



ARTICLE

# Forensic due diligence

## The profile of a fraudster

Have you ever wondered about the profile of a corporate fraudster and if there are ever any common traits or patterns? Are they generally older or younger, male or female, new employees or long-established ones?

I recalled a survey from a few years ago that identified certain attributes of fraudsters. So, I dug a bit deeper and came across the [2018 ACFE Report to the Nations](#). It included some interesting facts and figures about the profile of fraudsters.

**Go large at the top** – there is a strong correlation between fraudsters' level of authority and the size of the fraud committed. Senior executives accounted for only 19% of fraud but the average loss was significantly more at \$850,000. This stands to reason if you are prepared to take such a big risk in a senior role, you may as well make it worth your while.

**Men are the main culprits** – men take bigger risks and accounted for 69% of fraud cases with an average loss of \$156,000, while females accounted for 31% of cases with a smaller average loss of \$89,000.

This could be indicative of the ongoing gender inequality issues in many corporate firms or it may say a lot about the different attitudes to risk and honesty between men and women. That is not to say, however, that women do not commit sizable frauds as well.

*This might indicate that educated fraudsters have a greater ability to identify “chinks in the armour” of an organisation and devise ways to get around controls.*

Take the Joyti De-Laurey case of 2004 for example, when she was convicted to seven years in prison for stealing £4.4 million from her former employer.

As a highly prized employee, she was able to siphon money from their personal accounts to fund a lavish lifestyle – including buying multiple properties in the UK, a seafront villa in Cyprus, Cartier jewellery, a speedboat and extravagant holidays. And yet none of this raised any eyebrows! But this would seem to be an isolated case: I cannot recall any other women who have been involved in fraud of this scale. The only other case that comes close is the more recent BA case last year, when Carole Farr defrauded her own colleagues of £1 million from staff funds and spent it on luxury flights and hotels. What was surprising about this case – aside from the fact that the fraudster was female – is that she had two previous convictions of fraud which clearly no-one had spotted.

**A well-educated bunch** – when it came to education, interestingly nearly half (47%) of fraudsters had a university degree.

This might indicate that educated fraudsters have a greater ability to identify “chinks in the armour” of an organisation and devise ways to get around controls. It may also translate into some swagger or confidence which means they think they are too smart to be caught.

**Long stayers take a bigger gamble** – employees who had been at an organisation for more than ten years were responsible for 24% of fraud but the average loss was \$241,000, with those who had been there for six to ten years falling closely behind (23%) but taking a slightly smaller gamble with an average loss of \$173,000.

Not surprisingly, those who have been in their roles for longer have gained more trust, are suspected less and can, therefore, justify taking a bigger risk. That said, those who had been in their roles for just one to five years were still accountable for 44% of fraud with an average loss of \$100,000 – a smaller risk but this group is still accountable for nearly half of employee fraud.

**Older and bolder** – despite accounting for only 6% of fraud cases, those aged 56 - 60 take the biggest risks with an average loss of \$480,000. This is probably because they have more opportunity as they are likely to be in senior roles and have built up trust having been with their organisations for numerous years, likely five years plus.

So to sum up, the profile of a fraudster is: Male, university educated, in a senior position, in his mid-to-late 50s and has been in his role for ten years plus. Hmmm, sound familiar?!?

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