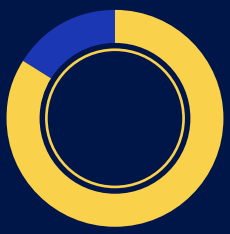
BEHAVIORAL RED FLAGS OF FRAUD

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 **33% GREATER** than those who did not display any.

No behavioral red flags
$94,000 MEDIAN LOSS

At least one behavioral red flag
$125,000 MEDIAN LOSS

8 MOST COMMON BEHAVIORAL RED FLAGS OF FRAUD

75% of fraudsters displayed at least one of the **8 MOST COMMON** behavioral clues, and each of these **BEHAVIORAL RED FLAGS** was observed in **AT LEAST 9%** of cases.



39% Living beyond means

29% Financial difficulties

17% Unusually close association with vendor/customer

12% Control issues, unwillingness to share duties

11% Irritability, suspiciousness, or defensiveness

11% Bullying or intimidation

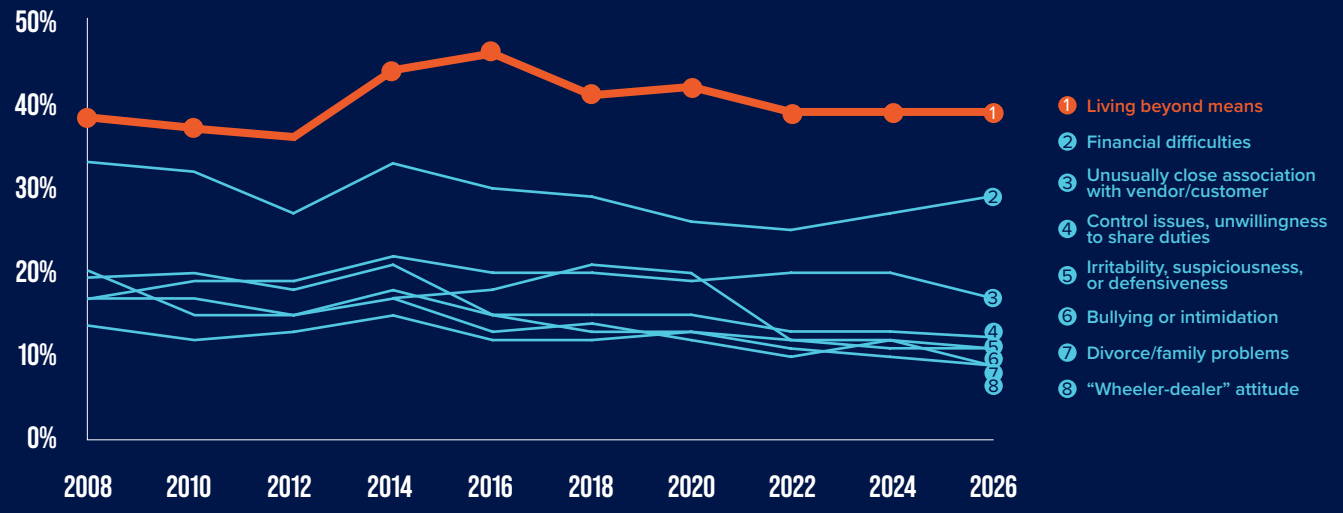
9% "Wheeler-dealer" attitude

9% Divorce/family problems

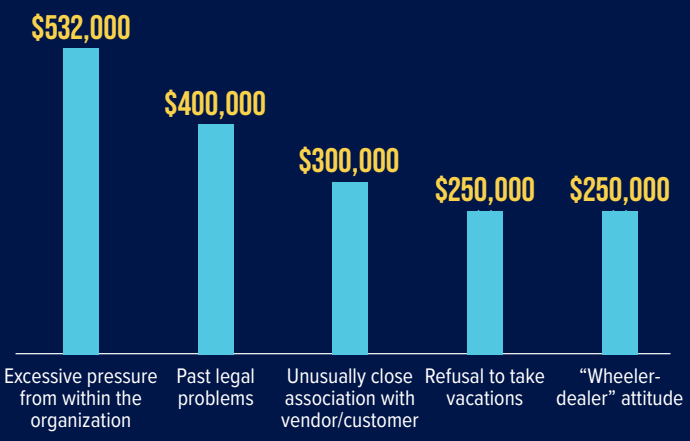
MOST COMMON BEHAVIORAL RED FLAGS



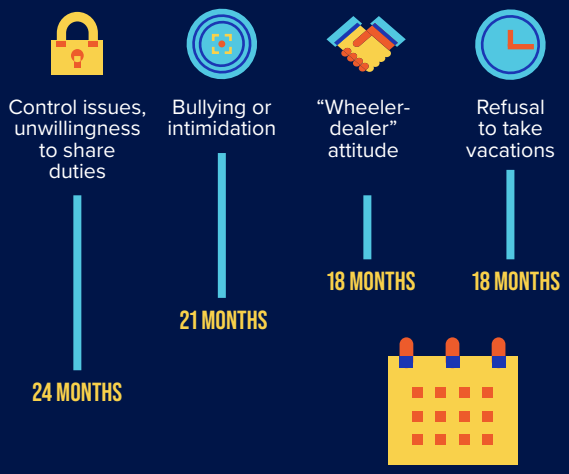
FRAUDSTERS LIVING BEYOND THEIR MEANS has consistently been the **MOST COMMON BEHAVIORAL RED FLAG** since we began tracking this data in 2008.



Behavioral red flags associated with the HIGHEST MEDIAN LOSSES



Behavioral red flags associated with the LONGEST MEDIAN DURATIONS



GENDER DIFFERENCES IN BEHAVIORAL RED FLAGS

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

	FEMALE	MALE
Financial difficulties	36%	27%
Divorce or family problems	15%	7%
Instability in life circumstances	6%	2%
Unusually close association with vendor/customer	12%	19%
"Wheeler-dealer" attitude	5%	11%
Living beyond means	37%	40%

MOST COMMON BEHAVIORAL RED FLAGS IN CORRUPTION AND FINANCIAL STATEMENT FRAUD



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





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

