THE FRAUD TREE

OCCUPATIONAL FRAUD AND ABUSE CLASSIFICATION SYSTEM

Corruption

- **Conflicts of Interest**
  - Purchasing Schemes
  - Sales Schemes
- **Bribery**
  - Invoice Kickbacks
  - Bid Rigging
- **Illegal Gratuities**
- **Economic Extortion**

Asset Misappropriation

Cash

- **Theft of Cash on Hand**
- **Theft of Cash Receipts**
  - **Skimming**
    - Sales
      - Unrecorded
      - Understated
    - Receivables
      - Write-Off Schemes
      - Lapping Schemes
      - Unconcealed
    - Refunds and Other
  - **Cash Larceny**
- **Fraudulent Disbursements**
  - **Billing Schemes**
    - Shell Company
    - Non-Accomplice Vendor
    - Personal Purchases
  - **Payroll Schemes**
    - Ghost Employee
    - Falsified Wages
    - Commission Schemes
  - **Expense Reimbursement Schemes**
    - Mischaracterized Expenses
    - Overstated Expenses
    - Fictitious Expenses
    - Multiple Reimbursements
  - **Check and Payment Tampering**
    - Forged Maker
    - Forged Endorsement
    - Altered Payee
    - Authorized Maker
  - **Register Disbursements**
    - False Voids
    - False Refunds

Inventory and All Other Assets

- **Misuse**
- **Larceny**
  - Asset Requisitions and Transfers
  - False Sales and Shipping
  - Purchasing and Receiving
  - Unconcealed Larceny

Financial Statement Fraud

- **Net Worth/Net Income Overstatements**
  - Timing Differences
  - Fictitious Revenues
  - Concealed Liabilities and Expenses
  - Improper Asset Valuations
  - Improper Disclosures
- **Net Worth/Net Income Understatements**
  - Timing Differences
  - Understated Revenues
  - Overstated Liabilities and Expenses
  - Improper Asset Valuations
  - Improper Disclosures