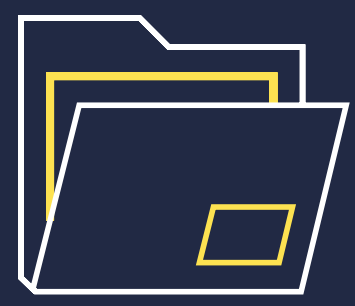


KEY FINDINGS

OUR STUDY COVERED



1,921
CASES

from



138

COUNTRIES and
TERRITORIES

Causing total losses of more than

\$3.1 BILLION

CFEs estimate that organizations **LOSE**



5% of revenue
to **FRAUD**
each year



SCHEMES

ASSET MISAPPROPRIATION SCHEMES
are the most common but least costly



\$120,000
median loss

FINANCIAL STATEMENT FRAUDS
are the least common but most costly



\$766,000
median loss



CORRUPTION

Almost half of all reported cases
included corruption

48%

HIGHEST RISK ASSET MISAPPROPRIATION SCHEMES

MOST COMMON

Billing schemes
22% OF CASES

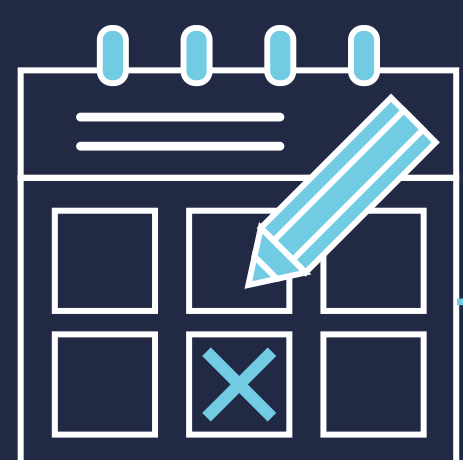
Theft of noncash assets

22% OF CASES

MOST COSTLY

Check and payment tampering
\$155,000 MEDIAN LOSS

Billing schemes
\$100,000 MEDIAN LOSS



A TYPICAL FRAUD CASE
lasts **12 MONTHS**
before detection

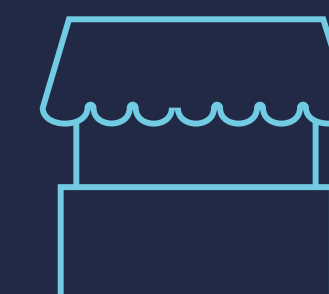
DETECTION



43% of frauds were
detected by tips,
which is more than **3x** as many cases as
the next most common method



More than **HALF**
of tips come
from employees



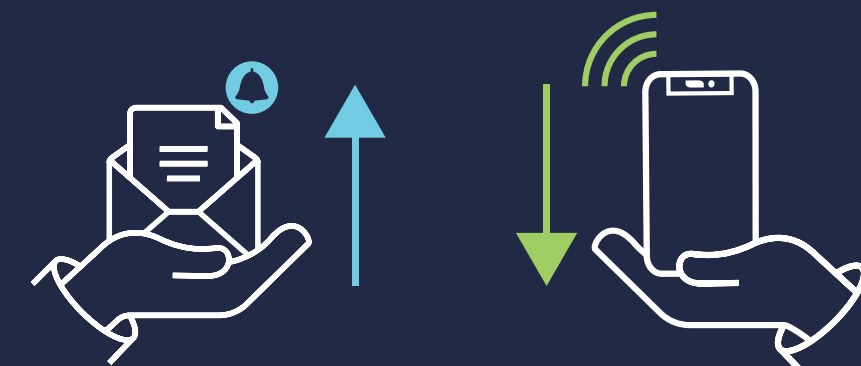
and nearly **ONE-THIRD**
come from vendors
and customers

21%

11%

- Employee
- Customer
- Vendor

The most **COMMON MECHANISMS** used to report fraud tips:



