BEHAVIORAL RED FLAGS OF FRAUD

Fraudsters commonly display distinct behaviors that can serve as warning signs of their misdeeds. Organizations can improve their anti-fraud programs by taking these behavioral red flags into consideration when designing and implementing fraud prevention and detection measures.

84% of all fraudsters displayed at least one **BEHAVIORAL RED FLAG**

FRAUDSTERS WHO DISPLAYED AT LEAST ONE behavioral red flag caused median losses that were **20% GREATER** than those who did not display any.

No behavioral red flags
$125,000 MEDIAN LOSS

At least one behavioral red flag
$150,000 MEDIAN LOSS

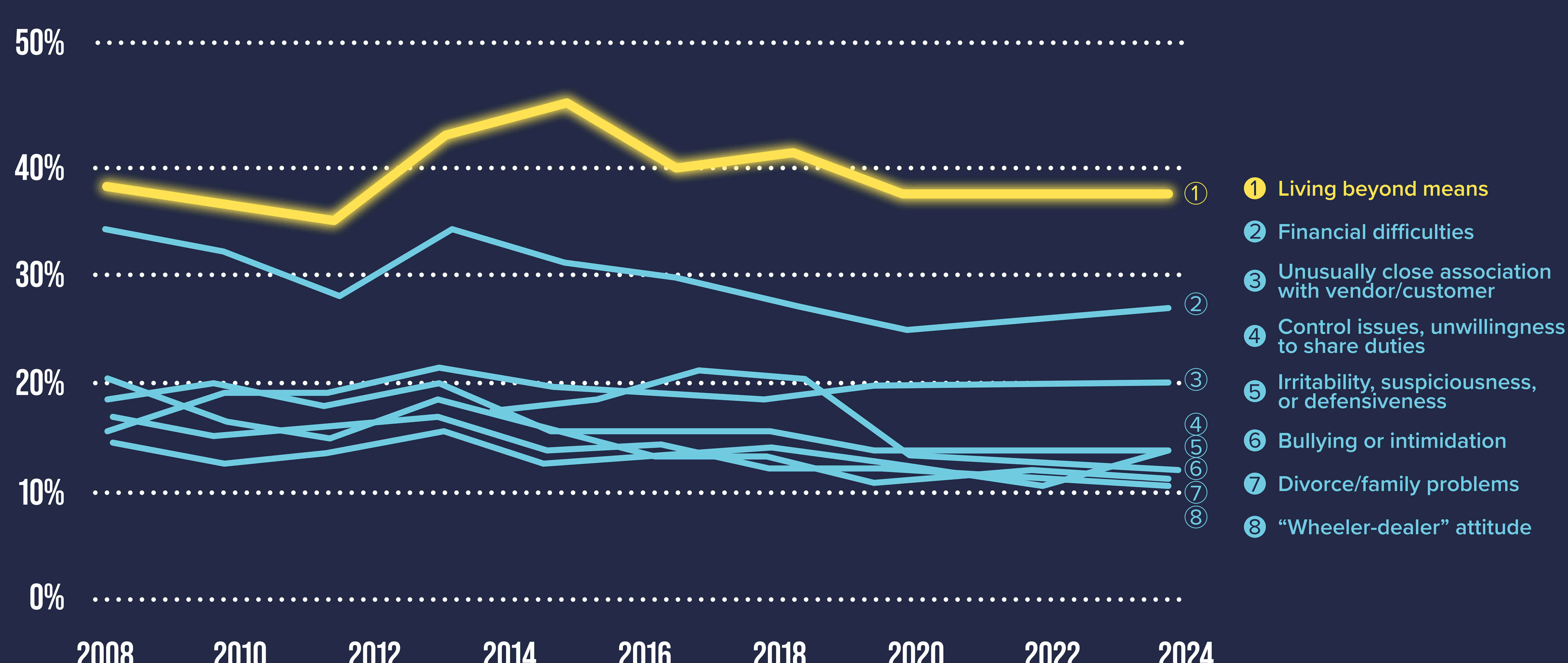
8 KEY WARNING SIGNS

75% of fraudsters displayed at least one of the **8 MOST COMMON** behavioral clues; each of these **BEHAVIORAL RED FLAGS** was observed in **AT LEAST 10%** of cases.

- **39%** Living beyond means
- **27%** Financial difficulties
- **20%** Unusually close association with vendor/customer
- **13%** Control issues, unwillingness to share duties
- **12%** Irritability, suspiciousness, or defensiveness
- **12%** “Wheeler-dealer” attitude
- **11%** Bullying or intimidation
- **10%** Divorce/family problems

FRAUDSTERS LIVING BEYOND THEIR MEANS has consistently been the **MOST COMMON BEHAVIORAL RED FLAG** since we began tracking this data in 2008.

COMMON BEHAVIORAL RED FLAGS



Behavioral red flags associated with the HIGHEST MEDIAN LOSSES

Behavioral red flag	Median loss
Excessive pressure from within the organization	$617,000
Past legal problems	$500,000
"Wheeler-dealer" attitude	$350,000
Bullying or intimidation	$300,000

Behavioral red flags associated with the LONGEST MEDIAN DURATIONS

Behavioral red flag	Median duration
Bullying or intimidation	24 MONTHS
Divorce or family problems	22 MONTHS
Control issues, unwillingness to share duties	20 MONTHS
Refusal to take vacations	19 MONTHS

GENDER DIFFERENCES IN BEHAVIORAL RED FLAGS

These behavioral flags tended to correlate with the fraudster's gender.

	FEMALE	MALE
Living beyond means	**41%**	39%
Financial difficulties	**31%**	26%
Divorce or family problems	**14%**	8%
Unusually close association with vendor/customer	13%	**22%**
"Wheeler-dealer" attitude	6%	**14%**
Irritability, suspiciousness, or defensiveness	11%	**13%**

Perpetrators of corruption schemes more commonly **MAINTAINED AN UNUSUALLY CLOSE ASSOCIATION WITH A VENDOR/CUSTOMER**.

Corruption cases	30%
All cases	20%

Perpetrators of financial statement fraud schemes more commonly **FACED EXCESSIVE PRESSURE TO PERFORM FROM WITHIN** the organization.

Financial statement fraud cases	22%
All cases	7%