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## 2010 Report on Asset Theft



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CPAs & BUSINESS ADVISORS

## Report Summary

Eide Bailly LLP's Forensic & Valuation Service's (EB) 2010 Report on Asset Theft analyzes various asset theft cases that occurred throughout the United States. EB examined **100** cases that were either uncovered or resolved during 2010 and occurred in states west of the Mississippi River (including Alaska) with a total loss amount of **\$50,000** or greater. EB compiled available information relating to each case for the following items:

- Total Loss Amount
- Type of Asset Theft
- Location of Occurrence
- Industries Affected
- Position, Age and Gender of the Perpetrator
- Duration of Asset Theft
- Detection of Loss
- Sentencing Terms
- Financial Pressures of the Perpetrator

The data set used for this report includes information gathered from public sources and from cases that were investigated by EB. In certain circumstances, not all data was available for each item in every case. EB notes that select data from the 2009 Report on Asset Theft was included throughout the report for comparative purposes.

## Findings/Observations

### Total Loss Amount

The total loss due to asset theft in the **100** cases reviewed totaled **\$83,021,599**.

### Type of Asset Theft

EB categorized the cases reviewed by the following types of asset thefts:

- Credit Card Misuse
- Fictitious Vendor Schemes
- Fraudulent Disbursements/Transfers
- Multiple Asset Theft Methods
- Payroll Schemes
- Theft of Cash Receipts
- Theft of Company Assets

Fraudulent disbursements/transfers were the most prevalent type of asset theft occurring in **47%** of the cases reviewed. The total loss amount of **\$30,802,485** for fraudulent disbursements/transfers equaled slightly more than **37%** of the total loss for all of the cases reviewed. Fraudulent disbursements/transfers were also the most prevalent type of asset theft in the 2009 Report on Asset Theft.

The following table depicts the type of asset thefts that occurred and the corresponding total loss amount, average loss amount and number of cases by type of asset theft:

Type of Asset Theft	2010			2009		
	Total Loss Amount	Average Loss Amount	Number of Cases	Total Loss Amount	Average Loss Amount	Number of Cases
Fraudulent Disbursements/Transfers	\$30,802,485	\$655,372	47	\$28,292,316	\$808,352	35
Multiple Asset Theft Methods	22,474,982	864,422	26	\$2,584,876	369,268	7
Fictitious Vendor Schemes	16,110,108	2,013,764	8	13,310,000	4,436,667	3
Theft of Cash Receipts	10,599,850	963,623	11	12,018,814	572,324	21
Theft of Company Assets	1,626,255	406,564	4	17,958,743	641,384	28
Credit Card Misuse	1,113,221	371,074	3	11,238,437	2,809,609	4
Payroll Schemes	294,697	294,697	1	1,350,117	675,059	2
<b>Total</b>	<b>\$83,021,599</b>		<b>100</b>	<b>\$86,753,303</b>		<b>100</b>

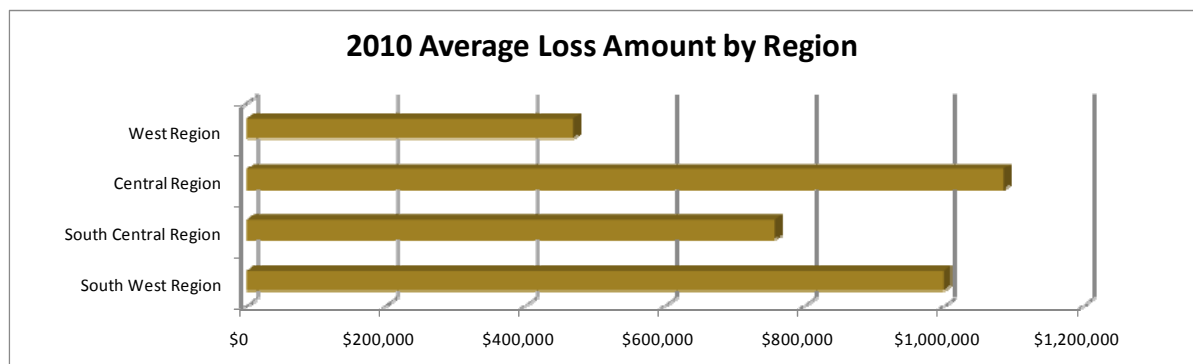
### Location of Occurrence

EB reviewed information on where the asset thefts occurred. EB generated four (4) regions to correspond with Eide Bailly office locations. The following table depicts the regions and corresponding states included in each region:

