THE RED FLAGS OF FRAUD

Understanding and recognizing the behavioral red flags displayed by fraud perpetrators can help organizations detect fraud and mitigate losses.

These 6 behavioral red flags have been the most common in every one of our studies dating back to 2008, with a remarkably consistent distribution.

Red flags varied by PERPETRATOR'S POSITION

Owner/Executive
- 24% Unusually close association with vendor/customer
- 21% Control issues, unwillingness to share duties
- 22% “Wheeler-dealer” attitude
- 18% Irritability, suspiciousness, or defensiveness
- 23% Financial difficulties
- 4% Complained about inadequate pay

Employee
- 16% Unusually close association with vendor/customer
- 8% Control issues, unwillingness to share duties
- 9% “Wheeler-dealer” attitude
- 10% Irritability, suspiciousness, or defensiveness
- 35% Financial difficulties
- 11% Complained about inadequate pay

Red flags varied by PERPETRATOR'S GENDER

Owner/Executive
- 24% Financial difficulties
- 11% Divorce/family problems
- 2% Instability in life circumstances

Employee
- 24% Unusually close association with vendor/customer
- 16% “Wheeler-dealer” attitude
- 8% Excessive pressure from within the organization
- 3%