

The following examples demonstrate how fraud can damage a small business.

BUSINESS TYPE	SCENARIO
Retail Store	For a period of five years, the assistant manager approved invoices for payment to a fictitious vendor he created for over \$1.2 million.
Hotel	An employee working as an administrative assistant at a hotel stole over \$300,000 over the course of six years. The employee had access to the hotel's finances and added excess payments to their paychecks.
Restaurant	The purchasing director used the company credit card for unauthorized personal purchases costing the company over \$500,000 spanning over a two-year period.
IT Consultant Company	An employee responsible for managing computer equipment inventory intentionally ordered, stole, and then sold computers and other IT equipment worth more than \$900,000 over a three-year period.
Janitorial Company	An employee of a janitorial company stole tools and supplies worth more than \$150,000 from its school district client with whom the janitorial company had a written contract.
Manufacturing Company	An employee conspired with a supplier to pay for product he diverted and sold to their "private" customers costing the company over \$350,000.

Common Types of Fraud Losses

Vendor Fraud

(Largest and longest current running trend in crime losses)

- ✦ Billing Schemes
- ✦ Ghost Vendors
- ✦ Kickbacks

Payroll Schemes

- ✦ Ghost Employees
- ✦ Improper Overtime

Expense Reimbursements

Top 4 Concealment Methods Used by Fraudsters



Created fraudulent physical documents



Altered physical documents



Altered electronic documents or files



Created fraudulent electronic documents for files



Did not involve any attempts to conceal the fraud

Source: Report to the Nations: 2020 Global Study on Occupational Fraud and Abuse
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