

Fraud Risk Round Table

RIMS – June 2020



**Incident
Response**

WHISTLEBLOWERS



**Incident
Response**

FORENSIC & CYBER

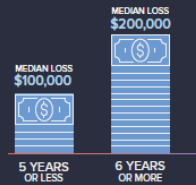
REPORT TO THE NATIONS®

2020 GLOBAL STUDY ON OCCUPATIONAL FRAUD AND ABUSE



Profile of a Fraudster

Our study includes perpetrator data from more than 2,000 fraud cases, which can help organizations assess fraud risk in their own workforces.

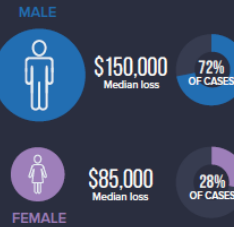


TENURE

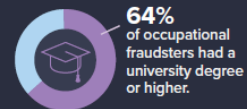
Occupational fraudsters who had been with their organizations at least 6 years caused **TWICE** the loss of less-tenured employees.

GENDER

Males committed more frauds and caused higher losses.

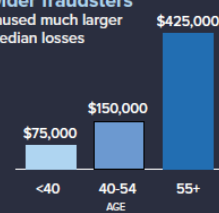


EDUCATION



AGE

Older fraudsters caused much larger median losses



TOP 4 CONCEALMENT METHODS USED BY FRAUDSTERS



40%

Created fraudulent
physical documents



36%

Altered physical
documents



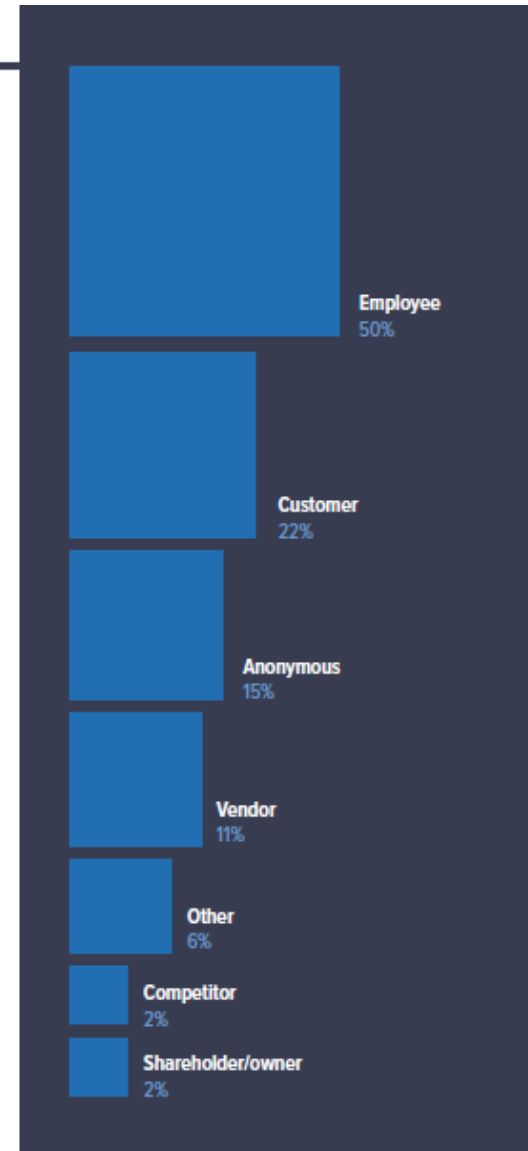
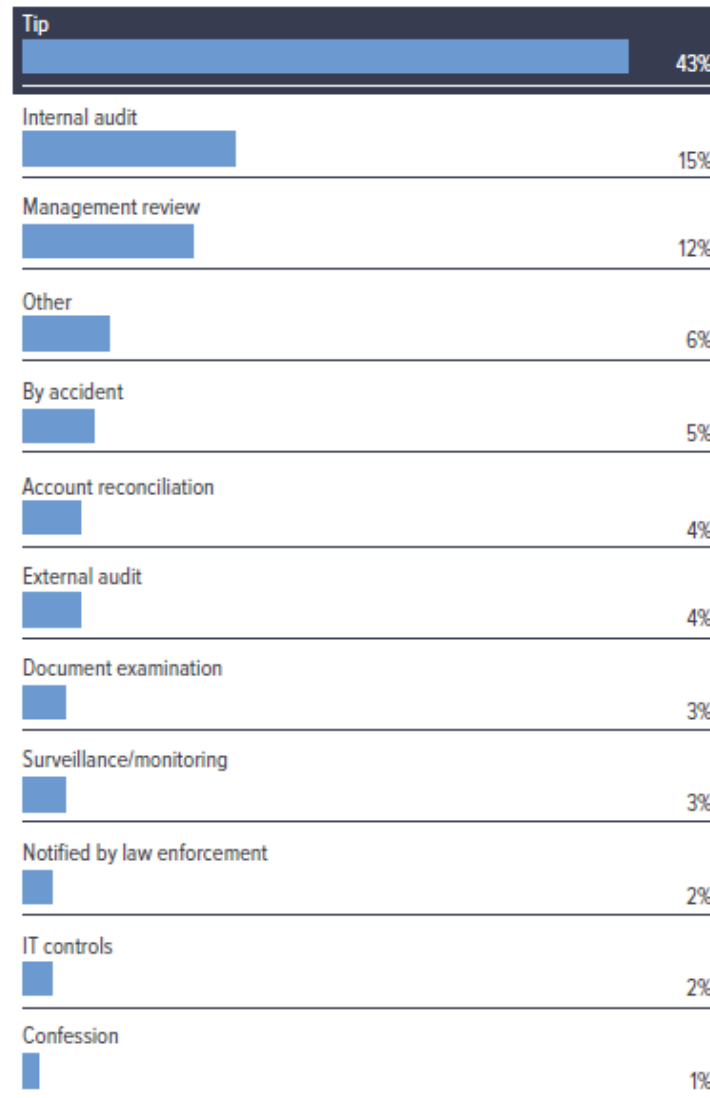
27%

