

FRAUD GLOSSARY

Fraud: A misleading, deliberate action carried out to obtain dishonest or unethical gain.

A

Altered Inventory Records

To change or modify list of merchandise or stock on hand.

Asset Misappropriations

Any scheme that involves the theft or misuse of an organization's assets.

B

Bait and Switch

Is when a party attracts potential buyers by advertising a product or service and it is eventually revealed that the product or service originally offered is not available or as advertised. The goal of the bait and switch is to convince the buyer to accept a substitute product or substandard service.

Bribery

Any scheme in which a person offers, gives, receives, or solicits something of value for the purpose of influencing a business decision.

C

Cash Theft

Fraudulently steals cash/checks from daily receipts or cash register before they can be deposited in the bank.

Cheating

An act of dishonesty, fraud or swindle.

Check Forgery

Check that is presented as an original; however, the check has not been authorized for issue.

Check Tampering

Altering a check on one of the organization's bank accounts, or steals a check the organization has legitimately issued to another payee.

Computer Fraud

A conduct that involves the manipulation of a computer or computer data in order to dishonestly obtain money, property or to cause loss. Examples of computer fraud include stealing money from bank accounts and stealing information from other persons' computers for gain.

Computer System Penetration

Act of entering into computer systems so as to establish influence or gain information.

Conflict of Interest

Any scheme in which an employee, manager or executive has an undisclosed economic or personal interest in a transaction that could adversely affect the company as a result.

Corruption

Any scheme in which a person uses his or her influence in a business transaction to obtain an unauthorized benefit.

Credit Card Fraud

Using an invalid or stolen credit card to purchase goods or using the credit card in a dishonest way.

Credit Card Refund Schemes

An individual with access or control of credit card "machine" and using personal credit - processed a refund to their personal credit. The goal is to hide or offset negative receipts against total credit charges.

D

Duplicate Payment Schemes

Make a payment for exactly the same goods already paid with the original invoice. This can allow refunds issued to the individual.

E

Email Fraud

Email fraud is an inexpensive and popular method for distributing fraudulent messages to potential victims. Most fraud is carried out by people obtaining access to account numbers and passwords. Never respond to any messages that asks you to send cash or personal information.

F

Fake Receivable

Deceives or pretends to receive business assets in the form of obligations due from others.

False Account Entries

Making untrue entries in a statement of financial transactions.

False Count

Adjusting or correcting count of items.

False Data

Untrue information, especially information organized for analysis or used to reason or make decision.

False Documents

Not genuine or original documents.

False Expense Claims

Makes a claim for reimbursement for fictitious expenses.

False Expense Reimbursements

Any scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses.

False Financial Statements

Falsification of an organization's financial statements to make it appear more or less profitable.

False Invoices

Untrue itemized bill of goods sold or services provided.

False Report

Untrue or altered account of statement.

False Reporting

Untrue account or report presented in detail.

False Sales Invoices

A company sales invoice can be altered to show a lower sale amount than was actually the case. The difference between the real sale amount and the adjusted lower amount can then be misappropriated without the accounting system showing a red flag.

False Travel Claim

Submitting untrue expense claims for journeys not taken or claiming for extra miles on journeys.

False Vendors

Employee creates a shell company and bills employer for non-existent services.

Falsified Hours

Employee claims pay is due for un-worked hours.

Fictitious Refunds

Implies fabrication or deception to return money or repayment.

Forged Signatures

Act of imitating signatures on official documents.

G

Ghost Employee

A ghost employee is someone recorded on the payroll system, but who does not work for the business.

H

Hacking (Computer)

Accessing a computer without authorization with the intent to commit fraud or questionable activity.

I

Identity Theft

Personal information (e.g. social security numbers) of others used to gain benefit.

Improper Disclosures

Schemes in which management fails to disclose material information in its financial statements in an attempt to mislead users of the financial statements.

Inventory Fraud

Any scheme involving the theft or misappropriation of physical, non-cash assets such as inventory, equipment or supplies.

Inventory Theft

A list of goods or materials on hand (stock) taken unlawfully, stolen.

Invoice Altering

Untrue itemized bill of goods or services provided.

J

Journal Entry Fraud

Entries or adjustments made that are false or knowingly lacking proper support.

K

Kickbacks

A return of a part of a sum received often because of confidential agreement or coercion.

L

Lying

To speak falsely or utter untruth knowingly, as with intent to deceive.

M

Mail Fraud

A person knowingly and willfully devised a scheme to obtain money or property by means of false pretenses, representations by using mail.

Misrepresentation

To intentionally represent incorrectly, improperly, or falsely.

Moving Money to Inactive Accounts

Moving money to an account in which there have not been any transactions for an extended period of time with intent to use it/obtain it for personal gain.

N

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O

Overstated Refunds

Employee claims an exaggerated amount of repayment of expenses.

Overtime Authorization

Claiming for overtime hours without proper approval.

P

Payables Fraud

A deception practiced in requiring payment to a particular person or entity.

Paying Personal Expenses

The act of buying for personal use and submits invoice for payment.

Payment of Credit Card

Making payment for personal purchases bought with a company credit card.

Payroll Fraud

Employee claims pay for un-worked hours.

Performance Fraud

A deception carried out in accomplishing the work.

Personal Purchases

The act of buying for personal use.

Phony Contract Bids

To falsify, counterfeit/fabricate contracts.

Plagiarism

The act of taking the writings of another person and passing them off as one's own. The fraudulence is closely related to forgery and piracy - practices generally in violation of copyright laws.

Policy Violation

A plan of action adopted by management is used unlawfully or is in violation of the Terms.

Q

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R

Record Destruction (Improperly)

Illegally destroying or erasing information to hide questionable activity.

Reimbursement Refund Scheme

Purchase or pay for item and receiving reimbursement from employer with the goal of later seeking a refund from the retailer.

S

Skimming

Employee accepts payment from a customer but does not record the sale.

Software Piracy

Unlawful copying and distribution of software.

Stealing

To take the property of another without right or permission.

Swindling

To take money or property by deceit.

T

Technology Theft

Stealing specific methods, materials and devices used to solve practical problem.

Theft of Assets

Stealing anything of material value or usefulness that is owned by a person or company.

Theft of Checks

Fraudulently steals checks.

Timecard Tampering

Employee claims pay for un-worked hours.

U

Unauthorized Disbursements

An amount paid out or spent without official authorization.

Unauthorized Withdrawals

Removing something without prior approval.

V

Violation of Oath

Violating the solemn attestation of the truth; the truth of the statement of fact, (e.g. travel report reimbursement sign-offs).

W

Wire Transfer Fraud

Fraudulently transfer funds electronically from one bank to another to pay or credit money to a payee designated by a payer.

Workers' Compensation Fraud

Occurs when someone lies or willfully provides a false statement, or willfully misrepresents their physical condition to obtain benefits due to an injury at work.

Write-off Schemes

A reduction in the value of an asset or earnings by the amount of an expense or loss. The act of cancelling account or bad debt as worthless without proper approval.

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SMU Fraud Glossary

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