

# ExecutivePerils

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## **Crime Claims Scenarios**

1) Merchandise Thefts:

In addition to employees stealing cash and supplies, theft can result from a bookkeeper conspiring with a warehouse worker to alter inventory records and divert merchandise.

2) Ordering and Purchasing Scams:

Purchasing agents or buyers may over-order or pay to high a price for hard-to-move materials, then take kickbacks from the orders. A variation is for the buyer to start a fictitious company and “buy” materials for themselves at a very favorable price.

3) Cash Register Schemes:

Easy scams include voiding occasional sales or not ringing up sales and keeping the cash.

4) Seasonal Scams:

Some manufactures hire and lay off seasonal employees throughout the year. A dishonest employee in personnel may add phantom employees to the books, collect their paychecks, then remove them before the scam is detected.

5) Scrap Losses:

In many manufacturing processes, scrap metal is a by-product that can be sold to scrap dealers. Embezzlement schemes include dishonest employees selling scrap to dealers on the side, or selling it outright to a dealer for a reduced price in exchange for a kickback from the dealer.