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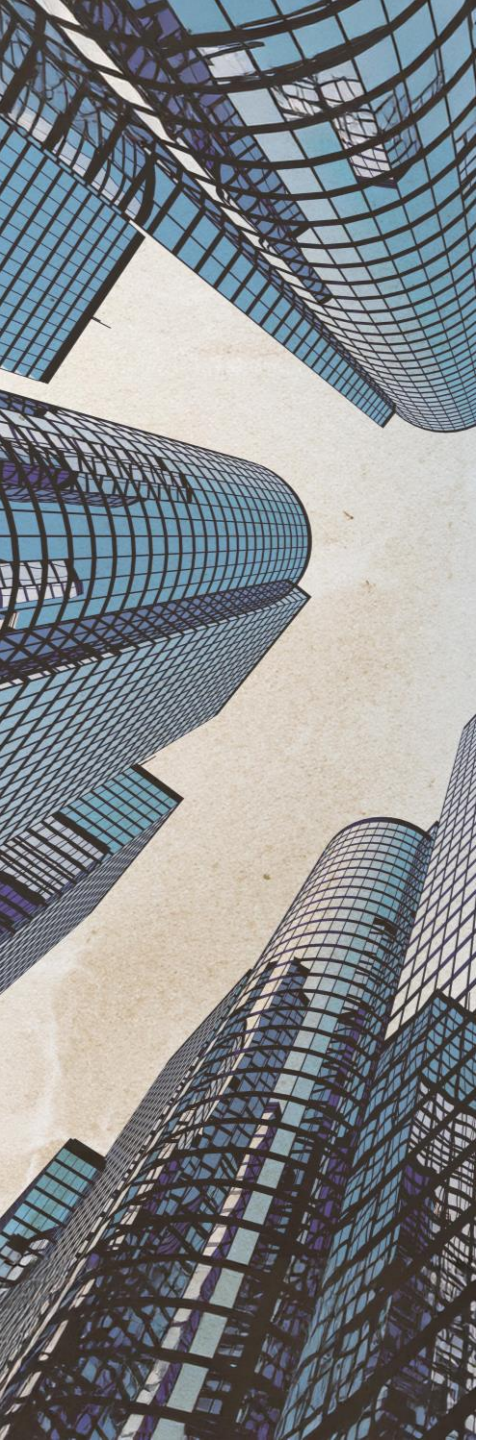
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BOTTOM LINE

Occupational Fraud:

A Risk Every Organization Faces

September 24, 2026



Introductions



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Today's Agenda

1. Occupational Fraud Fundamentals: What Every Organization Should Know
 - a) What is fraud?
 - b) Who commits it?
 - c) How is it committed?
 - d) How is it prevented?
2. The Role of a Forensic Accountant
3. Trends in Fraud and Artificial Intelligence
4. Fraud Prevention and Best Practices



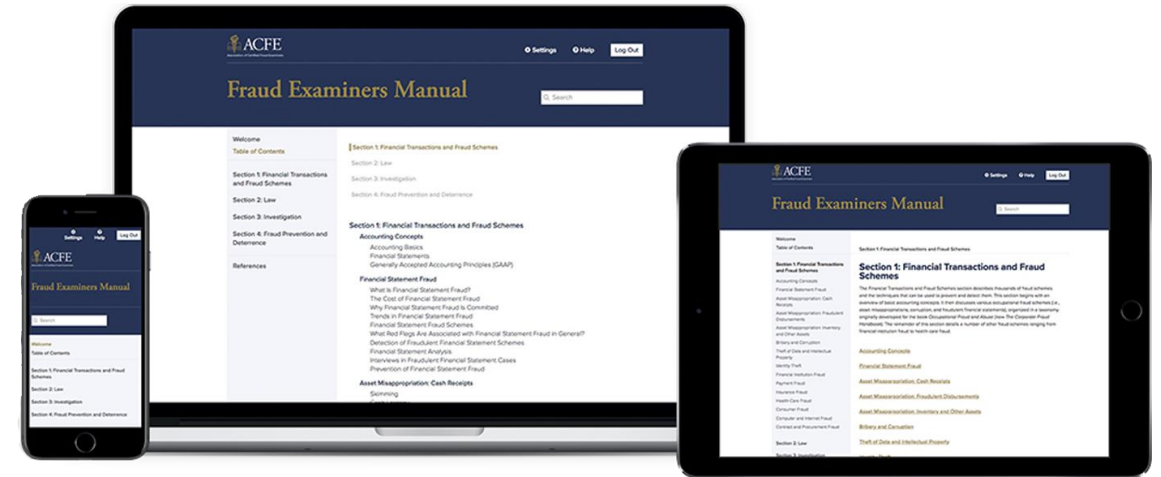
Occupational Fraud Fundamentals: What Every Organization Should Know



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Key Occupational Fraud Resources and Guidance

- Association of Certified Fraud Examiners (ACFE)
 - *Fraud Examiners Manual*
 - *2026 Report to the Nations*
 - *2026 Anti-Fraud Technology Benchmarking Report*
- Information from these publications is used throughout this presentation.