Altered electronic
documents or files



26%

Created fraudulent
electronic
documents or files



Organizations with
FRAUD AWARENESS TRAINING
for employees were
more likely to gather tips through



FORMAL REPORTING MECHANISMS

56% of tips with training

37% of tips without training



43%

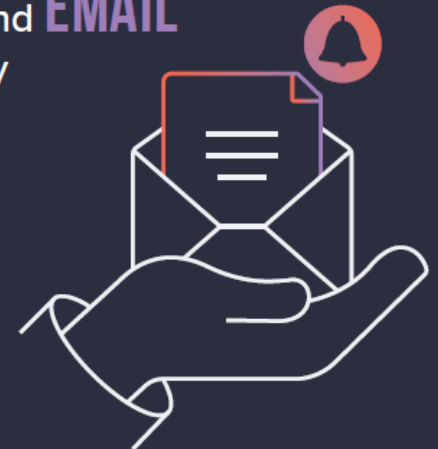
OF SCHEMES WERE DETECTED BY TIP,
and half of those tips
came from employees



TELEPHONE HOTLINE and EMAIL

were each used by
whistleblowers in

33%
OF CASES

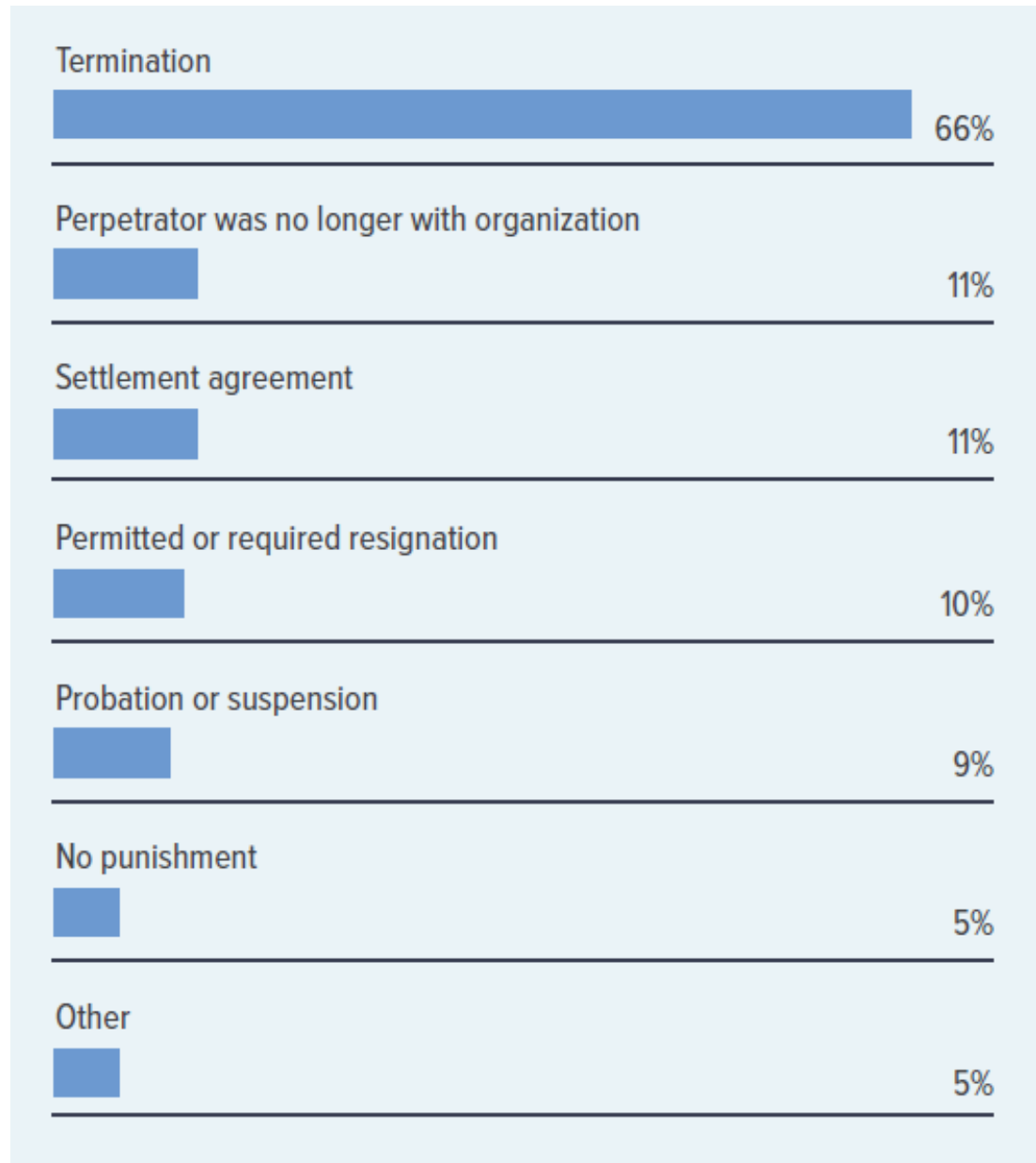




**FACED SOME FORM OF
INTERNAL DISCIPLINE FROM
THE VICTIM ORGANIZATION**

46% of victim
organizations declined
to refer cases to
law enforcement
because
**INTERNAL DISCIPLINE
WAS SUFFICIENT**

Internal Action Taken Against Perpetrator



CIVIL LITIGATION

MEDIAN LOSS
resulting in
CIVIL LITIGATION



\$400,000



28%
of cases resulted in
civil litigation.