Region	States
South West Region	Arizona, California, New Mexico, Nevada & Utah
South Central Region	Arkansas, Colorado, Kansas, Louisiana, Missouri, Oklahoma & Texas
West Region	Idaho, Montana, Oregon, Washington, Wyoming, & Alaska
Central Region	Iowa, Minnesota, Nebraska, North Dakota & South Dakota

The total loss amount was largest in the South West region at **\$29,001,929**. However, the largest average loss amount was largest in the Central Region at **\$1,086,353**. The following table shows the total loss amount, average loss amount and number of cases of asset theft by region:

Location of Occurrence	2010			2009		
	Total Loss Amount	Average Loss Amount	Number of Cases	Total Loss Amount	Average Loss Amount	Number of Cases
South West Region	\$29,001,929	\$1,000,067	29	\$50,937,964	\$1,455,370	35
South Central Region	21,974,772	757,751	29	15,854,094	546,693	29
Central Region	21,727,066	1,086,353	20	14,374,316	684,491	21
West Region	10,317,832	468,992	22	5,586,930	372,462	15
<b>Total</b>	<b>\$83,021,599</b>		<b>100</b>	<b>\$86,753,303</b>		<b>100</b>



## Industries Affected

EB reviewed information regarding the industries of the organizations affected by the asset theft cases. EB generated sixteen (16) industry categories to simplify the analysis. The banking/finance category had the largest total loss of **\$18,632,452**. The following table illustrates the total loss amount, average loss amount and number of cases by industry:

Industry Type	2010			2009		
	Total Loss Amount	Average Loss Amount	Number of Cases	Total Loss Amount	Average Loss Amount	Number of Cases
Banking/Finance	\$18,632,452	\$931,623	20	\$14,413,888	\$1,601,543	9
Services	13,776,220	1,377,622	10	3,395,000	679,000	5
Construction	10,992,152	845,550	13	13,643,324	1,705,416	8
Manufacturing	10,774,691	1,795,782	6	5,421,220	2,710,610	2
Non Profit	4,701,045	671,578	7	4,000,391	444,488	9
Retail	4,146,642	691,107	6	2,991,523	498,587	6
Automotive	3,826,873	637,812	6	-	-	-
Education	3,257,697	465,385	7	5,097,333	849,556	6
Legal	2,634,579	878,193	3	1,635,450	1,635,450	1
Technology	2,459,444	819,815	3	1,000,000	1,000,000	1
Healthcare	2,426,913	346,702	7	2,218,597	369,766	6
Energy	2,059,000	1,029,500	2	244,619	244,619	1
Government	1,400,570	280,114	5	5,239,095	476,281	11
Agriculture/Food	955,463	955,463	1	5,386,330	673,291	8
Insurance	847,772	282,591	3	7,761,927	1,940,482	4
Real Estate	130,086	130,086	1	3,525,000	587,500	6
Entertainment	-	-	-	3,419,000	569,833	6
Publishing	-	-	-	3,404,000	1,134,667	3
Transportation	-	-	-	2,266,048	453,210	5
Unknown	-	-	-	1,690,558	563,519	3
<b>Total</b>	<b>\$83,021,599</b>		<b>100</b>	<b>\$86,753,303</b>		<b>100</b>