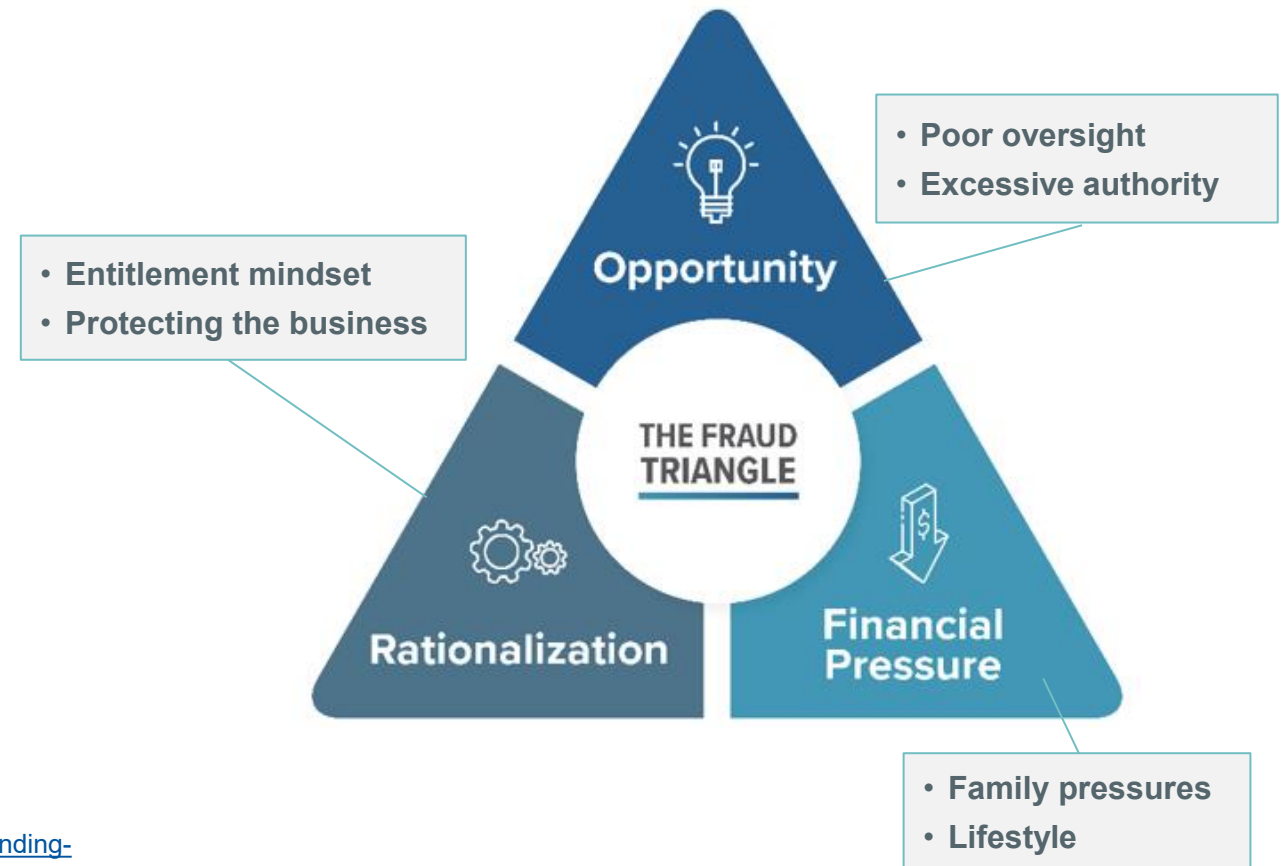
Can be found at:

<https://www.acfe.com/training-events-and-products/books-and-manuals>

Understanding the Fraud Triangle

Occupational fraud is the use of one's occupation for personal enrichment through the deliberate misuse or misapplication of an organization's resources or assets.

- **Financial pressure**
 - A “non-shareable” financial problem, often solved with cash or assets
- **Opportunity**
 - A perception that a crime can be committed without being caught
- **Rationalization**
 - Justification of the misdeed before the crime is ever committed

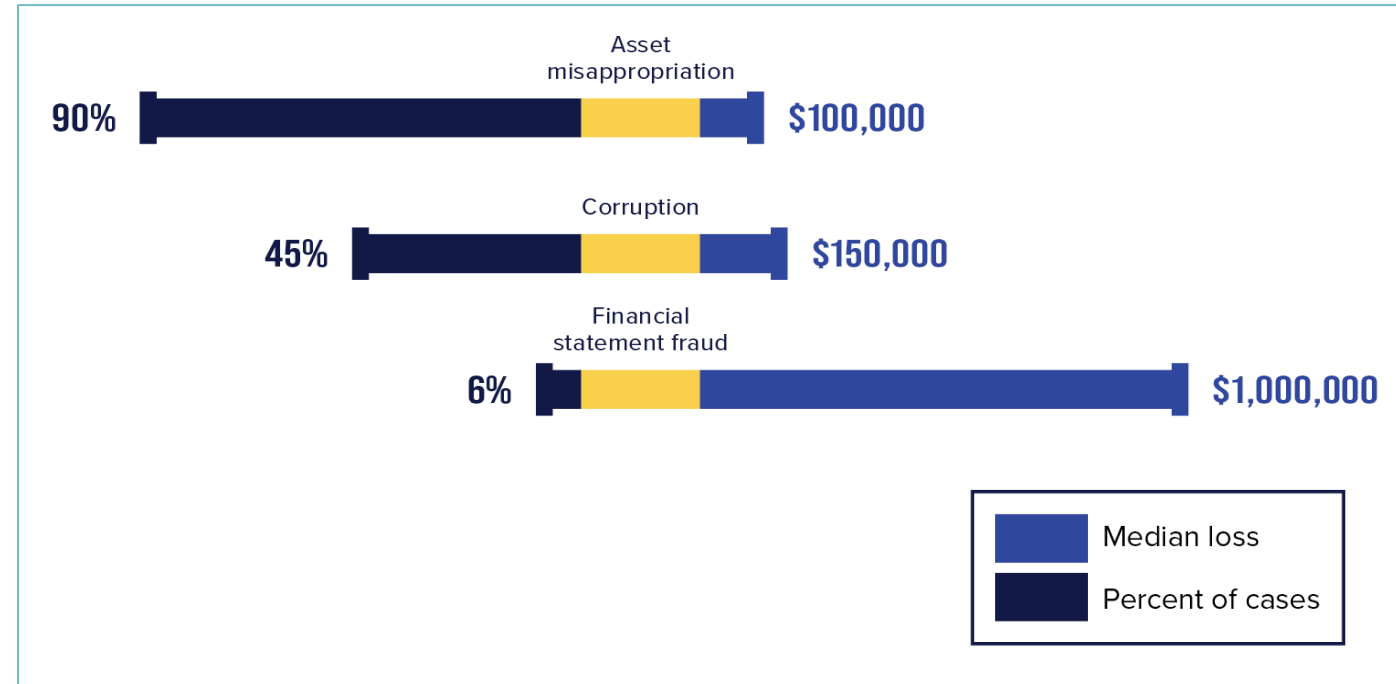


Sources:

- <https://bjs.ojp.gov/taxonomy/term/financial-fraud>
- <https://fraudexaminersmanual.com/section-3-fraud-prevention-and-deterrence/understanding-financial-crime/research-on-occupational-fraud-and-abuse/?highlight=triangle>

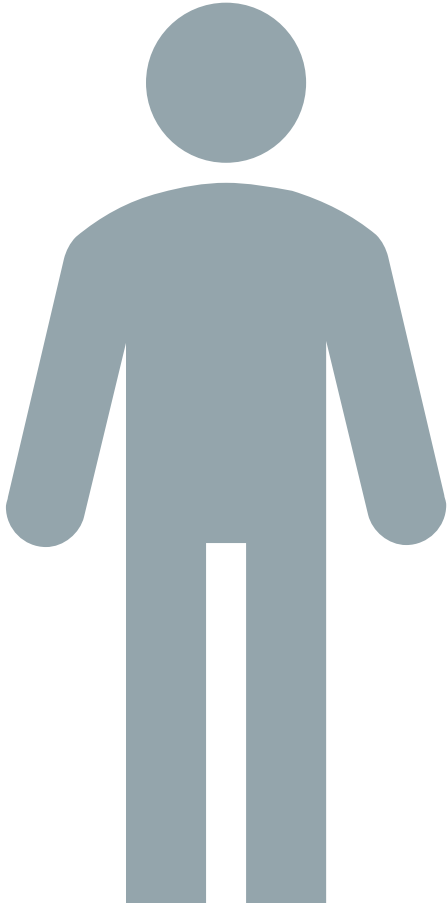
Types of Occupational Fraud

- **Asset misappropriation**
 - A scheme in which an employee steals or misuses the employing organization's resources
- **Financial statement fraud**
 - A scheme in which an employee intentionally causes a misstatement or omission of material information in the organization's financial reports
- **Corruption**
 - A scheme in which an employee misuses their influence in a business transaction in a way that violates their duty to the employer in order to gain a direct or indirect benefit



Source: <https://www.acfe.com/fraud-resources/report-to-the-nations>

Case Study #1 | Non-Profit Entity



- Gender: Male
- Tenure: 8 years
- Age: Late-Twenties
- Alleged Fraud: \$5,000
- Length: 1-time
- Position: Controller
- Outcome: Terminated

Red Flags

- Lifestyle
- Conflict of Interest

Corrective Action

- Segregation of duties
- Internal controls assessment
- Implementation of an automated approval workflow

Common Fraud Myths vs. Reality

Myth

Fraud can only happen
in large organizations.



Reality

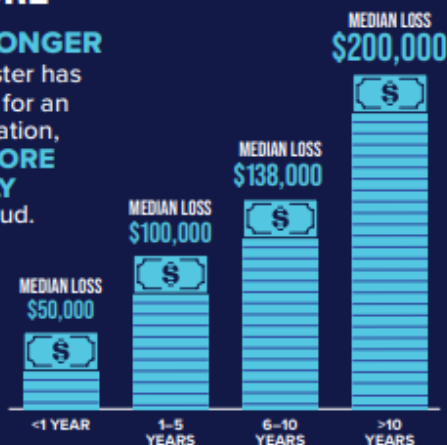
Every organization
is vulnerable.



Source: <https://www.acfe.com/fraud-resources/report-to-the-nations>

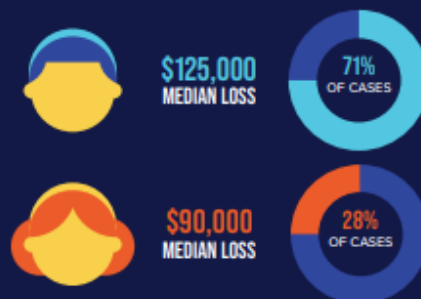
TENURE

THE LONGER a fraudster has worked for an organization, **THE MORE COSTLY** their fraud.



GENDER

WOMEN committed fewer frauds and caused lower losses.



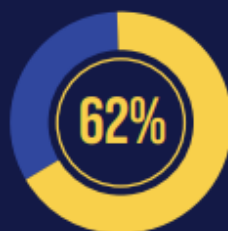
COLLUSION

FRAUDSTERS WHO COLLUDED with others caused median losses **MORE THAN 4X AS HIGH** as those who acted alone.



EDUCATION

MORE THAN 60% of occupational fraudsters **HAD A UNIVERSITY DEGREE OR HIGHER.**



Fraudsters **WITHOUT A DEGREE** caused **LOWER LOSSES.**

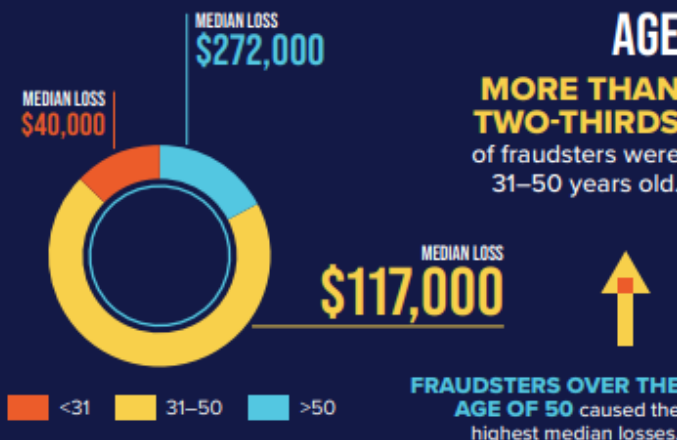
No university degree
\$89,000 MEDIAN LOSS

University degree or higher
\$150,000 MEDIAN LOSS



AGE

MORE THAN TWO-THIRDS of fraudsters were 31-50 years old.



