

Private Company Loss Scenarios from Chubb



Look-Alike Vendors

COVERAGE SECTION	Crime
Cause of action	Employee Theft (Phantom Vendor)
Type of organization	Technology Firm
Number of employees	More than 40
Annual revenue	More than \$40 million

DESCRIPTION OF EVENT

The head of accounting of a technology firm approved payments to several vendors with made-up names that sounded like actual vendors that the company had contracts with. For example, he approved invoices for ABC Company, a legitimate consulting firm doing work for the firm, as well as for ABC Inc., a phony consulting firm he had concocted. After more than two years, an accounting clerk on his staff noticed a slight difference in names and the scheme was uncovered. It turned out that the perpetrator had been funding a gambling habit.

RESOLUTION

The accounting head approved false invoices totaling more than \$650,000.



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Could this happen to your organization? Contact your trusted Chubb agent or broker.

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