Email and web-based
reports **BOTH** surpassed
telephone hotlines

- Telephone ●
- Email ●
- Web-based ●

30%

37%

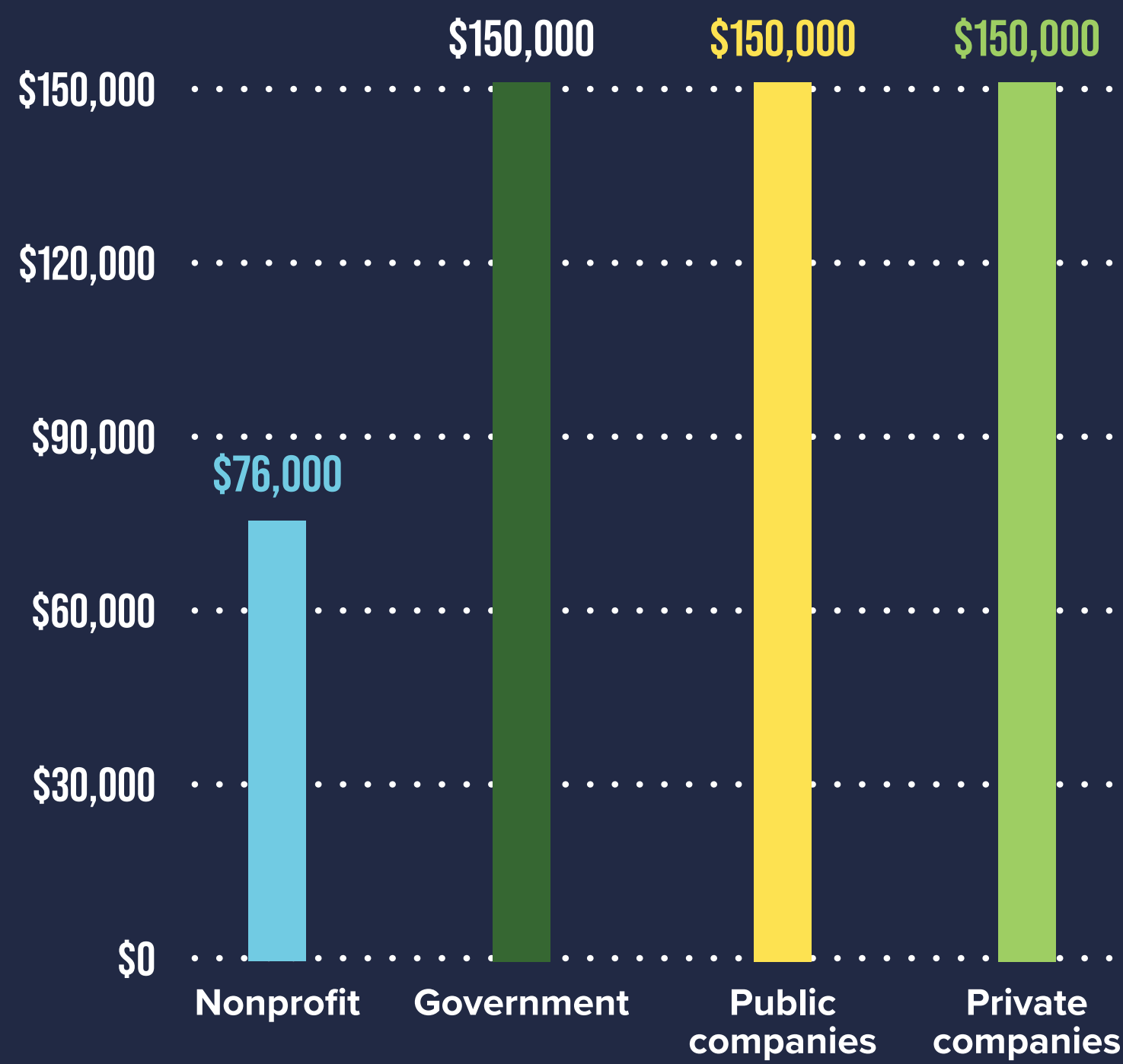
40%



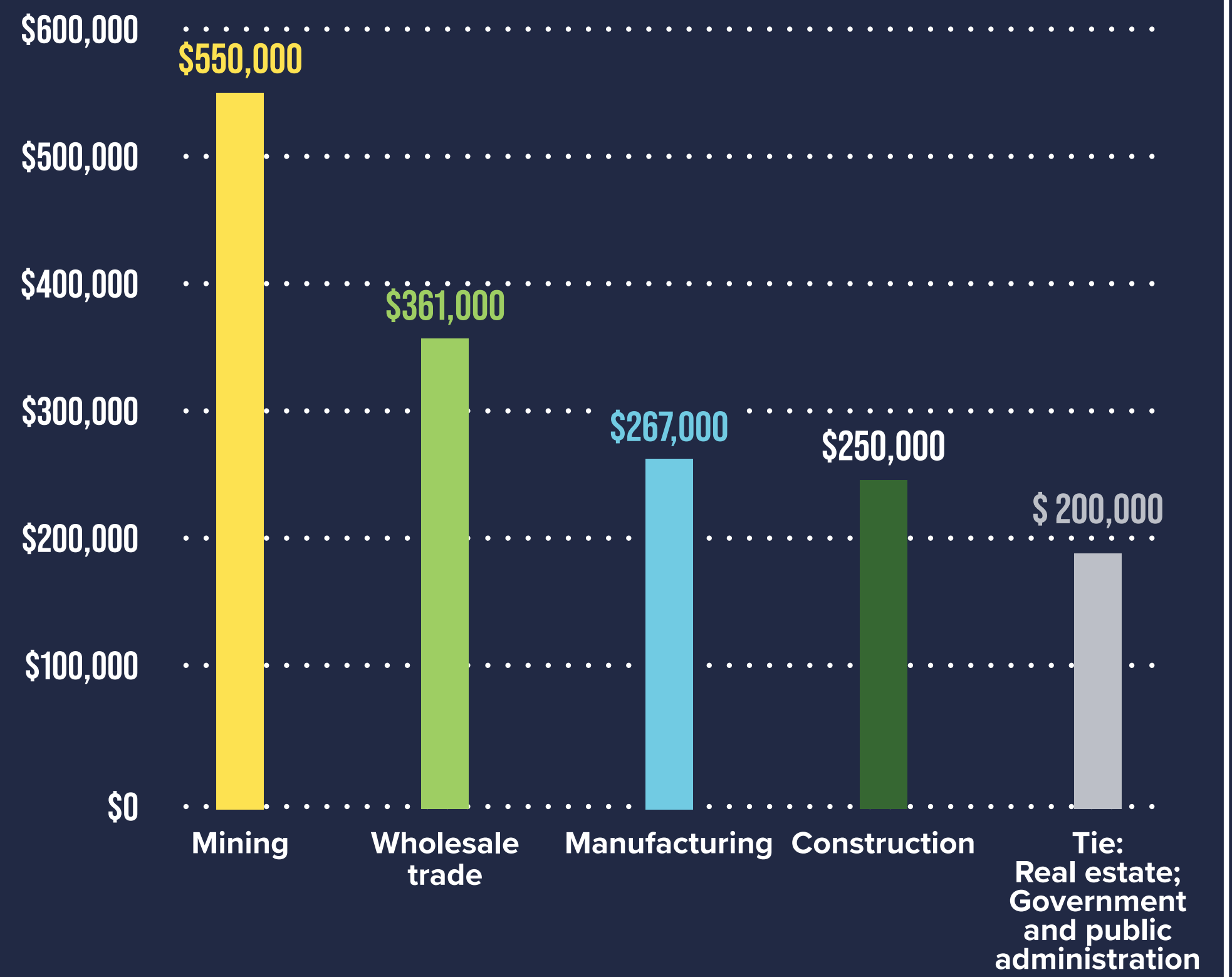