FRAUDSTERS OVER THE AGE OF 50 caused the highest median losses.

Common Fraud Myths vs. Reality (cont.)

Myth

Trusted employees are low risk.



Reality

Many fraudsters are long-tenured, trusted individuals.

Common Fraud Myths vs. Reality (cont.)

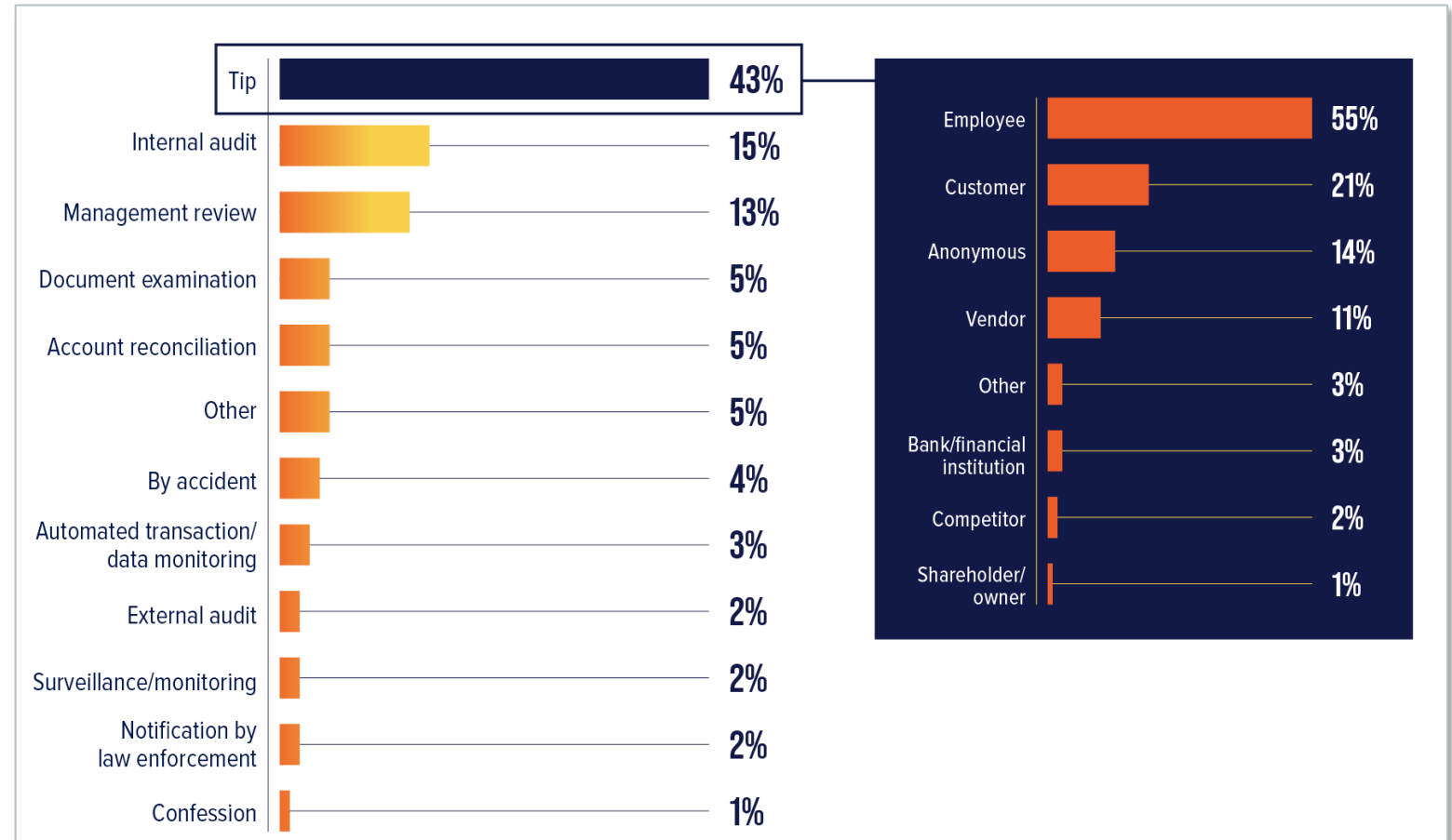
Myth

Audits will catch fraud.



Reality

Tips are the most common detection method.



Source: <https://www.acfe.com/fraud-resources/report-to-the-nations>

Common Fraud Myths vs. Reality (*cont.*)