Of these cases:

41% resulted in judgment for the victim

36% settled

21% resulted in judgment for the perpetrator

CRIMINAL PROSECUTION

MEDIAN LOSS
in cases
referred to
LAW ENFORCEMENT



\$200,000



59%

of cases were
referred to law
enforcement

Of these cases:

56% pleaded guilty/no contest

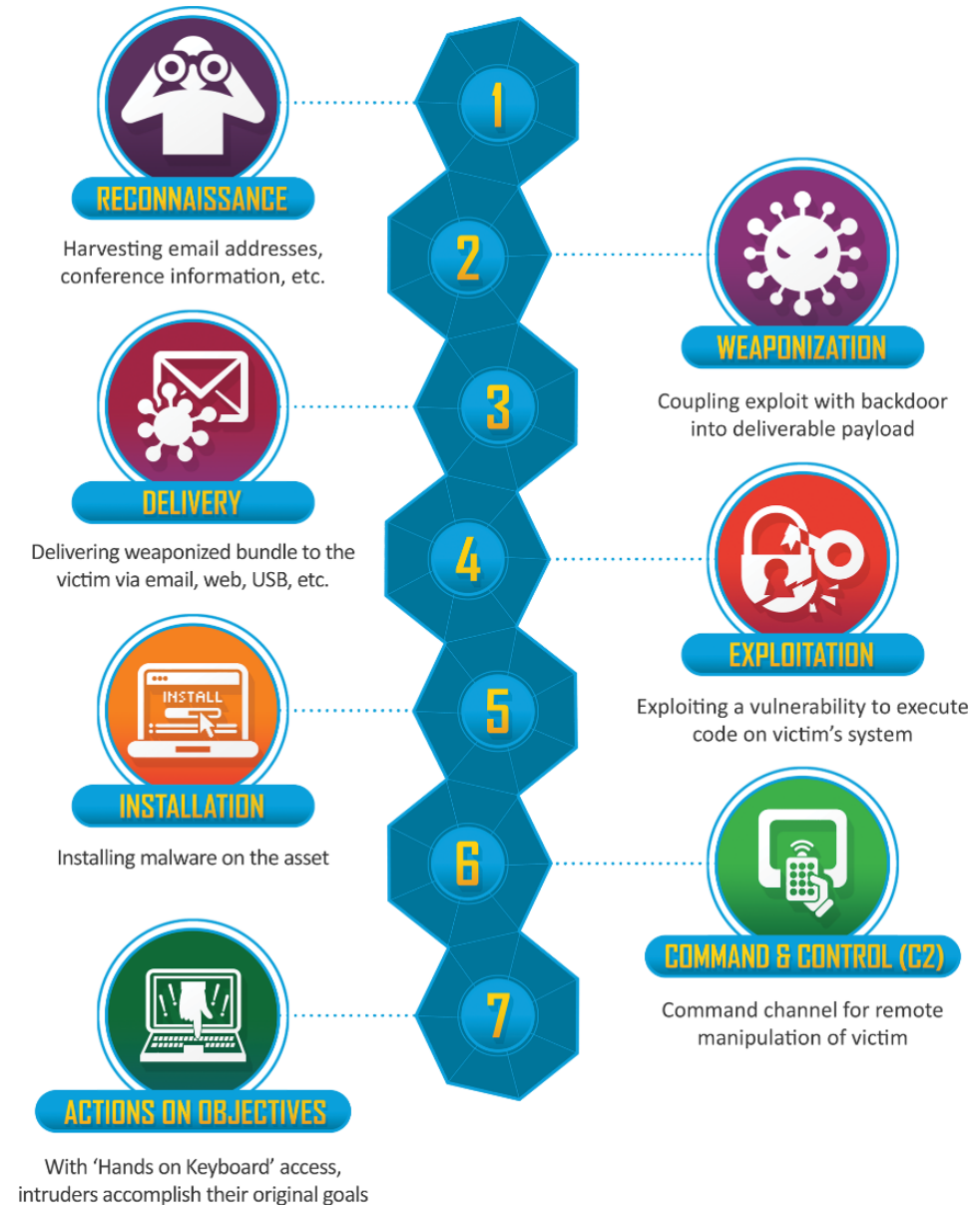
23% were convicted at trial

12% were declined prosecution

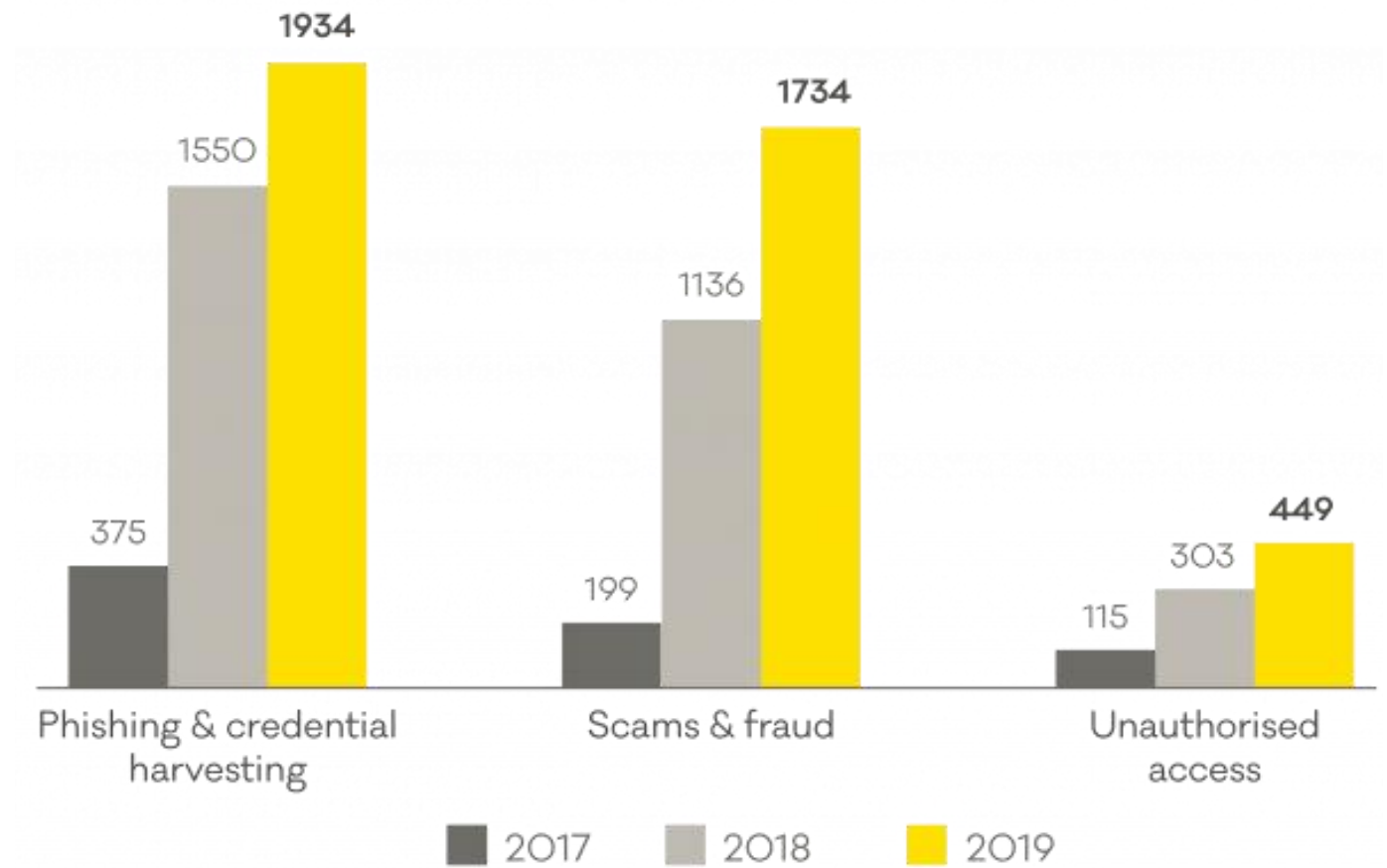
2% were acquitted

The Cyber Kill Chain®

Lockheed
Martin



CERTNZ





Protections against cyber enabled fraud

General Cyber

- NIST CSF
- CIS Controls

Business Email Compromise

- Use stronger passwords and enable two-factor authentication
- Conduct cyber security user awareness training
- Improve invoice verification processes
- Educate your clients about your finance processes

Thank you

Campbell McKenzie

0800 WITNESS

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