KEY FINDINGS

VICTIM ORGANIZATIONS

TOP 5 MEDIAN LOSSES BY INDUSTRY

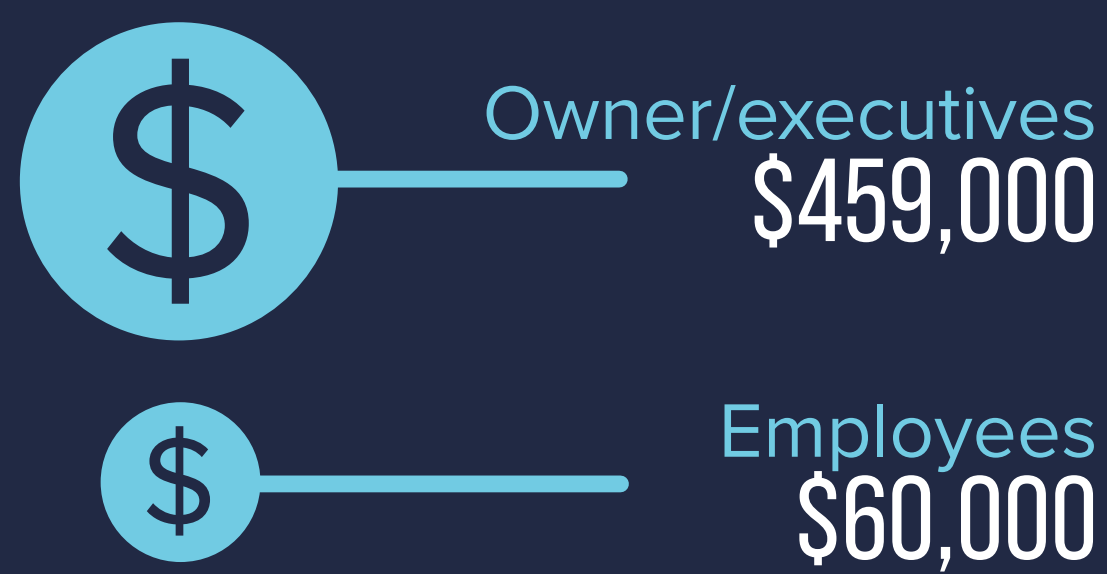


NONPROFIT ORGANIZATIONS EXPERIENCE LOSSES **HALF THE SIZE** OF THOSE AT OTHER TYPES OF ORGANIZATIONS.