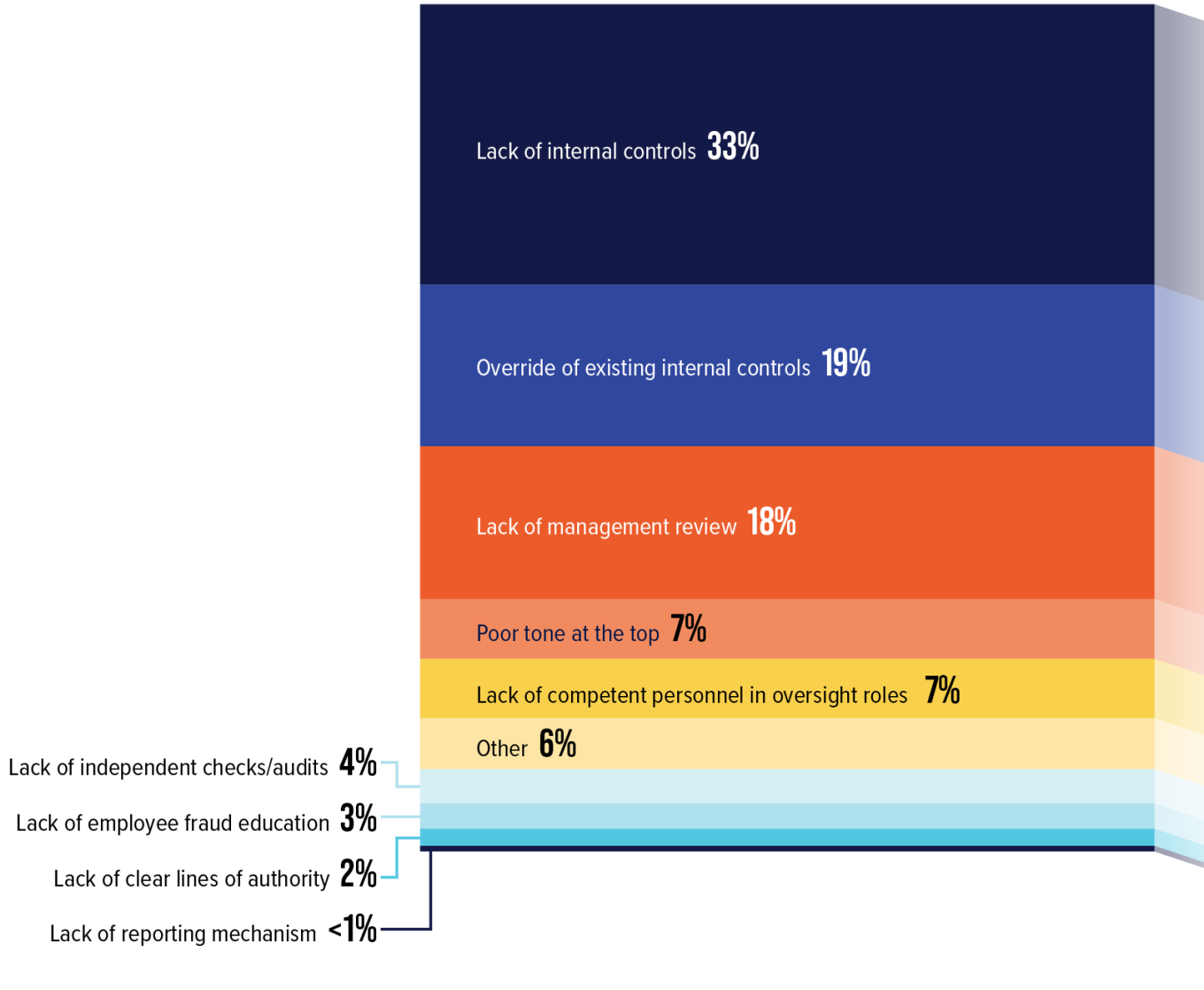
Myth

Strong controls eliminate fraud.



Reality

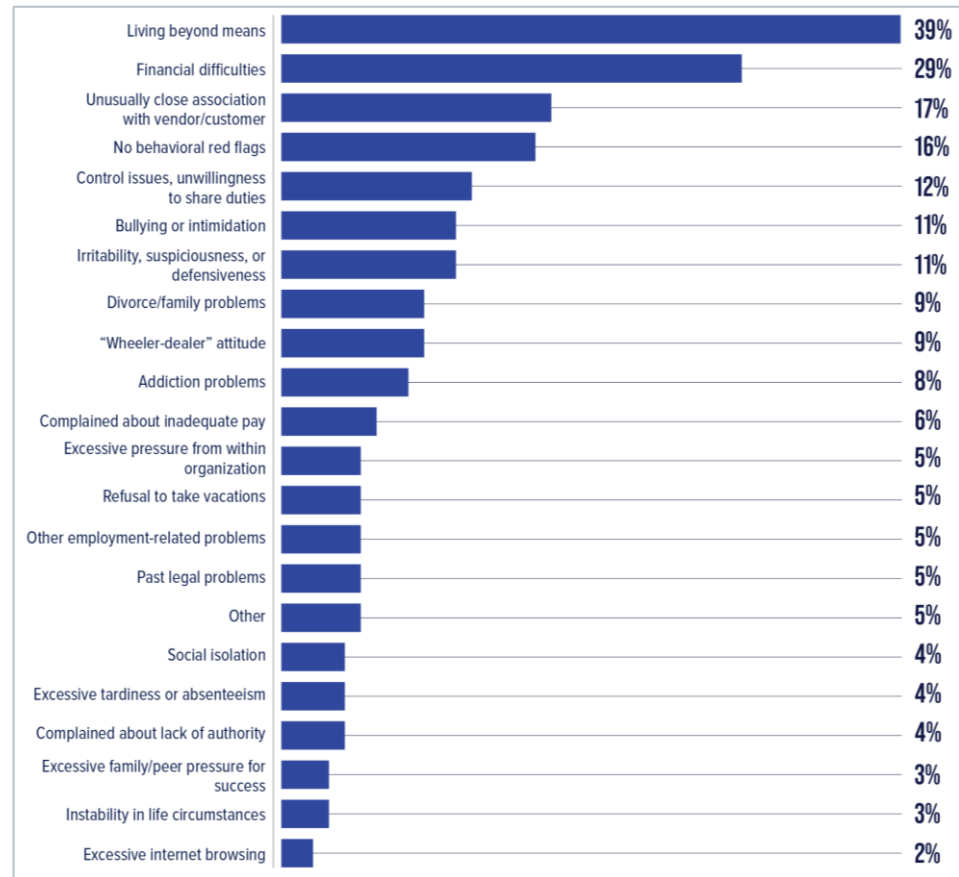
Controls *reduce* risk;
culture matters too.



