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Fraud is a global issue, but the way it affects organizations in different geographical regions can vary. While the ACFE’s 2016 *Report to the Nations on Occupational Fraud and Abuse* contains several comparisons of fraud data based on region, we wanted to provide a more robust analysis of occupational fraud trends in these areas. Consequently, we present this regional report that provides a closer view of the cases from the Asia-Pacific region that were included in our global study.
Introduction

For this report, we looked at 221 cases of occupational fraud against victim organizations in the Asia-Pacific region that were investigated between January 2014 and October 2015. Figure 1 shows the breakdown of these cases by the country in which the fraud occurred.

Figure 1: Breakdown of Cases by Country

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>26</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1</td>
</tr>
<tr>
<td>China</td>
<td>64</td>
</tr>
<tr>
<td>East Timor</td>
<td>2</td>
</tr>
<tr>
<td>Fiji</td>
<td>2</td>
</tr>
<tr>
<td>Indonesia</td>
<td>42</td>
</tr>
<tr>
<td>Japan</td>
<td>3</td>
</tr>
<tr>
<td>Laos</td>
<td>1</td>
</tr>
<tr>
<td>Malaysia</td>
<td>11</td>
</tr>
<tr>
<td>New Zealand</td>
<td>10</td>
</tr>
<tr>
<td>Philippines</td>
<td>29</td>
</tr>
<tr>
<td>Samoa</td>
<td>3</td>
</tr>
<tr>
<td>Singapore</td>
<td>14</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>1</td>
</tr>
<tr>
<td>South Korea</td>
<td>3</td>
</tr>
<tr>
<td>Taiwan</td>
<td>3</td>
</tr>
<tr>
<td>Thailand</td>
<td>4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2</td>
</tr>
</tbody>
</table>

This report contains information on the specific fraud schemes, victim organizations’ demographics and controls, detection techniques, fraud perpetrators, and case results.¹ (Readers should note that analyses involving fraud losses are presented in terms of U.S. dollars [USD], which is how respondents reported this information in our Global Fraud Survey.) Our hope is that readers will use this and our other regional reports to help tailor fraud prevention, detection, and investigation strategies to the risks in their respective regions.

¹ For a glossary of terms used in this report, please see page 90 of the 2016 Report to the Nations on Occupational Fraud and Abuse.
How Occupational Fraud Is Committed

Frequency and Median Loss of Occupational Fraud Schemes

Occupational fraud schemes can be broken down into three primary categories: asset misappropriation, corruption, and financial statement fraud. Of these, asset misappropriation schemes were by far the most common form of occupational frauds among the cases in the Asia-Pacific region, which is consistent with both our previous findings and our global data for 2016. More than 80% of the Asia-Pacific cases involved the misappropriation of organizational assets; however, these schemes also caused the smallest median loss of the three categories, at USD 200,000 per case. In contrast, financial statement frauds were the costliest type of occupational fraud by far, with a median loss of USD 2,000,000, but were the least common, occurring in fewer than 11% of cases. Corruption schemes fell in the middle in both measures, at 48.4% of cases and with a median loss of USD 285,000.
How Occupational Fraud Is Committed

**Figure 2: Occupational Frauds by Category—Frequency**

- **Financial Statement Fraud**: 80.1%
- **Corruption**: 48.4%
- **Asset Misappropriation**: 10.9%

**Figure 3: Occupational Frauds by Category—Median Loss**

- **Financial Statement Fraud**: $2,000,000
- **Corruption**: $285,000
- **Asset Misappropriation**: $200,000
To expand the analysis of the types of occupational frauds that affect organizations in the Asia-Pacific region, we further broke down the asset misappropriation cases into nine sub-categories; Figure 4 illustrates the frequency of these fraud schemes along with the other two primary categories (corruption and financial statement fraud). When compared in this way, our data illustrates the relatively high risk of corruption for organizations in the Asia-Pacific region; corruption was more than twice as common as any other sub-scheme type among the Asia-Pacific cases in our study.

