

HOW OFTEN HAS A WOMAN BEEN THE SUBJECT OF YOUR INVESTIGATION?



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It is an interesting question, isn't it?

As an investigator with years of experience and having seen a bit of everything, I can usually come up with an answer off the top of my head when asked the typical questions and profile of the subjects of my investigations. This time though, I was caught by surprise and had to think really quite hard about an answer.



The question lingered in my head for days afterwards, and I could not stop myself from wondering about the role of women in fraud. How many times had a woman been the main subject of an investigation? Were they the key individuals or more of an accessory to a fraud scheme? What was the type of misconduct they were being investigated for? Did (or how did) they benefit from the wrongdoing?

I was also intrigued as to what my investigator colleagues would have to say on the topic, although I was not surprised by their answers. Yes, there had been a few cases when a woman was the subject of an investigation. No, they are often not the main perpetrator of the fraud although they often had a key role in the investigation (though far more typically as a whistleblower or witness rather than perpetrator). Most of the cases were related to embezzlement or contract breach, but there were a small number of complex fraud and money laundering schemes. It is difficult to talk about how much they benefited, but, in general, they got less than their male counterparties (and were usually less flashy about it)—though sometimes they just got away with it whilst others did not.

The responses on the role of women in fraud appear to be in line with recent research and studies that suggest women are less likely to be prosecuted for (and less likely to commit) fraud, in general, and, when they do, the scale of the misconduct is comparatively less than that of men. In the UK, women represented only 26% of fraud-related prosecutions dealt with by the Criminal Justice System in 2021—and only a smaller share of these were related to occupational fraud. According to a 2022 study published by the Association of Certified Fraud Examiners (ACFE), women represented 27% of perpetrators of fraud compared to 73% by men.⁽¹⁾/⁽²⁾ The same ACFE report also indicates that losses caused by women remain relatively smaller (25% less) than those by men despite an increase in recent years.

There have been many attempts to rationalise why women appear to be less prone to commit occupational fraud (in particular on a large scale). Some researchers alluded to the fact that, in general, men tend to commit more crimes than women or there is just not enough data on crimes committed by women (maybe they are just better at hiding their crimes?). There is also an argument that perhaps this reflects a lack of opportunity—women, historically, had less space in the workforce and fewer senior management positions and, therefore, less chance to engage in white-collar crime.

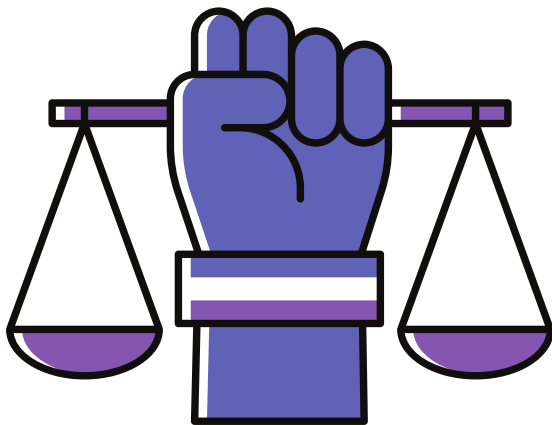


There are also those that refer to women being perceived as risk averse and more likely to conform to rules and norms than men. This argument has been used not only to explain women's apparently lesser involvement in occupational fraud but also to suggest that the participation of women in executive roles reduces the risk (and scale) of fraud and misconduct as a whole.

(1) <https://www.gov.uk/government/statistics/women-and-the-criminal-justice-system-2021/women-and-the-criminal-justice-system-2021#executive-summary>

(2) <https://acfe-public.s3.us-west-2.amazonaws.com/2022+Report+to+the+Nations.pdf>

Regardless of the argument, research indicates that greater gender diversity in executive positions can prove very beneficial to companies. A more diverse board brings a wider range of experiences and perspectives to the decision-making and risk-management processes; and it has been linked to increased accountability and transparency, overall improving governance practices. Diverse boards are viewed as having better oversight of reporting and controls and compliance with requirements, thus enhancing the prevention and detection (and reducing the risk of) fraud. In particular, studies refer to increased benefits from having women in roles that are focused on monitoring (e.g., chief financial officer) and advisory (e.g., independent directors), and there is reasonable evidence, both anecdotal and in empirical studies, that the quality of a firm's audit improves when the audit committee includes a female with financial expertise.



Gender diversity, particularly in executive positions, still has a very long road ahead. However, there have been significant improvements in recent years, and an increasing number of complex compliance roles, previously dominated by men, are now led by women. As an example, in the U.S., women represented only 26% of chief compliance officer positions in 2010. The number has since jumped to 35% in 2021.⁽³⁾ Women are also occupying more executive and managerial positions: in the UK, 40% of the FTSE 100 board positions are held by women (from 12.5% 10 years ago), and in the U.S., 99% of the Russell 1000 have at least two female board members.

In the majority of the investigations that I have worked on in the last five years, women were not the subjects but rather the victims (romance scams), the ones providing key assistance (whistleblower) or leading remediation efforts when things went wrong. I cannot recall the last time that I investigated a woman, but maybe this may change as we see more women climbing the corporate ladder, or if instead the increasing diversity will make good on its promise to improve governance and we will see falling numbers of large-scale fraud cases.

So, why do women appear so infrequently as the instigator of occupational fraud? Maybe, they're better at hiding it, maybe they're more honest, or maybe the corporate world is still dominated at a senior level by men and as a result the opportunity isn't available to them. From Melissa Caddick to Elizabeth Holmes, there are certainly a few of late that have stolen the headlines for some extraordinarily deceptive fraudulent activity. The answer as to why isn't clear so perhaps we'll just have to wait and see as more females rise up the corporate ladder, but either way, we can accept for now that more diversity is very likely to improve corporate governance aimed at preventing and detecting fraud and other illicit behaviour.



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(3) <https://www.zippia.com/chief-compliance-officer-jobs/demographics/>