

Common tricks an embezzler could be using to siphon off your funds:

1. Open a new bank account with the dba of your company, or slightly altered, in a bank you do not use and deposit your incoming checks into it.
2. Open new bank accounts with the dba of your biggest vendors, or slightly altered, in banks they do not use and deposit your payments into it.
3. Take out loans or credit lines for the business without authorization.
4. Submit fake invoices for services, office supplies or inventory items and pocket the payments. see *2 above.
5. Falsify overtime hours.
6. Falsify payroll by adding a fictitious person to the payroll.
7. Falsify discounts and returns.
8. Falsify reimbursement claims.
9. Falsify expense reports.
10. Take "advances" from cash and never repay it.
11. Use fraudulent receipts to support withdrawals from cash.
12. Purchase items for personal use or resale
13. Use company credit card to purchase personal items from vendors used by the company.
14. Fraudulent use of the company credit card concealed by having statement addressed to them.
15. Accept kickbacks from suppliers and vendors.
16. Outright theft of cash.
17. Outright theft of supplies, inventory, equipment and property for personal use or resale.
18. Check kiting.
19. Check lapping where payments intended for one account are moved around between accounts.

If you think there may be embezzlement in your company, do this RIGHT NOW:

1. Secure your accounting records from malicious destruction by using an off-site backup service.
 - A. Do not permit company data to be kept on CD, DVD, or flash drives.
2. Make sure you have keys to the files and administrative access to your accounting program.*
 - A. Try out your login to make sure it lets you in.
3. Cancel company debit cards and ATM withdrawal authorizations.
4. Restrict wire transfers to those with your approval.
5. Restrict, or closely monitor, any online payments or direct deposit payroll checks.
6. Accept all possible donations and receipts directly, digitally, into your checking account. (It's easier to rip off incoming checks than money that's already in the system.)
7. Have company mail sent to your home or to a PO box where you can pick it up yourself.
 - A. Record NAME and AMOUNT of all incoming checks and total. (This will allow you to investigate with the issuer any checks not deposited.) Then:
 - B. Check your bank statements:
 - a. Compare deposit totals and dates of deposit with your records. See A above.
 - b. Look for any duplicate payments.
 - c. Look for payments to unknown vendors.
 - d. Look for payroll checks to employees unknown to you.
 - e. Check ATM withdrawals and debit card payments.
 - f. Pay particular attention to electronic withdrawals, payments, etc.
 - g. Scan returned checks for alterations, forged signatures, etc.
 - C. Check company/employee credit card statements for unauthorized purchases.
 - D. Check purchase invoices for unauthorized purchases.
 - E. Check for customer complaints about their accounts.
 - F. Check for vendor complaints about their accounts.
 - G. Check for notices of unpaid taxes.
8. **Hire NO new accounting personnel without a thorough criminal background check.**

* Change your business methods to those in "ANTI-EMBEZZLEMENT METHODS for SMALL (and not so small) BUSINESSES" with all possible speed. Use the methods shown in "How to Detect Embezzlement on the QT" to search your accounting records for evidence of embezzlement. If you prefer not to do it yourself, or if you think embezzlement has been occurring over many months, even years, contact me at jhwhite@blarg.net.