

Bank Execs Offer Tips To Avoid Fraud

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A message from Joseph Kleinberg to small businesses: be wary of any bookkeeping or accounting employees who work long hours, refuse help from assistants and sweetly insist that they never need a vacation. They could be ripping you off.

While banks often take extra measures to protect themselves from theft, businesses and consumers who don't take as many precautions are more vulnerable, Kleinberg told a group of business clients last night at Boston Private Bank & Trust Co.

The hardworking accounting managers at businesses and nonprofits are often a major problem, said Kleinberg, the bank's security and fraud prevention manager.

The majority of embezzlers are women, often in their 40s - although the age ranges vary - who are in some sort of bookkeeping, customer services or sales position. They often work for small companies where they are the only one in charge of reconciling accounts or taking payments.

Usually it's a person who works late, doesn't go on vacation and refuses to take on an assistant, he said, because they don't want any other eyes on their work. Kleinberg classified the business owner as an extremely busy person who relies on and trusts his/her accountant.

Some tips: Insist employees take vacations, audit your accounts, and don't let the person authorizing payments be the same person to reconcile financial statements. And when you catch someone, press charges and tell the rest of the employees, Kleinberg said. Many employees caught embezzling are simply fired because the employer doesn't want the embarrassment of police involvement, so the thief moves on to rob another company.

The troubled economy has brought up more kinds of fraud and theft, he said, because more people are desperate for cash.

Francis Crosby, senior vice president at the bank, told the assembled crowd of clients to let the bank know if they suspected any kind of fraud, external or internal. One client called to double check something that just "felt wrong" Crosby said, and that phone call saved that client \$20,000.