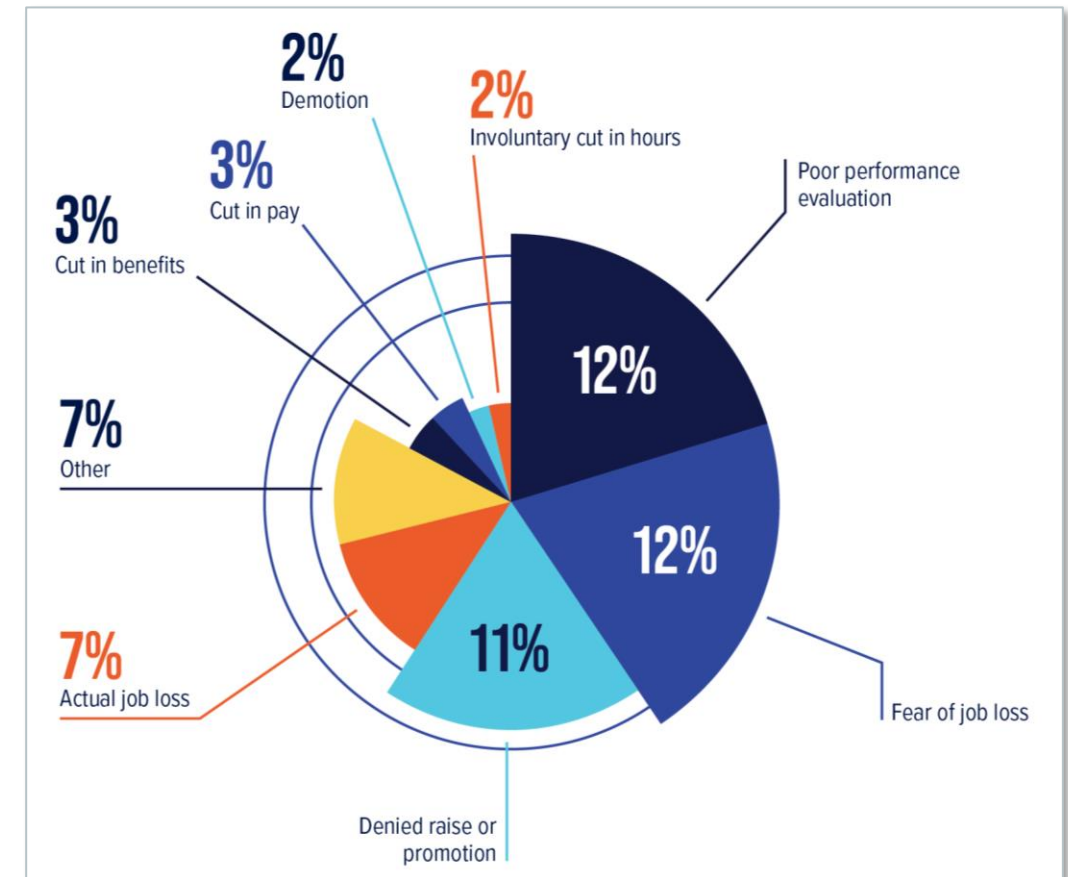
Source: <https://www.acfe.com/fraud-resources/report-to-the-nations>

Behavioral and Organizational Warning Signs

Behavioral Indicators

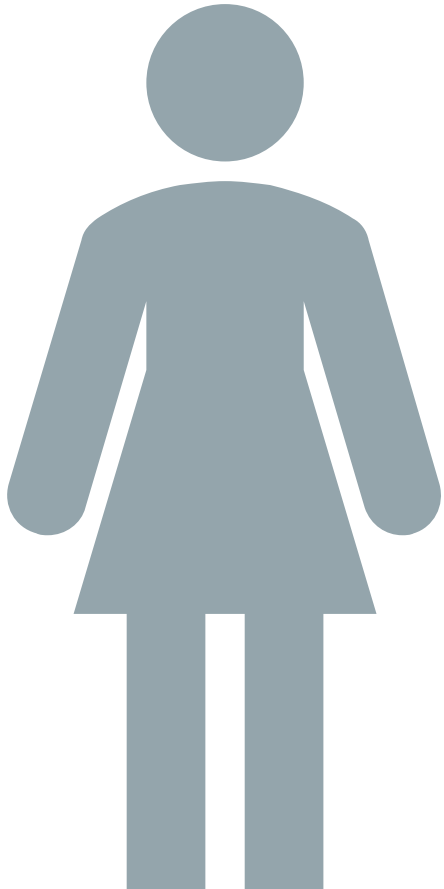


Organizational Environment



Source: <https://www.acfe.com/fraud-resources/report-to-the-nations>

Case Study #2 | Private Organization



- Gender: Female
- Tenure: Unknown
- Age: Mid-forties
- Alleged Fraud: \$500,000
- Length: 8 years
- Position: Customer Service Representative
- Outcome: Prosecuted