**Figure 4: Frequency of Fraud Schemes**

![Bar chart showing the frequency of fraud schemes with Corruption at 48.4%, Non-Cash at 22.2%, Billing at 20.4%, Expense Reimbursements at 18.1%, Financial Statement Fraud at 10.9%, Cash on Hand at 10.4%, Check Tampering at 10.0%, Skimming at 9.9%, Cash Larceny at 7.7%, and Payroll at 2.7%]

**Concealment of Fraud Schemes**

In addition to gathering information about how the frauds were perpetrated, we also asked survey respondents how the perpetrators attempted to conceal their schemes. While the sample size of cases from the Asia-Pacific region in which concealment methods were provided was quite small, illustrated below are the six most common methods used by the perpetrators in our study.

- Altered physical documents
- Destroyed physical documents
- Created fraudulent transactions in the accounting system
- Created fraudulent accounting documents
- Created fraudulent journal entries
- Altered electronic documents or files
Detection of Fraud Schemes

Initial Detection of Occupational Frauds
We asked respondents to identify how occupational fraud schemes were initially detected, and the results are shown in Figure 5. The most common detection method among cases in the Asia-Pacific region was tips (45.2%)—almost three times more common than the next detection method, internal audit (15.8%). Management review was the initial detection method for 13.1% of cases. These were also the three most common methods of detection in our global study.

Figure 5: Initial Detection of Occupational Frauds
Formal Reporting Mechanism Used by Whistleblower

By understanding the methods whistleblowers use to report fraud, organizations can help optimize their own formal reporting mechanisms. In the Asia-Pacific region, the majority of whistleblowers (51.9%) used an email reporting mechanism, while 37% used a web-based/online form. While telephone hotlines were the most common reporting mechanism in our global data, they were used in just 27.8% of Asia-Pacific cases.

Figure 6: Formal Reporting Mechanism Used by Whistleblower

Top Three Sources of Tips

Understanding where tips about fraudulent conduct tend to originate helps organizations tailor their anti-fraud reporting and training programs to be more effective. In cases that were detected by tip, we asked survey respondents to identify the source. The infographic below shows the top three identified sources in Sub-Saharan Africa, which include employees (45.3%), customers (28.3%), and anonymous parties (12.3%). The data indicates that while employees are the single largest source of tips, more than half of whistleblowers in Sub-Saharan Africa were from other sources. Given that customers and anonymous sources also provided a significant number of tips, organizations should consider promoting reporting hotlines to external parties.
Detection of Fraud Schemes

Party to Whom Whistleblower Initially Reported
Another point of interest regarding the initial detection of fraud by tip is to whom the whistleblower reported. Understanding where whistleblowers tend to report fraud within an organization can help anti-fraud professionals develop more effective and efficient reporting programs. In the Asia-Pacific region, the direct supervisor of the whistleblower was the most commonly identified party reported to (20.9%), followed by executives (18.6%) and internal audit teams (16.3%).

Figure 7: Party to Whom Whistleblower Initially Reported
Impact of Hotlines

We also analyzed how the presence of a reporting hotline affected the method by which fraud was initially detected; the results of this analysis are shown in Figure 8. There was a substantial contrast between how organizations with and without hotlines initially detected fraud. More than half of the cases in organizations with a hotline were detected by a tip, compared to only 35.2% of cases in organizations without a hotline in place.

Figure 8: Impact of Hotlines on the Top Six Detection Methods
As part of our survey, we asked respondents to provide information about the organization that was victimized by the fraud scheme, including the entity’s type, size, and industry, as well as the mechanisms the organization had in place to help prevent and detect fraud.

**Type of Organization**

Figure 9 depicts both the median loss and percent of cases based on the type of organization that was victimized. Publicly and privately held companies combined represented nearly 80% of the cases reported to us. Although government agencies represented only 14% of the cases, they suffered the highest median loss of USD 500,000 per case.

