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## Fraud in the Workplace

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Most employers never would expect that a trusted employee might commit fraud, yet every year numerous businesses are forced into bankruptcy due to fraud. Even when it isn't that extreme, the Association of Certified Fraud Examiners' (ACFE) 2018 Global Fraud Study revealed that the typical organization loses a median of 5% of revenues each year due to fraud.

### The Fraud Triangle

Employers can utilize the "fraud triangle" to monitor and identify factors in the lives of key personnel that can lead to fraud. The fraud triangle is a model for explaining the factors that cause someone to commit occupational fraud. It consists of three components which, together, lead to fraudulent behavior: pressure, perceived opportunity and rationalization.

Pressure originates from a financial problem (personal or professional) that the individual is unable to solve through legitimate means, so he may consider stealing cash or falsifying a financial statement. Next comes opportunity, using a position of trust to solve the financial problem with a low risk of getting caught. It is worth noting that many white collar crimes are committed to maintain social status and pay for lavish lifestyles. The final step is rationalization - fraudsters typically do not see themselves as criminals, instead feeling that they are caught in a bad set of circumstances. They may even justify it by thinking that the employer underpaid them or is dishonest and deserved it.

### Forensic Accounting Support

Forensic accounting engagements can be specifically tailored to discover fraud and

sometimes even to prevent it. Attorneys engage forensic accountants to determine whether fraud occurred, estimate the extent of monetary loss, and uncover who committed the fraud. When litigation is selected as a means to recover losses, forensic accountants prepare reports on the damages and render expert testimony. At Smith Dickson, our forensic accounting specialists have logged thousands of hours of forensic accounting, deposition and trial experience, both as expert witnesses and consultants in matters ranging from economic damages to fraud and embezzlement. Smith Dickson's forensic accounting specialists will support your case with the highest level of expertise available.

**Deborah Dickson, CPA, CFF, MAFF** is President of Smith Dickson, An Accountancy Corporation ([www.smithdickson.com](http://www.smithdickson.com)) based in Irvine. The firm's Litigation Support Services include: damage calculations; lost profits; forensic accounting; expert testimony; intellectual property; fraud & embezzlement; real estate; trust & estate beneficiary disputes; tax controversy; and business dissolution. Thousands of hours of forensic accounting, deposition and trial experience. Ph. (949) 553-1020.



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