THE FRAUD TREE
OCCUPATIONAL FRAUD AND ABUSE CLASSIFICATION SYSTEM

Click on occupational fraud categories below with the icon to view definitions and statistical information from the ACFE’s 2016 Report to the Nations on Occupational Fraud and Abuse.
Corruption

A scheme in which an employee misuses his or her influence in a business transaction in a way that violates his or her duty to the employer in order to gain a direct or indirect benefit.

35.4% OF CASES

MEDIAN LOSS:
$200,000
Asset Misappropriation

A scheme in which an employee steals or misuses the employing organization’s resources.

- 83.5% of cases
- Median loss: $125,000
Financial Statement Fraud

A scheme in which an employee intentionally causes a misstatement or omission of material information in the organization’s financial reports.

9.6% of cases

Median Loss: $975,000
Theft of Cash on Hand

A scheme in which the perpetrator misappropriates cash kept on hand at the victim organization’s premises.

11.5% of cases

Median Loss: $25,000
Inventory and All Other Assets

A scheme in which an employee steals or misuses non-cash assets of the victim organization.

19.2% of cases

Median Loss: $70,000
Skimming

A scheme in which an incoming payment is stolen from an organization before it is recorded on the organization’s books and records.

11.9% OF CASES

MEDIAN LOSS: $53,000
Cash Larceny

A scheme in which an incoming payment is stolen from an organization after it has been recorded on the organization's books and records.

8.4% of cases

Median loss: $90,000
Billing Schemes

A scheme in which a person causes his or her employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices or invoices for personal purchases.

22.2% of cases

Median Loss:
$100,000
Payroll Schemes

A scheme in which an employee causes his or her employer to issue a payment by making false claims for compensation.

8.5% of cases

Median Loss: $90,000
Expense Reimbursement Schemes

A scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses.

14.0% OF CASES

MEDIAN LOSS:

$40,000
Check Tampering

A scheme in which a person steals his or her employer’s funds by intercepting, forging or altering a check or electronic payment drawn on one of the organization’s bank accounts.

11.4% of cases

Median Loss: $158,000
Register Disbursements

A scheme in which an employee makes false entries on a cash register to conceal the fraudulent removal of cash.

2.7% of cases

Median Loss:
$30,000