



## Fidelity Claims Scenarios

### Foreign Fraud

An assistant manager for a retailer was involved in a theft scheme with approximately 30 customers. Goods were purchased for export, but were never exported and were ultimately sold on the black market. The assistant manager received kickbacks for his involvement. The insured made a claim for sales taxes that were never paid. The loss claimed was approximately \$34 million.

### Payroll Manager Fraud

A payroll manager was involved in a dishonest scheme, where he overpaid obligations for payroll taxes. When the overpayments were brought to his attention, he directed the checks paid to reimburse the overpayment be sent to his attention. He opened a bank account in name similar to that of his employer and was able to steal the checks sent to reimburse the insured for the overpayments. The loss claimed was approximately \$3 million.

### Fraudulent Tax Refunds

An employee of the state revenue department issued fraudulent tax refunds to friends and family members. The amount of loss claimed was approximately \$11 million.

### False Invoicing

A site manager created false invoices to be paid to companies he controlled, he also worked in collusion with legitimate vendors and arranged for the payment of fraudulent invoices from which he received kickbacks and he paid for personal goods and services with company money. The loss claimed was in excess of \$9 million.

### Foreign Fraud

A CEO of foreign subsidiary was involved in a scheme wherein he submitted fraudulent invoices, stole inventory, and committed the company to transactions where he was self-dealing. The loss claimed, out of over \$51 million in transactions, was approximately \$30 million.

### Vendor Fraud

Three employees were involved in a theft scheme involving a plumbing subcontractor. The scheme included inflating invoices for materials supplied and work performed. The loss claimed was approximately \$20 million.

### Vendor Fraud

An employee was involved in a scheme with a contractor to pay inflated invoices in return for kickbacks. The loss claimed was approximately \$11 million.

### Vendor Fraud

A group of employees at a manufacturing plant were involved in a scheme with the scrap metal dealer to underestimate the value of scrap purchased by the scrap dealer. The employees received vacations, country club memberships and other gifts in return for their involvement. The loss claimed was approximately \$40 million.



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### Inventory Fraud

The Insured, a seafood wholesaler, alleged that one of its employees was engaged in a theft scheme with fisherman to steal by paying for non-existent seafood. To cover-up the theft, the employee allegedly created false inventory records. The claimed loss was more than \$12 million.

### Outsourcing Fraud

A state licensed money transmitter filed bankruptcy and was unable to pay more than \$75 million in obligations. Customers of public utilities did not know if their payments were received by the utilities. And, the utilities were faced with the very real possibility that they would have to absorb the loss.

### Senior Management Fraud

A CFO embezzled money from his company over the course of five years. He was making payments for assets that were never delivered to the company. The loss reported was \$77.5 million.

### Public Official Fraud

School officials stole from the school district in multiple ways over a period of 10 years. The officials used the money they took to pay personal expenses, home improvement and mortgage costs and the purchase of automobiles and lavish vacations. The loss reported was \$11.2 million.

*\*The loss scenarios described herein are provided solely for the purpose of providing examples of the types of claims which typically are submitted under a Fidelity Insurance policy, and such loss scenarios do not contain sufficient facts to determine whether all or part of such claims would be excluded from coverage by one or more of the terms and conditions of a Fidelity Insurance policy. Actual claims with similar or identical fact patterns may contain facts or circumstances which preclude coverage for all or part of such claims under a Fidelity Insurance policy.*

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