



Claim's Voice

Crime SHIELD

GUARANTEE SHIELD

A manufacturer buys \$300,000 of glue from a non-existent supplier!

THE FACTS:

- o The production manager of a manufacturer made regular orders for glue to Magic Glue Inc. (a non-existent, fictitious company which he fraudulently created), for a portion of the manufacturer's needs.
- o Over time, Magic Glue Inc. became a regular supplier and invoices submitted were paid without anyone being aware that the supplies ordered were never received.
- o In a management cost-cutting study the fraud came to light.
- o The manufacturer collected \$100,000 — the policy limit
- o The actual loss was over \$300,000; the policy limits purchased were inadequate.

TIPS TO PROTECT YOUR ASSETS:

Trust your staff, but not blindly,

AND:

- o Develop a list of approved suppliers.
- o Conduct regular reviews of suppliers to ensure their existence and the value of their services and products.
- o Implement appropriate internal controls over purchasing, inventory, receiving and shipping, payables and receivables.
- o Confirm that goods are received before payment is authorized.
- o Segregate duties to prevent any one person from having control of a transaction from beginning to end.
- o Conduct unannounced internal 'spot' audits throughout.
- o Ensure Employee Dishonesty and Crime Insurance coverage is adequate to meet the realistic needs of your firm.

GUARANTEE SHIELD PRODUCTS INCLUDE:

- o Fidelity Bonds
- o Computer Fraud Coverages
- o ERISA Coverages
- o Financial Institution Bonds
- o Fiduciary Liability Policies
- o Directors' and Officers' Liability Policies
 - For Private Companies
 - For Public Companies
 - For Non-Profit Organizations



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