**Figure 9: Type of Victim Organization—Frequency and Median Loss**

*Not-for-Profit and Other categories had insufficient responses for median loss calculation.*
Victim Organizations

Size of Organization
As reflected in Figure 10, the cases in the Asia-Pacific region were fairly evenly distributed based on the size of the victim organization. However, the largest organizations (i.e., those with more than 10,000 employees) suffered the highest median loss by far, at USD 700,000—almost three times higher than the median loss in any other category.

Figure 10: Size of Victim Organization—Frequency and Median Loss
Victim Organizations

Industry of Organization

Figure 11 categorizes the cases reported to us by industry of the victim organization. Manufacturing, banking and financial services, and retail were the most represented sectors in the fraud cases we examined. However, while this data shows the distribution of cases from our survey, it does not necessarily suggest that certain industries are more at risk of fraud than others. Our data was collected through a survey of Certified Fraud Examiners (CFEs), so this distribution primarily reflects the industries for which CFEs typically provide services in the Asia-Pacific region.

Figure 11: Industry of Victim Organization
In Figure 12, industries with more than ten cases reported to us are sorted by median loss. Government and public administration suffered the highest median loss of USD 1,000,000. Other industries with significant median losses included technology and manufacturing (USD 600,000 and USD 500,000, respectively).

**Figure 12: Industry of Victim Organization (Sorted by Median Loss)**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of Cases</th>
<th>Percent of Cases</th>
<th>Median Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government and Public Adminstration</td>
<td>18</td>
<td>8.1%</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Technology</td>
<td>15</td>
<td>6.8%</td>
<td>$600,000</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>38</td>
<td>17.2%</td>
<td>$500,000</td>
</tr>
<tr>
<td>Service (Other)</td>
<td>10</td>
<td>4.5%</td>
<td>$275,000</td>
</tr>
<tr>
<td>Banking and Financial Services</td>
<td>27</td>
<td>12.2%</td>
<td>$220,000</td>
</tr>
<tr>
<td>Retail</td>
<td>22</td>
<td>10.0%</td>
<td>$150,000</td>
</tr>
</tbody>
</table>
Victim Organizations

Anti-Fraud Controls at the Victim Organization

We asked survey respondents which, if any, of several anti-fraud controls were in place at the victim organization at the time the fraud occurred. External audits of the organization’s financial statements were the most commonly implemented control. As reflected in Figure 13, 88.2% of victim organizations in the Asia-Pacific region in our study had their financial statements audited by an independent auditor. Other common controls among these organizations were a formal code of conduct, an internal audit department, and management certification of the financial statements.

Figure 13: Frequency of Anti-Fraud Controls

Key:
- External Audit of F/S = Independent External Audits of the Organization’s Financial Statements
- Management Certification of F/S = Management Certification of the Organization’s Financial Statements
- External Audit of ICOFR = Independent External Audits of the Organization’s Internal Controls Over Financial Reporting
Effectiveness of Controls

To explore the effectiveness of various anti-fraud controls, we compared cases where a certain control had been in place at the time of fraud versus cases where the control was not in place. We then measured the size of the loss and the duration of the fraud in each group. As shown in Figure 14, the presence of many controls was associated with a lower median loss. It is worth noting that in our global data, every control was associated with a lower median loss, whereas in the Asia-Pacific region four controls showed a negative correlation. It is unclear why we see this result in our Asia-Pacific data but not in our global study. Similarly, ten of the 18 controls corresponded with quicker fraud detection (see Figure 15).

