

For Immediate Release
February 18, 2009

For More Information Contact:

Jason Kirkpatrick, CFE, CPA
Senior Manager
jkirkpatrick@delapcpa.com
(503) 697-4118

MyKim Tran
Business Development
mtran@delapcpa.com
(503) 697-4118

Delap LLP is helping to promote awareness of the new research, as it indicates that fraud continues to be a serious problem for businesses and organizations worldwide. We realize Fraud is a topic that is not easy to think about or discuss. The perception people have is that it will not happen to them.

Profiling a White Collar Criminal
Gender, Age and Job Role Among Key Factors in Occupational Fraud, ACFE Report Finds

AUSTIN – What type of person is most likely to commit fraud? According to a report published by the Association of Certified Fraud Examiners (ACFE), new research shows that men, 41-50 years old, working in an accounting department are the most common offenders.

The ACFE's *2008 Report to the Nation on Occupational Fraud & Abuse* examines the characteristics of fraud perpetrators as one aspect of its comprehensive look at the problem of fraud among U.S. organizations. In most cases, offenders are a trusted part of a team who take advantage of their situation to get their hands on company assets.

In the ACFE's *Report*, the world's premier provider of anti-fraud training and education found that:

- **Fraud is a man's world.** According to the survey, males are more than twice as likely to commit fraud as their female colleagues. Significantly, the median loss of fraud by men is more than twice as great as frauds perpetrated by women, according to the study. One hypothesis: the gender disparity might be due to the remaining "glass ceiling" phenomenon, with males holding more management and executive level positions - and having a greater opportunity to commit costly frauds.
- **Many fraudsters are in their forties.** The highest percentage of fraudsters in the study were between the ages of 41-50 (in more than half of all cases, the perpetrator was over 40). Generally speaking, older professionals often occupy positions with authority and more access to company resources. The *Report* finds that the median loss from fraud rose as the age of the fraudster increased. Schemes perpetrated by individuals in their 50s resulted in a median loss of \$500,000, twice as high as any age bracket below them.
- **The 'lone wolf' versus cooperative crooks.** In nearly two-thirds of the fraud schemes covered by the study, the perpetrator acted alone. Yet when the scheme did involve collusion of two or more parties, the results were much more costly. Cases of collusion resulted in a median loss over four times higher than the amount lost to fraudsters acting alone. This might mean that collusion enables employees to better circumvent controls that might stop a single perpetrator.

- **Education and position.** Most perpetrators have attended or graduated from college. About 11 percent have obtained a post-graduate degree. In general, the higher the education level, the more costly the fraud. Furthermore, the highest percentage of fraudsters worked in the accounting department when they executed their scheme. Because these employees handle financial transactions, they normally have the easiest access to fiscal assets and the most opportunity to conceal a fraud. Executives and upper management made up the second-most common category of fraudsters. The least common perpetrators? Internal auditors.
- **Living the fraud life.** According to the *Report*, there are several behaviors that serve as red flags displayed by perpetrators. The two most common traits are a tendency to live beyond one's means, and a struggle with financial difficulties. More than a third of those identified displayed at least one of the aforementioned behaviors, and about 20 percent had either a "wheeler-dealer attitude," control issues (unwillingness to share duties), or personal problems, such as a divorce. Other red flags might include irritability or defensiveness, addiction problems, past legal problems, refusal to take vacation and complaining about inadequate pay.

The presence of these characteristics does not in and of itself signify that a fraud is occurring or will occur in the future. However, every organization needs anti-fraud professionals in their ranks who are trained to understand and identify the potential warning signs of fraudulent conduct. Certified Fraud Examiners provide the expertise needed to detect, prevent, and combat fraud at every level. Learn more about CFEs at www.ACFE.com.

The *Report to the Nation* is available for download online at the ACFE's web site: www.ACFE.com/RTTN. The *Report* is in PDF format.

About Delap LLP

Delap LLP is one of Portland's largest locally owned public accounting firms and has earned its reputation as a firm of quality, integrity, and stability by delivering client satisfaction in the Northwest community for over 75 years.

Delap provides a full range of services including accounting, audit, tax, and consulting services across industries to help clients meet their strategic goals and business needs. For more information about Delap, visit www.delapcpa.com.

About the Association of Certified Fraud Examiners

The ACFE is the world's premier provider of anti-fraud training and education. Together with nearly 50,000 members in over 125 countries, the ACFE is reducing the incidence of fraud and providing the training and resources to fight fraud more effectively. Founded in 1988 by Joseph T. Wells, CFE, CPA, the ACFE proudly celebrates its 20th anniversary as the leader in the global fight against fraud. For more information about the ACFE, visit www.ACFE.com.