2,690 real cases of occupational fraud

from **125** countries

in **23** industry categories

$7 BILLION+ IN TOTAL LOSSES

$130,000 MEDIAN LOSS PER CASE

22% OF CASES CAUSED LOSSES OF **$1 MILLION+**

Median duration of a fraud scheme

16 MONTHS

CORRUPTION was the most common scheme in every global region

INTERNAL CONTROL WEAKNESSES WERE RESPONSIBLE FOR NEARLY HALF OF FRAUDS

ALL 18 ANTI-FRAUD CONTROLS ANALYZED WERE ASSOCIATED WITH LOWER FRAUD LOSSES AND QUICKER DETECTION

Owners/executives accounted for a small percentage of cases

19% OF CASES

but caused a median loss of

$850,000

LOSSES CAUSED BY MEN WERE 75% LARGER

than losses caused by women

MEDIAN LOSSES ARE FAR GREATER when fraudsters collude

1 — $$$$$$$ — $74,000

2 — $$$$$$$$$$$$$$ — $150,000

3+ — $$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$ — $339,000

ASSET MISAPPROPRIATION SCHEMES

are the most common and least costly

$114,000 median loss

89% of cases

FINANCIAL STATEMENT FRAUD SCHEMES

are the least common and most costly

10% of cases

$800,000 median loss

TIPS are by far the most common initial detection method

- TIPS 40%
- INTERNAL AUDIT 15%
- MANAGEMENT REVIEW 13%

EMPLOYEES provide over half of tips, and nearly 1/3 come from OUTSIDE PARTIES

ORGANIZATIONS WITH HOTLINES detect fraud by tips more often

- HOTLINES: 46% OF CASES DETECTED BY TIP
- NO HOTLINES: 30% OF CASES DETECTED BY TIP

DATA MONITORING/ANALYSIS and **SURPRISE AUDITS** were correlated with the largest reductions in fraud loss and duration

	Data monitoring/analysis	Surprise audits
LOWER LOSSES	52%	51%
FASTER DETECTION	58%	54%

Yet only 37% of victim organizations implemented these controls

85% OF FRAUDSTERS DISPLAYED AT LEAST ONE BEHAVIORAL **RED FLAG OF FRAUD**

FRAUDSTERS WHO HAD BEEN WITH THEIR COMPANY LONGER STOLE TWICE AS MUCH

MORE THAN 5 YEARS' TENURE: **$200,000** MEDIAN LOSS

LESS THAN 5 YEARS' TENURE: **$100,000** MEDIAN LOSS

SMALL BUSINESSES LOST ALMOST TWICE AS MUCH PER SCHEME TO FRAUD

- 100+ EMPLOYEES: **$104,000** MEDIAN LOSS
- <100 EMPLOYEES: **$200,000** MEDIAN LOSS

OVER THE PAST 10 YEARS, OCCUPATIONAL FRAUD REFERRALS TO PROSECUTION DECLINED 16%

TOP REASON FOR NON-REFERRALS WAS **FEAR OF BAD PUBLICITY**

-16%

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

ONLY 4% OF PERPETRATORS HAD A PRIOR **FRAUD CONVICTION**

A MAJORITY OF THE VICTIMS **RECOVERED NOTHING**