Figure 14: Median Loss Based on Presence of Anti-Fraud Controls

<table>
<thead>
<tr>
<th>Control</th>
<th>Percent of Cases</th>
<th>Control in Place</th>
<th>Control Not in Place</th>
<th>Percent Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards for Whistleblowers</td>
<td>7.8%</td>
<td>$120,000</td>
<td>$300,000</td>
<td>60.0%</td>
</tr>
<tr>
<td>External Audit of Financial Statements</td>
<td>66.2%</td>
<td>$210,000</td>
<td>$447,000</td>
<td>53.0%</td>
</tr>
<tr>
<td>Job Rotation/Mandatory Vacation</td>
<td>24.6%</td>
<td>$192,000</td>
<td>$310,000</td>
<td>38.1%</td>
</tr>
<tr>
<td>Employee Support Programs</td>
<td>48.3%</td>
<td>$202,000</td>
<td>$325,000</td>
<td>37.8%</td>
</tr>
<tr>
<td>Surveil Audits</td>
<td>41.8%</td>
<td>$200,000</td>
<td>$320,000</td>
<td>37.5%</td>
</tr>
<tr>
<td>Proactive Data Monitoring/Analysis</td>
<td>34.4%</td>
<td>$200,000</td>
<td>$300,000</td>
<td>33.3%</td>
</tr>
<tr>
<td>Anti-Fraud Policy</td>
<td>46.8%</td>
<td>$220,000</td>
<td>$285,000</td>
<td>22.8%</td>
</tr>
<tr>
<td>Formal Fraud Risk Assessments</td>
<td>32.6%</td>
<td>$215,000</td>
<td>$260,000</td>
<td>17.3%</td>
</tr>
<tr>
<td>Management Review</td>
<td>72.3%</td>
<td>$215,000</td>
<td>$260,000</td>
<td>17.3%</td>
</tr>
<tr>
<td>Internal Audit Department</td>
<td>83.6%</td>
<td>$240,000</td>
<td>$270,000</td>
<td>11.1%</td>
</tr>
<tr>
<td>Fraud Training for Managers/Executives</td>
<td>50.8%</td>
<td>$220,000</td>
<td>$245,000</td>
<td>10.2%</td>
</tr>
<tr>
<td>Hotline</td>
<td>65.7%</td>
<td>$240,000</td>
<td>$245,000</td>
<td>2.0%</td>
</tr>
<tr>
<td>Management Certification of Financial Statements</td>
<td>80.2%</td>
<td>$218,000</td>
<td>$220,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Independent Audit Committee</td>
<td>68.1%</td>
<td>$245,000</td>
<td>$205,000</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Code of Conduct</td>
<td>85.2%</td>
<td>$250,000</td>
<td>$205,000</td>
<td>-22.0%</td>
</tr>
<tr>
<td>Dedicated Fraud Department, Function, or Team</td>
<td>44.4%</td>
<td>$245,000</td>
<td>$300,000</td>
<td>-22.0%</td>
</tr>
<tr>
<td>External Audit of Internal Controls over Financial Reporting</td>
<td>74.5%</td>
<td>$250,000</td>
<td>$250,000</td>
<td>-25.0%</td>
</tr>
</tbody>
</table>
### Victim Organizations

