What Can Go Wrong: Liquid & Portable Assets

1. The VP of Finance authorized wire transfers and cashier's checks from company accounts directly to her personal AMEX card, and she instructed subordinates to book entries that make these items appear as legitimate business transactions. Over several years, she paid for over $30 million in personal expenses with company funds.

2. An employee benefits manager established a side business that was used to aggregate employee benefits contributions from the various branches. Because she was also given authority to maintain the ledger, assemble reports, and pay claims, she had the ability to write checks for $65,000; $50,000; and $40,000 payable to her side business, which she used for personal expenses. Over 7 years, she embezzled $43 million.

3. The CFO wrote checks to himself and his wife for over six years, in excess of $80 million, and booked false entries to make them look like legitimate transactions. The company never caught him – he confessed when the IRS auditors inquired about his lavish lifestyle.

4. A service employee ran a side business using the company truck and parts. He occasionally performed new product installations without the company's knowledge because the customer was willing to pay cash to have the employee come to the house on a weekend for a discount. Eventually, during regular service calls, he began intentionally damaging customer's property in order for the customer to require the technician return for a follow-up, which he would do on a weekend in exchange for cash payment.

5. Product installers who removed old units from customer sites took the units that they replaced and dropped them in a junk pile behind their employer's service center. Periodically, someone came to the center and paid cash for the scrap, and the branch manager kept the money.

6. A delivery driver shorted unwary customers and sold the stolen merchandise to other customers at a discount.

7. An outsider spoofed an executive's email to initiate a wire transfer from Finance & Accounting. Thinking the wire was authorized by the Chief Executive, the organization transferred $47 million to an unknown bank account in Hong Kong.

8. A treasury services employee processed unauthorized wire transfers for his own benefit. Discrepancies appeared as unidentified differences in the improperly completed bank reconciliation. When inquiries about discrepancies were sent to the perpetrator, he "corrected" them by making unauthorized transfers to conceal the shortage. The loss exceeded $3 million over two years.

9. Various parts dealers salted their deliveries to the warehouses with counterfeit parts, including valves, circuit breakers, fasteners, piping, tubing, flanges, sealants, structural steel, relays, gears, and fire-protection equipment.

10. The CFO and a warehouse manager colluded to establish a side business in which they created a catalogue of products carried in the company warehouse and sell the products from the catalogue

or on eBay. The warehouse manager stole the inventory to fuel their side business, while the CFO booked the entries to conceal the inventory shortages.

11. Of the company's 130 divisions, 35 of them reconciled their cash balances and hid cash shortages by simply using the word "plug" as the sole reconciling item.
12. An equities trader had the ability to both execute and settle his own trades. Because no other eyes were on his transactions, he was able to essentially execute a Ponzi scheme within his own company, amassing $500 million in losses.
13. A school district superintendent diverted $1 million of school funds to an outside bank account, which he used for personal expenditures.
14. A fuel trucker colluded with an accountant to steal 1.5 million gallons of fuel from a terminal over five years. The truck would sell the fuel at below market rates to gas stations, while the accountant misstated the internal fuel variance report and deleted bills of lading from the system.
15. The Director of Internal Audit had the power to close company bank accounts. In one situation, he closed an operating account, opened a new one at the same bank listing himself as sole signatory, and transferred the $500,000 account balance in the closed account into the new account controlled solely by him.
16. A hospital director solicited $200,000 in charitable donations, which he deposited into his own bank account.
17. A city mayor used holiday gift cards intended to be distributed to needy families for her own personal use.
18. The customer purchased a high-end unit, but the technician substituted and installed a lesser model.
19. A division manager ordered excess goods and stockpiled them in a corner of the warehouse because he did not want to lose his budget. He never intended to use the acquired goods, so the warehouse kept them underneath a green tarp cover.
20. Drivers use company vehicles for personal vacations and use company-paid fuel cards to fill up their personal vehicles.
21. Excess material was always delivered to an installation job. However, the excess was never returned to the yard; installers and contractors arranged to have it sold as scrap.
22. Employees swapped out major parts such as tires and even entire engines out of the fleet vehicles into their personal cars.
23. A regional controller cut company checks to himself and coded the disbursements to inventory purchases. A relative was the AP manager who would not question the disbursements. When the auditors performed inventory counts, the controller explained the discrepancies as "items in transit." The in-transit balance grew over the course of 3-4 years to exceed $1 million.