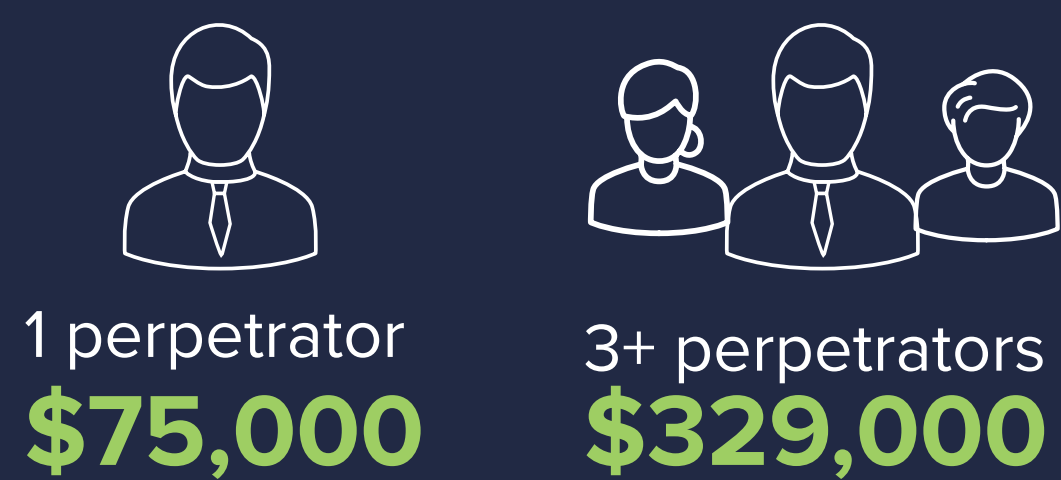


PERPETRATORS

Median losses for frauds by owners/executives were more than **7X GREATER** than those carried out by employees.