Red Flags

- Control issues



Corrective Action

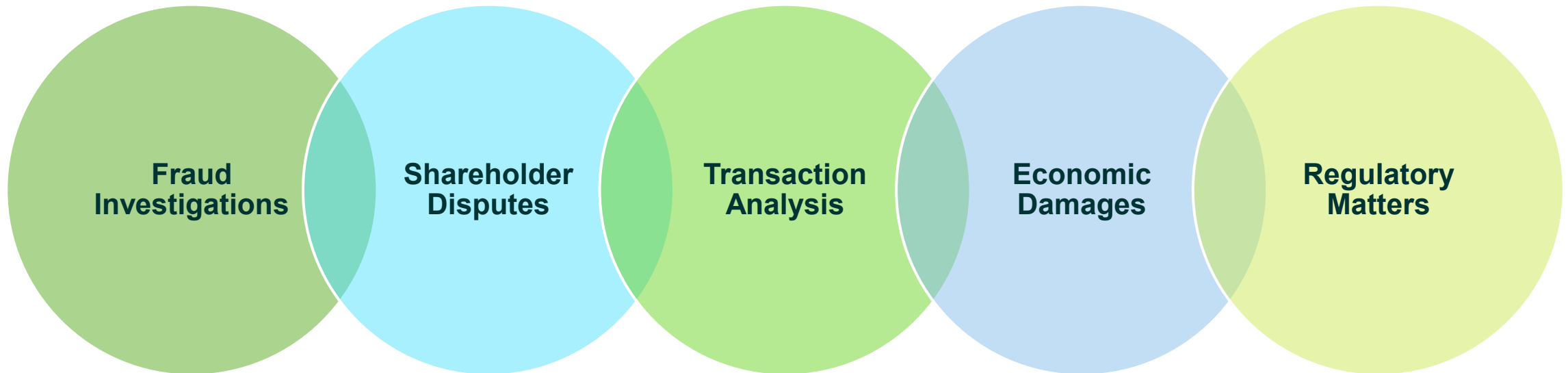
- Segregation of duties



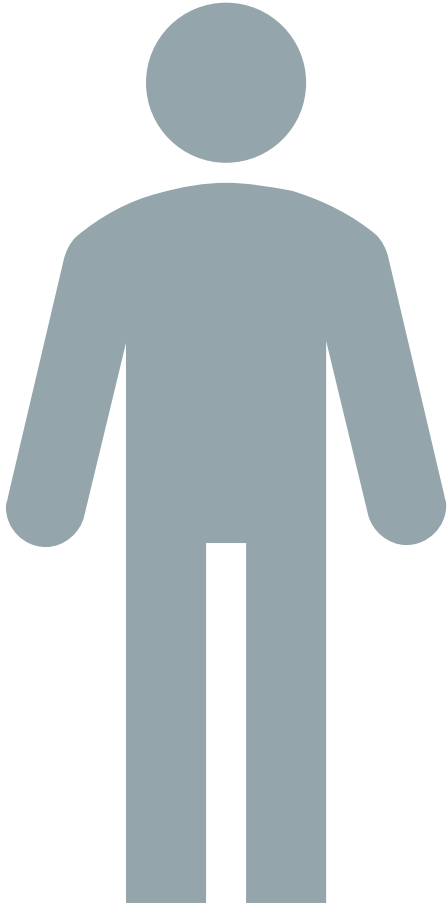
The Role of a Forensic Accountant

The Role of a Forensic Accountant

- Blend of accounting, investigation, and communication
- Objective analysis of complex financial issues
- Supports organizations, attorneys, boards, and regulators



Case Study #3 | Large Publicly-Traded Organization



- Gender: Male
- Tenure: 8 years
- Age: Mid-forties
- Alleged Fraud:
\$14,000,000
- Length: 4 years
- Position: Assistant
Treasurer
- Outcome: Prosecuted



Red Flags

- Lifestyle
- Conflict of interest (vendor relationship)



Corrective Action

- Review of vendors and services provided



Trends in Fraud and Artificial Intelligence

Fraud and Artificial Intelligence



AI enables fraud

- Creates convincing scams and impersonations
- Generates fake documents and identities
- Increases the speed and scale of fraud



AI helps detect fraud

- Detects unusual transactions and patterns
- Identifies phishing and scam activity
- Supports risk monitoring and investigations
- Ability to analyze unstructured data

Sources:

<https://www.acfe.com/-/media/files/acfe/pdfs/benchmarking-report/anti-fraud/2026-anti-fraud-technology-benchmarking-report.pdf>

<https://www.acfe.com/fraud-magazine/all-issues/issue/article?s=2026-marapr-lessons-from-deepfake-frauds>

<https://www.journalofaccountancy.com/issues/2026/jul/a-guide-to-fighting-ai-fueled-ap-ar-fraud/>

Fraud and Artificial Intelligence (*cont.*)



Only **7%** of organizations are **more than moderately prepared to detect and/or prevent AI-POWERED FRAUD.**

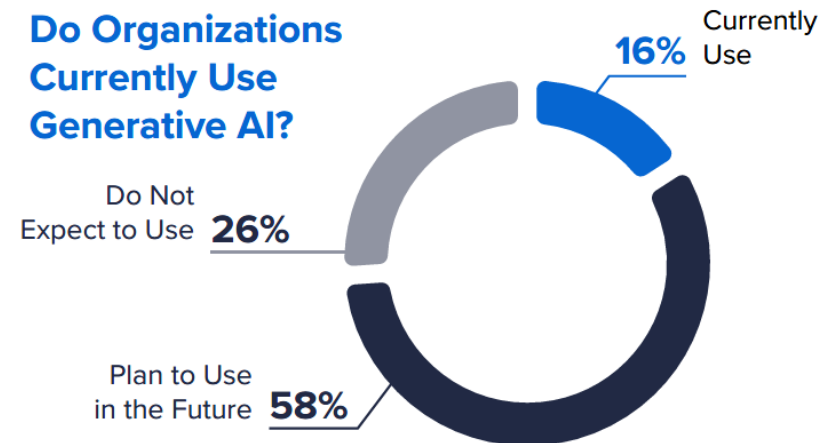
These schemes have increased the most over the past two years:

- **Deepfake Social Engineering**
- **Consumer Fraud/Scams**
- **Generative AI Document Fraud/Forgery**
- **Deepfake Digital Injection**

Generative AI in **Anti-Fraud Programs**

Accuracy of results or output was the **most important factor** in considering whether to implement generative AI as part of an anti-fraud program, with **86%** of organizations rating it important or very important.

Do Organizations **Currently Use** Generative AI?