#### Figure 15: Median Duration of Fraud Based on Presence of Anti-Fraud Controls

<table>
<thead>
<tr>
<th>Control</th>
<th>Percent of Cases</th>
<th>Control in Place</th>
<th>Control Not in Place</th>
<th>Percent Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Audit of Financial Statements</td>
<td>88.2%</td>
<td>12 months</td>
<td>25 months</td>
<td>52.0%</td>
</tr>
<tr>
<td>Internal Audit Department</td>
<td>83.6%</td>
<td>12 months</td>
<td>21 months</td>
<td>42.9%</td>
</tr>
<tr>
<td>Code of Conduct</td>
<td>85.2%</td>
<td>12 months</td>
<td>21 months</td>
<td>42.9%</td>
</tr>
<tr>
<td>Proactive Data Monitoring/Analysis</td>
<td>34.4%</td>
<td>10 months</td>
<td>15 months</td>
<td>33.3%</td>
</tr>
<tr>
<td>Job Rotation/Mandatory Vacation</td>
<td>24.6%</td>
<td>9 months</td>
<td>12 months</td>
<td>25.0%</td>
</tr>
<tr>
<td>Hotline</td>
<td>65.7%</td>
<td>12 months</td>
<td>16 months</td>
<td>25.0%</td>
</tr>
<tr>
<td>External Audit of Internal Controls over Financial Reporting</td>
<td>74.5%</td>
<td>12 months</td>
<td>16 months</td>
<td>25.0%</td>
</tr>
<tr>
<td>Surprise Audits</td>
<td>41.8%</td>
<td>12 months</td>
<td>15 months</td>
<td>20.0%</td>
</tr>
<tr>
<td>Independent Audit Committee</td>
<td>68.1%</td>
<td>12 months</td>
<td>15 months</td>
<td>20.0%</td>
</tr>
<tr>
<td>Management Review</td>
<td>72.3%</td>
<td>12 months</td>
<td>13 months</td>
<td>7.7%</td>
</tr>
<tr>
<td>Rewards for Whistleblowers</td>
<td>7.8%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
<tr>
<td>Formal Fraud Risk Assessments</td>
<td>32.6%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
<tr>
<td>Dedicated Fraud Department, Function, or Team</td>
<td>44.4%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
<tr>
<td>Anti-Fraud Policy</td>
<td>46.8%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
<tr>
<td>Fraud Training for Managers/Executives</td>
<td>50.8%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
<tr>
<td>Fraud Training for Employees</td>
<td>53.3%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
<tr>
<td>Employee Support Programs</td>
<td>48.3%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
<tr>
<td>Management Certification of Financial Statements</td>
<td>80.2%</td>
<td>12 months</td>
<td>12 months</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Internal Control Weaknesses That Contributed to Fraud

Survey respondents also provided information about the internal control breakdowns that contributed to the fraud. A straightforward lack of controls was primarily to blame in more than one-quarter of cases in the Asia-Pacific region, making this the top contributing factor. In another 24.1% of the frauds, existing controls were overridden by the perpetrator, and in nearly 17% of cases, a poor tone at the top was the main factor contributing to the scheme.

Figure 16: Primary Internal Control Weakness Observed by CFE
We asked survey respondents to provide information about the fraud perpetrators they investigated, including the fraudster’s level of authority, the department where he or she worked, the perpetrator’s gender, and the behavioral signs that the fraudster had exhibited prior to or during commission of the fraud.²

² In cases where more than one perpetrator was involved, the data on perpetrators relates to the principal perpetrator, which we defined as the person who worked for the victim organization and who was the primary culprit.
Perpetrator’s Position

Occupational fraud losses are strongly correlated with the fraudster’s level of authority, as seen in Figure 17. The median loss in frauds committed by owners/executives was USD 1,125,000, which was more than three times higher than losses caused by managers and more than 14 times higher than losses caused by employees. High-level fraudsters tend to have greater ability to override internal controls and greater access to organizational assets than their lower-level counterparts, which might explain why their frauds tend to be so much larger.

Figure 17: Position of Perpetrator—Frequency and Median Loss

*Other category had insufficient responses for median loss calculation.
Perpetrators

Perpetrator’s Department
Figure 18 shows the departments where the fraudsters in the Asia-Pacific region worked within their organizations. When combined, the seven most common departments (sales, operations, purchasing, executive/upper management, finance, accounting, and customer service) accounted for 76.3% of all cases. These seven departments also made up 76% of all cases in our global study.

Figure 18: Department of Perpetrator—Frequency
Perpetrators’ Gender
Approximately 73% of occupational frauds in our Asia-Pacific cases were committed by males, as shown in Figure 19. The gender distribution in the Asia-Pacific region was similar to that of our global study, which found that males committed 69% of occupational frauds worldwide.

Figure 19: Gender of Perpetrator—Frequency

Since we first began tracking data on gender, we have consistently found that males tend to commit larger frauds than females. This was true in the Asia-Pacific region, where the median loss caused by males (USD 320,000) was about 52% larger than the median loss caused by females (USD 210,000).

