ASSET MISAPPROPRIATION SCHEMES are the most common but least costly. FINANCIAL STATEMENT FRAUD SCHEMES are the least common but most costly. Among these cases, cryptocurrency was most commonly used for:

**A TYPICAL FRAUD CASE**
- Causes a loss of $8,300 per month.
- Lasts 12 months before detection.
- 8% of fraud cases involved the use of CRYPTOCURRENCY.

**ORGANIZATIONS WITH HOTLINES**
- Detect fraud more quickly and have lower losses than organizations without hotlines.
- Median loss: $100,000
- Duration: 12 months with fraud hotlines.
- Median loss: $200,000
- Duration: 18 months without fraud hotlines.

**DETECTION**
- 42% of frauds were detected by tips, which is nearly 3x as many cases as the next most common method.
- More than HALF of all tips came from employees.
- Email and web-based reporting BOTH surpassed telephone hotlines.

**SCHEMES**
- **ASSET MISAPPROPRIATION SCHEMES** are the most common but least costly.
- Median loss: $100,000
- 86% of cases.
- **FINANCIAL STATEMENT FRAUD SCHEMES** are the least common but most costly.
- Median loss: $593,000
- 9% of cases.

**CORRUPTION**
- Was the most common scheme in every global region.
- Median loss: $117,000
- Average loss per case: $1,783,000.

CFEs estimate that organizations lose 5% of revenue to fraud each year.

**OUR STUDY COVERED:**
- 2,110 cases from 133 countries.
- Causing total losses of more than $3.6 billion.

Organizations with hotlines detect fraud more quickly and have lower losses than organizations without hotlines.

8% of fraud cases involved the use of cryptocurrency.

Among these cases, cryptocurrency was most commonly used for:
- 48% Making bribery and kickback payments.
- 43% Converting misappropriated assets.
KEY FINDINGS

VICTIM ORGANIZATIONS

TOP 5 MEDIAN LOSSES BY INDUSTRY

- Real estate: $435,000
- Wholesale trade: $400,000
- Transportation and warehousing: $250,000
- Construction: $203,000
- Utilities: $200,000

ORGANIZATIONS WITH THE FEWEST EMPLOYEES HAD THE HIGHEST MEDIAN LOSS ($150,000)

PERPETRATORS

- Owners/executives committed only 23% of occupational frauds, but they caused the largest losses
  - Owner/executive: $337,000
  - Manager: $125,000
  - Employee: $50,000

- Nearly half of all occupational frauds came from these four departments:
  - Operations: 15%
  - Accounting: 12%
  - Executive/upper management: 11%
  - Sales: 11%

- Only 6% of perpetrators had a prior fraud conviction
- 85% of fraudsters displayed BEHAVIORAL RED FLAGS of fraud

ANTI-FRAUD CONTROLS

- The presence of anti-fraud controls is associated with LOWER fraud losses andQUICKER fraud detection
- Nearly HALF of cases occurred due to:
  - Lack of internal controls: 29%
  - Override of existing controls: 20%

- 81% of victim organizations MODIFIED their anti-fraud controls following the fraud
  - Increased management review procedures: 75%
  - Increased use of proactive data monitoring/analysis: 64%

CASE RESULTS

- 61% of perpetrators were terminated by their employers
- 58% of cases were referred to law enforcement
- 66% of cases referred to law enforcement resulted in a conviction
- 50% of organizations that didn’t refer cases to law enforcement cited internal discipline as the reason

KEY FINDINGS Occupational Fraud 2022: A Report to the Nations