Among organizations using generative AI, it is most commonly used for:

- **Phishing and Scam Detection (49%)**
- **Risk Identification/Assessment (46%)**
- **Report Writing (45%)**

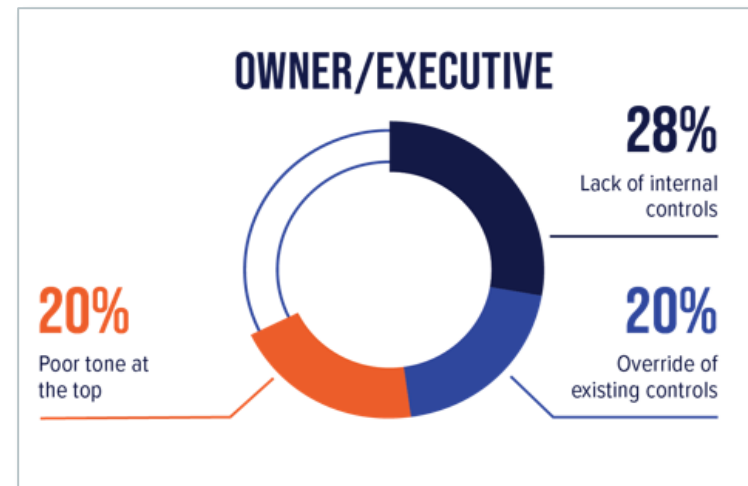
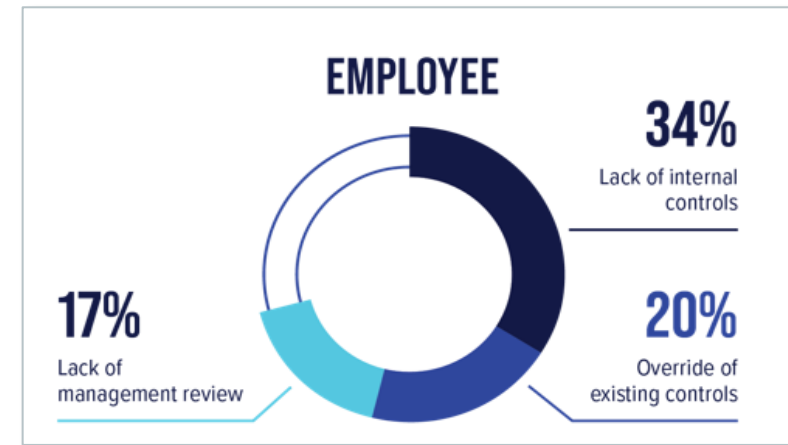
Source: <https://www.acfe.com/-/media/files/acfe/pdfs/benchmarking-report/anti-fraud/2026-anti-fraud-technology-benchmarking-report.pdf>



Fraud Prevention and Best Practices

Preventing What Went Wrong

- ✓ Design controls around identified fraud risks
- ✓ Strengthen management review
- ✓ Monitor control overrides
- ✓ Set the right tone at the top



Source: <https://www.acfe.com/fraud-resources/report-to-the-nations>

Case Study Comparison

- From a \$5,000 one-time loss to \$14 million over four years – fraud spans every role, age, and tenure. It can happen to any organization.

Attribute	Case 1	Case 2	Case 3
Gender	Male	Female	Male
Age	Late-Twenties	Mid-forties	Mid-forties
Position	Controller	Customer Service	Assistant Treasurer
Tenure	8 years	Unknown	8 years
Alleged Fraud	\$5,000	\$500,000	\$14,000,000
Length	1-time	8 years	4 years
Outcome	Terminated	Prosecuted	Prosecuted

Fraud Prevention and Best Practices

Fraud prevention is **most effective** when awareness, controls and accountability **work together**.





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Our Next Installment:

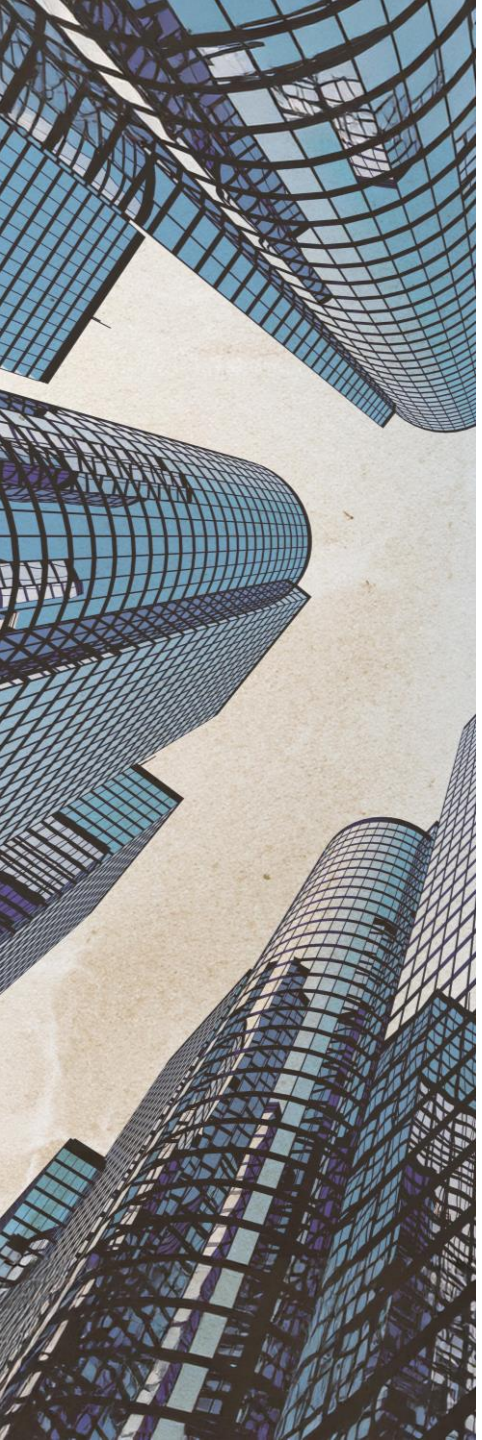
November 5, 2026

12:30 pm – 1:30 pm ET

Tax Updates: Staying on Top of OB3 Regulations

1 CPE credit available

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