Contents

Preface vii
A Short History of Fraud viii
About This Book x
About White-Collar Crime 101 LLC xi

Acknowledgments xiii

Chapter 1  Why No Organization Is Immune to Fraud 1
What Is Fraud? 2
Myths and Realities about Fraud
  Myth #1: Ethics and Compliance Training “Has Us Covered” 3
  Myth #2: Our Finance Staff Are Qualified to Protect Us Against Fraud 4
  Myth #3: We Have Very Little Fraud Here 4
  Myth #4: Fraud Is a Necessary Cost of Doing Business 5
  Myth #5: Implementing Controls and Training Is Costly 6
The Urgency of Detecting and Preventing Fraud 6
Tone at the Top 7
Review Points 8
Chapter Quiz 9

Chapter 2  The Human Element of Fraud 11
Who Commits Internal Fraud? 12
  The Fraud Personality: Soft Indicators 12
  The Fraud Personality: Hard Indicators 14
Why People Steal 14
  The Fraud Triangle 15
  Case Study #1: Pain, Pills, and Petty Cash 16
  Other Fraud Triangle Factors 18
  A Triangle or a Diamond? 18
  The Trust Factor 19
  Case Study #2: The Trusted Thief 19
Chapter 3  Internal Fraud: Employee Level  

How Big a Problem Is Internal Fraud?  
Overview of Employee-Level Fraud  
   Embezzlement  
   Accounts Payable (AP) Fraud  
   Case Study #4: Shell Game in the Big Apple  
   Case Study #5: Health Care Fraud  
   Accounts Receivable Fraud  
   Case Study #6: Robbing Peter to Pay Paul  
   Kickback Schemes  
   Inventory/Supply Schemes  
   Case Study #7: Kickbacks Fly When Controls Are Weak  
   Check Fraud and Tampering  
   Travel and Entertainment (T&E) Fraud  
   Payroll Schemes  
   Case Study #8: Wining and Dining on Customer Dollars  
   Theft of Confidential Information  
   Case Study #9: The New Employee  
   Case Study #10: Information Is as Good as Gold  
   Insider Abuse of Computer Systems  
   Case Study #11: But She Was Such a Nice Lady!  
Red Flags of Employee-Level Fraud  
Preventing Employee-Level Fraud  
   Accounts Payable Fraud-Prevention Checklist  
   Specific Employee-Level AP Fraud Controls Checklist  
   P-Card Fraud-Prevention Checklist  
   Accounts Receivable Fraud-Prevention Checklist  
   Kickback Scheme Prevention Checklist  
   Inventory Theft and Fraud-Prevention Checklist  
   Check Fraud-Prevention Checklist  
   ACH Fraud-Prevention Checklist  
   T&E Fraud-Prevention Checklist  
   Payroll Fraud-Prevention Checklist  
   Confidential Information Theft Prevention Checklist  
Review Points  
Chapter Quiz