Figure 20: Gender of Perpetrator—Median Loss
Perpetrators

Profile of Occupational Fraudsters in Asia-Pacific Region

- **Median Age:** 40
- **Education:** University degree or higher: 78%
- **Tenure:** More than 5 years: 54%
- **Collusion:** Cases with 2 or more perpetrators: 57%

Median loss in collusion cases was 182% higher than in single-perpetrator schemes.

Perpetrator’s Criminal and Employment History

**Perpetrator’s Criminal Background**

The vast majority (87%) of fraud perpetrators in the Asia-Pacific region had never been charged or convicted of a fraud-related offense prior to the cases in our study. This is consistent with data from our global report, as well as our past research. Most occupational fraudsters tend to have no record of criminal conduct.

**Figure 21:** Criminal Background of Perpetrator
Perpetrator's Employment History

Nearly 80% of occupational fraudsters in the Asia-Pacific region had never been terminated or punished for a fraud-related offense prior to the cases in our study.

Figure 22: Employment Background of Perpetrator
Perpetrators

Behavioral Red Flags Displayed by Perpetrators

OCCUPATIONAL FRAUD PERPETRATORS OFTEN EXHIBIT CERTAIN BEHAVIORAL CHARACTERISTICS ASSOCIATED WITH THEIR CRIMES.

The following behavioral red flags were identified in at least 20% of Asia-Pacific fraud cases in our study:

- Living Beyond Means: 40%
- Financial Difficulties: 24%
- Unusually Close Association with Vendor or Customer: 24%

APPROXIMATELY 30% OF OCCUPATIONAL FRAUDSTERS IN THE ASIA-PACIFIC REGION HAD COMMITTED SOME FORM OF NON-FRAUD WORKPLACE VIOLATION PRIOR TO OR DURING THEIR FRAUDS.

The most common non-fraud violations were:

- Bullying or Intimidation: 15%
- Excessive Absenteeism: 7%
- Excessive Tardiness: 7%
Case Results

Criminal Prosecutions and Civil Suits
We asked respondents about the outcome of their fraud cases, including whether the cases were referred to law enforcement for criminal prosecution or pursued in civil court. Figure 23 shows that 45.9% of cases in the Asia-Pacific region were referred to law enforcement, which is notably lower than the rate in our global study (59.3%). Victim organizations were even less likely to seek relief through civil litigation, with only 26.2% of cases resulting in a civil suit.

Figure 23: Cases Resulting in Referral to Law Enforcement or Civil Suit
Case Results

Recovery of Losses
Detecting and investigating fraud is crucial to mitigate current losses and to serve as a deterrent against future frauds. However, our study suggests that organizations are not typically made whole through fraud recovery efforts, even when the perpetrator is identified. In 58.1% of cases in the Asia-Pacific region, the victim organization recovered no losses resulting from the fraud. Only 11% of organizations obtained a full recovery.

Figure 24: Recovery of Victim Organization’s Losses
Action Taken Against Perpetrator

Recovering assets is not the only goal of a fraud examination. It is also important to identify perpetrators at the organization and take appropriate disciplinary action against them. As shown in Figure 25, approximately 64% of organizations in the Asia-Pacific region terminated the perpetrator, and 10.3% of perpetrators were either suspended or placed on probation.

Figure 25: Action Taken Against Perpetrator
This report is based on the results of the 2015 Global Fraud Survey, an online survey opened to 41,788 Certified Fraud Examiners (CFEs) from July 2015 to October 2015. As part of the survey, respondents were asked to provide a detailed narrative of the single largest fraud case they had investigated since January 2014. Additionally, after completing the survey the first time, respondents were given the option to submit information about a second case that they investigated. Cases submitted were required to meet the following four criteria:

1. The case must have involved occupational fraud (defined as internal fraud, or fraud committed by a person against the organization for which he or she works).
2. The investigation must have occurred between January 2014 and the time of survey participation.
3. The investigation must have been complete at the time of survey participation.
4. The respondent must have been reasonably sure the perpetrator(s) was (were) identified.