## Position, Age and Gender of the Perpetrator

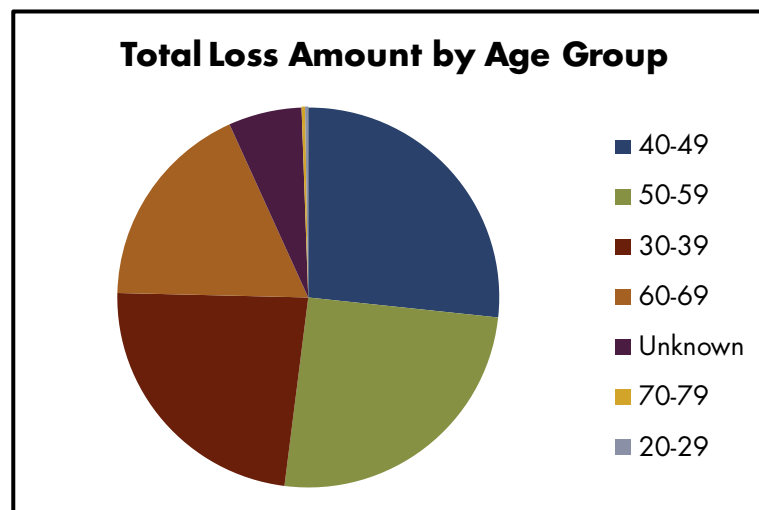
EB studied data on the perpetrator's position, age and gender where information was available. EB created position level categories per the description of the perpetrator's position. These categories include Executive, Management, Administrative/Accountant and Unknown. The following table shows the total loss amount, average loss amount and number of cases by the perpetrator's position level:

Position Level	2010			2009		
	Total Loss Amount	Average Loss Amount	Number of Cases	Total Loss Amount	Average Loss Amount	Number of Cases
Administrative/Accountant	\$26,629,491	\$832,172	32	\$26,299,583	\$611,618	43
Executive	25,841,918	993,920	26	30,025,812	1,429,801	21
Management	22,988,432	676,130	34	28,474,699	949,157	30
Staff Level	7,561,757	945,220	8	-	-	-
Unknown	-	-	-	1,953,208	325,535	6
<b>Total</b>	<b>\$83,021,599</b>		<b>100</b>	<b>\$86,753,303</b>		<b>100</b>

### Position, Age and Gender of the Perpetrator (Continued)

EB stratified perpetrators by their ages. EB then reviewed loss amounts by the age groups. EB found that the total loss amount for asset theft cases was the largest in the 40 – 49 age group totaling **\$22,145,094**. The following table portrays the total loss amount, average loss amount and number of cases by age group:

Age Group	2010			2009		
	Total Loss Amount	Average Loss Amount	Number of Cases	Total Loss Amount	Average Loss Amount	Number of Cases
40-49	\$22,145,094	\$738,170	30	\$25,495,597	\$708,211	36
50-59	21,031,647	1,051,582	20	45,699,781	1,428,118	32
30-39	19,394,943	692,677	28	7,662,697	425,705	18
60-69	14,801,729	1,850,216	8	5,754,764	822,109	7
Unknown	5,175,572	470,507	11	1,911,003	318,500	6
70-79	242,562	242,562	1	229,460	229,460	1
20-29	230,053	115,026	2	-	-	-
<b>Total</b>	<b>\$83,021,599</b>		<b>100</b>	<b>\$86,753,303</b>		<b>100</b>



EB gathered information on the asset theft cases in regards to the gender of the perpetrator. EB found that of the **100** cases reviewed, **66%** of the perpetrators were female. However, the average loss amount for cases with male perpetrators totaled **\$1,032,846**, which was **\$307,015**, or **42.3%**, greater than the average losses in cases with female perpetrators. The following table reveals the total loss amount, average loss amount and number of cases by the perpetrator's gender:

Gender	2010			2009		
	Total Loss Amount	Average Loss Amount	Number of Cases	Total Loss Amount	Average Loss Amount	Number of Cases
Female	\$47,904,835	\$725,831	66	\$55,378,273	\$814,386	68
Male	35,116,764	1,032,846	34	31,375,030	980,470	32
<b>Total</b>	<b>\$83,021,599</b>		<b>100</b>	<b>\$86,753,303</b>		<b>100</b>