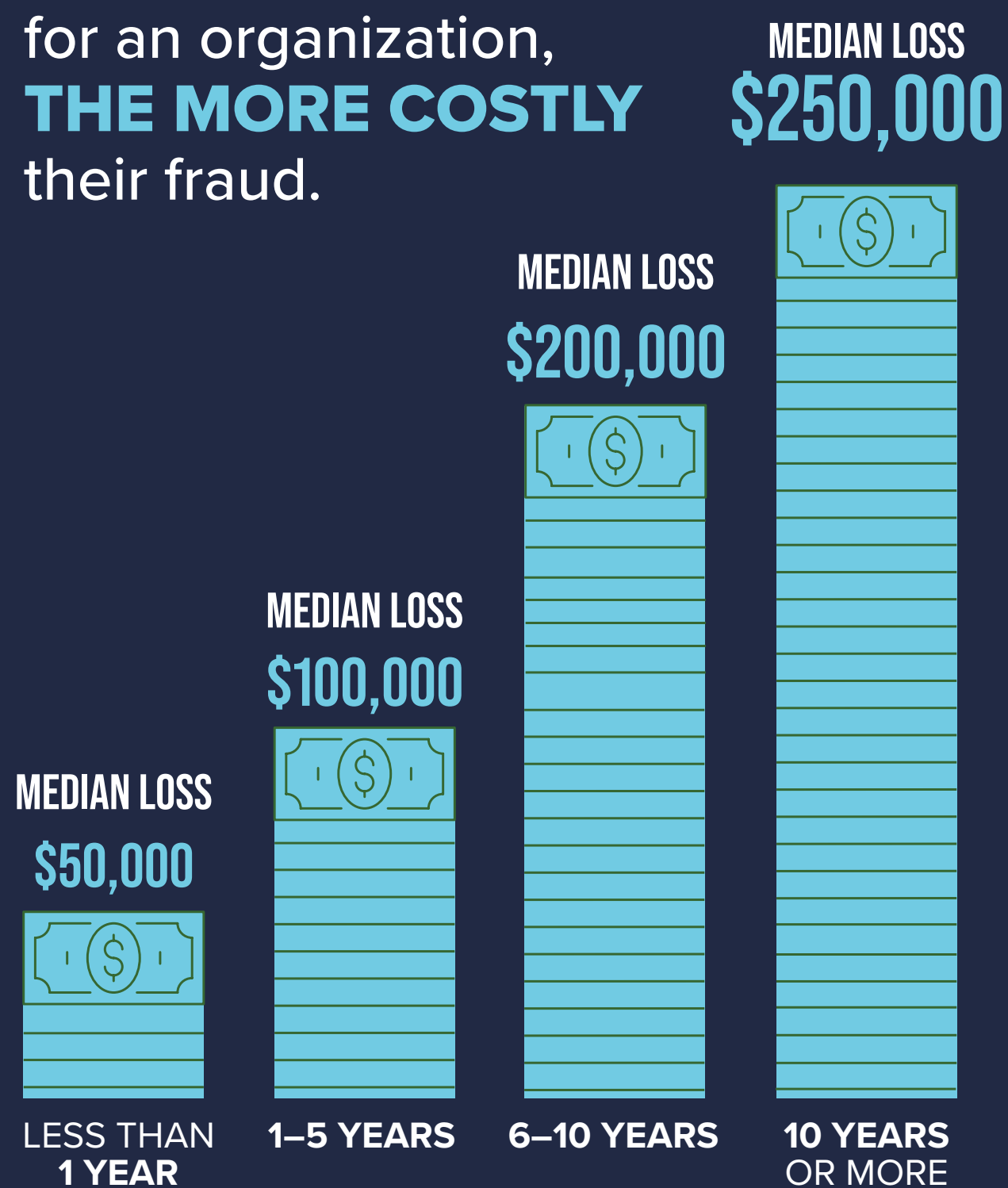
Frauds carried out by **THREE OR MORE** perpetrators caused median losses more than **4X GREATER** than those carried out by a single perpetrator.



MORE THAN HALF of all cases came from these five departments:



THE LONGER a fraudster has worked for an organization, **THE MORE COSTLY** their fraud.



84% of fraudsters displayed at least **ONE BEHAVIORAL RED FLAG**



ANTI-FRAUD CONTROLS

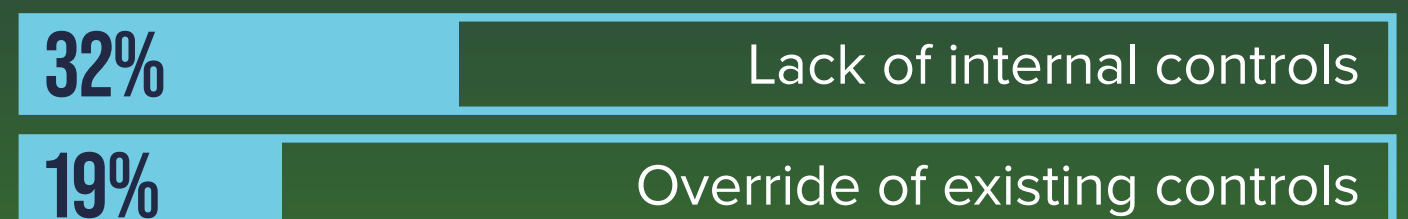
The presence of anti-fraud controls is associated with



82% of victim organizations **MODIFIED** their anti-fraud controls following the fraud.

27% of these modifications are expected to be **EXTREMELY EFFECTIVE** in preventing similar frauds in the future.

More **THAN HALF** of occupational frauds occur due to a lack of internal controls or an override of existing internal controls.



CASE RESULTS

68% of perpetrators were terminated by their employers

57% of cases referred to **LAW ENFORCEMENT**

72% of those referrals resulted in a **CONVICTION**

Of organizations that did not refer to law enforcement:

49% cited **INTERNAL DISCIPLINE** as the reason

34% cited fear of **BAD PUBLICITY** as the reason