Respondents were then presented with questions regarding the particular details of the fraud case, including information about the perpetrator, the victim organization, and the methods of fraud employed, as well as fraud trends in general. We received 7,497 total responses to the survey, 2,410 of which were usable for purposes of our global study. Of these usable responses, 221 involved occupational fraud cases perpetrated against organizations in the Asia-Pacific region; the data contained in this report is based solely on the information provided in these 221 responses.

Analysis Methodology
In calculating the percentages discussed throughout this report, we used the total number of complete and relevant responses for the question(s) being analyzed. Specifically, we excluded any blank responses or instances where the participant indicated that he or she did not know the answer to a question. Consequently, the total number of cases included in each analysis varies. In addition, several survey questions allowed participants to select more than one answer. Therefore, the sum of percentages in certain figures throughout the report exceeds 100%. Additionally, all charts throughout the report include only those categories for which we received at least one response from survey participants.

All loss amounts discussed throughout the report are calculated using median loss rather than mean, or average, loss. Additionally, we excluded median loss calculations for categories for which there were fewer than ten responses.

Because the direct losses caused by financial statement frauds are typically spread among numerous stakeholders, obtaining an accurate estimate for this amount is extremely difficult. Consequently, for schemes involving financial statement fraud, we asked survey participants to provide the gross amount of the financial statement misstatement (over- or under-statement) involved in the scheme. All losses reported for financial statement frauds throughout this report are based on those reported amounts.
Founded in 1988 by Dr. Joseph T. Wells, CFE, CPA, the ACFE is the world’s largest anti-fraud organization and premier provider of anti-fraud training and education. Together with nearly 80,000 members in more than 160 countries, the ACFE is reducing business fraud worldwide and providing the training and resources needed to fight fraud more effectively.

The ACFE provides educational tools and practical solutions for anti-fraud professionals through initiatives including:

• Global conferences and seminars led by anti-fraud experts
• Instructor-led, interactive professional training
• Comprehensive resources for fighting fraud, including books, self-study courses and articles
• Leading anti-fraud publications, including Fraud Magazine™, The Fraud Examiner and FraudInfo
• Local networking and support through more than 170 ACFE chapters worldwide
• Anti-fraud curriculum and educational tools for colleges and universities

The positive effects of anti-fraud training are far-reaching. The best way to combat fraud is to educate anyone engaged in fighting fraud on how to effectively prevent, detect and investigate it. By educating, uniting and supporting the global anti-fraud community with the tools to fight fraud more effectively, the ACFE is inspiring public confidence in the integrity and objectivity of the profession.

Membership
Immediate access to world-class anti-fraud knowledge and tools is a necessity in the fight against fraud. Members of the ACFE include accountants, internal auditors, fraud investigators, law enforcement officers, lawyers, business leaders, risk/compliance professionals and educators, all of whom have access to expert training, educational tools and resources. Members from all over the world have come to depend on the ACFE for solutions to the challenges they face in their professions. Whether their career is focused exclusively on preventing and detecting fraudulent activities or they just want to learn more about fraud, anti-fraud professionals turn to the ACFE for the essential tools and resources necessary to accomplish their objectives. To learn more, visit ACFE.com or call (800) 245-3321 / +1 (512) 478-9000.

Certified Fraud Examiners
The ACFE offers its members the opportunity for professional certification. The Certified Fraud Examiner (CFE) credential is preferred by businesses and government entities around the world and indicates expertise in fraud prevention and detection.

Certified Fraud Examiners (CFEs) are anti-fraud experts who have demonstrated knowledge in four critical areas: financial transactions and fraud schemes, law, investigation, and fraud prevention and deterrence. In support of CFEs and the CFE credential, the ACFE:

• Provides bona fide qualifications for CFEs through administration of the CFE Exam
• Requires CFEs to adhere to a strict code of professional conduct and ethics
• Serves as the global representative for CFEs to business, government and academic institutions
• Provides leadership to inspire public confidence in the integrity, objectivity and professionalism of CFEs