### Duration of Asset Theft

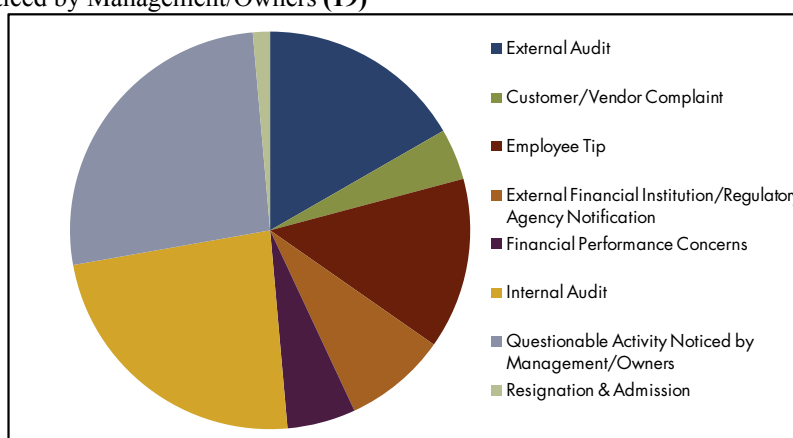
EB reviewed the length of time that the asset thefts occurred before being discovered. The largest total loss amount of **\$18,239,571** occurred in cases that lasted **1 – 2** years. It was also noted the most frequent duration of asset theft schemes was **1 – 2** years. The following table displays the total loss amount, average loss amount and number of cases by the number of years the asset theft occurred:

Number of Years	2010			2009		
	Total Loss Amount	Average Loss Amount	Number of Cases	Total Loss Amount	Average Loss Amount	Number of Cases
1 - 2	\$18,239,571	\$607,986	30	\$15,783,551	\$607,060	26
5 - 6	17,821,563	1,370,889	13	12,452,856	732,521	17
3 - 4	14,363,770	552,453	26	15,111,444	686,884	22
11+	14,286,563	2,857,313	5	829,460	414,730	2
7 - 8	7,825,341	711,395	11	32,564,763	2,326,055	14
9 - 10	5,767,566	1,153,513	5	3,422,000	684,400	5
< 1	3,227,785	806,946	4	365,000	365,000	1
Unknown	1,489,440	248,240	6	6,224,228	478,787	13
<b>Total</b>	<b>\$83,021,599</b>		<b>100</b>	<b>\$86,753,303</b>		<b>100</b>

### Detection of Loss

Information on how the loss was uncovered was available in seventy-two (72) of the asset theft cases. Events that lead to the case being revealed include the following situations:

- Questionable Activity Noticed by Management/Owners (19)
- Internal Audit (17)
- External Audit (12)
- Employee Tip (10)
- External Financial Institution/Regulatory Agency Notification (6)
- Financial Performance Concerns (4)
- Customer/Vendor Complaint (3)
- Resignation & Admission (1)



### Sentencing Terms & Restitution

EB reviewed available data on sentencing terms and restitution amounts for the asset theft cases. Of the cases reviewed, sentencing information was available in forty (40) instances. The average sentencing term for the perpetrators in these cases was slightly over fifty-five (55) months in prison. Restitution amounts were available in thirty-two (32) of the cases. The average restitution amount was **\$893,836**.

Punishment	2010	2009
Incarceration Sentence (in months)	55	60
Average Restitution Amount	\$893,836	\$775,359

### Financial Pressures of the Perpetrator

The most common financial pressure for perpetrators was gambling. Of the cases reviewed, gambling was a pressure for **18%** of perpetrators. Other pressures noted include: credit card debt, expensive taste beyond financial means, lavish lifestyles, and personal businesses owned by the perpetrator.

### Summary of Findings

- The total loss amount uncovered in the **100** asset cases reviewed totaled **\$83,021,599**.
- Fraudulent disbursements/transfers were the most common type of asset theft with the total loss amount equaling **\$30,802,485**.
- The South West Region had the largest total loss amount.
- The Central Region had the largest average loss amount.
- The South West Region had the most asset theft cases.
- The banking/finance industry had the greatest total loss of **\$83,021,599**.
- Perpetrators in executive positions created the largest average loss amount; however perpetrators in management positions were more prevalent.
- Perpetrators in the 40 – 49 year age group had the greatest loss amount totaling **\$22,145,094**.
- Females were the perpetrator in **66%** of the cases, however asset theft schemes perpetrated by males had an average loss that was **42.3%** greater than schemes committed by females.
- The greatest loss amount and highest frequency of cases occurred in cases that lasted **1 – 2** years in duration.
- Questionable activity noticed by management/owners was the most common event which led to the asset theft scheme being discovered.
- The average sentencing term for perpetrators was slightly over **55** months and the average restitution amount was **\$893,836**.
- Financial pressures of gambling were found in **18%** of the cases.