, the company has been unable to provide bank statements for its Philippine escrow accounts holding EUR 1.9 billion. The national financial regulator responded to short-seller concerns by banning short selling of the company's stock rather than investigating the claims.

**Red flags:**

**Company B** CryptoVault Exchange, valued at \$32 billion, is run by a CEO who also controls a proprietary trading firm. Customer deposits and the trading firm's assets are held in the same accounts. The exchange's own token (CVT) is used as collateral for the trading firm's positions. The company has never been audited by a Big Four firm.

**Red flags:**

**Company C** SpeedTrade Capital deployed new trading software at market open without canary testing. The system has no automated kill switch. Within minutes, the firm accumulated \$7 billion in unintended positions across 154 stocks. The firm's total equity is \$365 million.

**Red flags:**

**Company D** SafeHaven Bank holds \$120 billion in long-duration government bonds purchased when interest rates were near zero. 93% of its deposits exceed the insured limit. When depositors began withdrawing via mobile banking, \$42 billion left in 10 hours.

**Red flags:**

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	A (max 5)	B (max 5)	C (max 4)	D (max 4)	Total
Your score	/5	/5	/4	/4	/18

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