

IF YOU SUSPECT EMBEZZLEMENT

When an employee embezzles you lose twice. Not only do you lose financially, but you also suffer emotionally from the loss of trust. Don't lose a third time. Seek specialized expertise from a Certified Fraud Examiner (CFE).

CFEs can help resolve allegations, determine involvement, how the embezzlement occurred, calculate loss, collect supportive evidence, help recover assets and create an action plan to prevent further fraud. Investigating and resolving an allegation of embezzlement is a complex matter. The rights and responsibilities of both the employer and employee must be observed.



DECOSIMO
CERTIFIED PUBLIC ACCOUNTANTS

FRAUD AND EMBEZZLEMENT INVESTIGATIONS
IT FORENSICS | FRAUD AWARENESS TRAINING
DATA MINING & FRAUD DETECTION
FRAUD RISK ASSESSMENTS

William W. Acuff, CPA-CFF, CFE

forensic@decosimo.com

800.782.8382 | decosimo.com/forensic

EMBEZZLEMENT ACTION PLAN

- **CONTACT A CFE.** Embezzlement is a complex matter and not the time for self-diagnosis. Contact someone with experience in appropriately dealing with such situations.
- **CONTACT YOUR INSURER.** Failure to notify the insurer of a potential loss can void fidelity or employee theft coverage.
- **DEAL WITH THE SUSPECT.** Management may want to terminate immediately, but it could be best to discover sufficient evidence before termination, since under common law employees have a duty to cooperate with employers in a legitimate investigation.
- **KNOW THE RIGHTS AND RESPONSIBILITIES OF EACH PARTY.** Employers have a right to conduct a fraud investigation, but their actions must be within federal and state statutes and consistently applied to all employees. Employees may have certain rights to privacy and rights under the Fair Credit Reporting Act which must be observed.
- **PREPARE A PLAN.** A multitude of things need to be considered in a fraud investigation. A plan can ensure steps are not overlooked. The timing and order of document examination and the interview process can be crucial.
- **ACT QUICKLY.** The embezzlement has likely been occurring for some time and losses are usually more than suspected. The employer needs to act quickly to stop the damage.
- **SECURE DATA.** An organization must take immediate action to preserve data. To prove fraud you must prove intent, which is based on circumstantial evidence. Paper and electronic data touched by the employee should be secured.
- **WHERE THERE'S SMOKE, THERE ARE MIRRORS.** Studies show when fraud occurs in an organization, the likelihood increases that other personnel have developed schemes.
- **REMEMBER THE TITANIC.** Fraud is like an iceberg; only a small part is visible. Unless confronted with all facts, suspects rarely admit to the total amount involved. They are frequently not aware of the amount and shocked by the total.