Recognizing the behavioral clues displayed by fraudsters can help organizations more effectively detect fraud and minimize their losses.

8 KEY WARNING SIGNS

85% of all fraudsters displayed at least one behavioral red flag. These are the 8 most common behavioral clues of occupational fraud. At least one of these red flags was observed in 76% of all cases.

- Living beyond means: 39%
- Financial difficulties: 25%
- Unusually close association with vendor/customer: 20%
- Control issues, unwillingness to share duties: 13%
- Irritability, suspiciousness, or defensiveness: 12%
- Bullying or intimidation: 12%
- Divorce/family problems: 11%
- "Wheeler-dealer" attitude: 10%

Fraudsters living beyond their means has been the most common red flag in every study since 2008.

* "Bullying or intimidation" was included as an option in our survey beginning in 2014 and was asked in a separate question prior to 2022.
Recent divorce or family problems

- 17% of female fraudsters
- 9% of male fraudsters

More common with female fraudsters

Living beyond means
- 44% of female fraudsters
- 37% of male fraudsters

More common with male fraudsters

Financial difficulties
- 34% of female fraudsters
- 22% of male fraudsters

These five HR-related issues all involve a fraudster’s job or compensation security. All five increased in 2022.

- Fear of job loss
  - 16% in 2022
  - 12% in 2020

- Denied raise or promotion
  - 10% in 2022
  - 12% in 2020

- Cut in benefits
  - 7% in 2022
  - 4% in 2020

- Cut in pay
  - 6% in 2022
  - 4% in 2020

- Involuntary cut in hours
  - 4% in 2022
  - 2% in 2020

* Although all cases in our study were investigated in 2020–2021, some of the frauds may have predated COVID.

These 5 red flags were much more common among owner/executives

- Bullying or intimidation
  - 23% among owner/executives
  - 8% among non-owner/executives

- Control issues
  - 18% among owner/executives
  - 12% among non-owner/executives

- “Wig dealer” attitude
  - 17% among owner/executives
  - 9% among non-owner/executives

- Excessive pressure from within organization
  - 13% among owner/executives
  - 6% among non-owner/executives

- Past legal problems
  - 11% among owner/executives
  - 3% among non-owner/executives

Owner/executive
Non-Owner/executive

DID JOB UNCERTAINTY DURING COVID CONTRIBUTE TO FRAUD?

Some behavioral flags tended to correlate with the fraudster’s gender.

RED FLAGS IN THE C-SUITE

BEHAVIORAL RED FLAGS OF FRAUD  Occupational Fraud 2022: A Report to the Nations