



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS**
In business for your business.

PREVENTING FRAUD IN YOUR BUSINESS

RECOGNIZING THE DANGER SIGNS

DID YOU KNOW LAST YEAR,

one in five small businesses has been victimized by fraud at an average cost of \$6,200 per incident? CFIB hears from too many businesses that have been victims of fraud. Use this guide to help recognize the danger signs and steer clear of fraud.

HAS YOUR BUSINESS:

- Been hounded by aggressive sales people requesting information?
- Accepted a shipment of office supplies that you never actually ordered?
- Paid invoices only to find out they were bogus?
- Accepted a credit card payment over the phone to later find the card was reported stolen?
- Purchased a first aid kit only to discover it was much more than you needed?
- Over paid for health and safety training?
- Hired someone to find out their resume had fake credentials?

Fraud is not going away. In fact, fraudsters are getting more sophisticated and harder to detect.



BY THE NUMBERS

44% of all small businesses victimized by fraud don't report it. Most victims don't think law enforcement can help.



BY THE NUMBERS

The **stress & hassle** of fraud are worse than the **financial losses**.

BE ON THE ALERT IF YOU HEAR...

"We are calling to confirm shipping details/account information."

"I was speaking with you previously."

"You have a two year listing with us."

"May I ask what type of copier you use?"

"I didn't buy that, my card was stolen."

WE WANT TO HELP YOU PREVENT FRAUD AT YOUR BUSINESS.

FRAUD IS EVERYONE'S BUSINESS.



Get in touch.

We're here to help.

Any questions? Call our business counsellors today.

1-888-234-2232 or cfib@cfib.ca

SMALL BUSINESS SCAMS YOU NEED TO KNOW—AND HOW TO STOP THEM

1. CREDIT CARD FRAUD

Transactions can be with or without the card present in the store. Certain activities put you at risk for costly charge backs!



STOP IT

- Create awareness by training your staff to recognize these types of fraud.
- Adopt a policy that credit cards transactions will NOT be taken over the phone.
- Look into e-commerce solutions that provide proper security for on-line transactions.
- Require customers picking up product to provide ID or the credit card that was used to authorize the transaction.
- Simply refuse to take credit card payments where the customer is not able to use the chip and pin.
- Always ensure your POS systems are chip-enabled.

2. HEALTH AND SAFETY FRAUD

Health and safety regulations have several layers, vary between provinces and occasionally change with little notice. Small businesses often are solicited to buy more than they need.



STOP IT

- Know what you need: sometimes businesses are sold training based on other province's regulations.
- There are always options for training available on-line and in person at various price points.
- The government will not call your business to solicit you to buy specific training.
- Provincial requirements for first aid kits vary depending on the number of employees you have.
- Kits can be purchased at retailers as well as first aid supply companies.

3. DIRECTORY FRAUD, FALSE INVOICING AND OFFICE SUPPLY SCAMS

The scam can appear to be as innocent as an invitation to update your information for record—or it can be an actual invoice requesting payment for something you didn't buy.



STOP IT

- Carefully inspect the name of the company on the invoice even if it seems familiar.
- Check for addresses that don't make sense, like international listings.
- Ensure there are no demands for payment in the fine print.
- Don't give business information out unless you know how it will be used.
- Never agree to anything over the phone—get it in writing.
- Ask for proof if someone insists something was ordered or authorized by someone in your business.

4. OCCUPATIONAL FRAUD

Internal fraud, also known as occupational fraud, can encompass a range of activities from outright theft, to falsifying accounts, to abusing flexible working hours by employees.



STOP IT

- Consider using pre-employment screening before hiring such as reference checks.
- Adopt and use an anti-fraud policy and ensure all staff understands it.
- Monitor your employee's performance and keep lines of communication open at all times.
- Identify your most valuable assets and think of ways to protect them such as with a privacy policy or a non-competition clause.

Legal Notice: This publication and its contents are for the members of the Canadian Federation of Independent Business ("CFIB") only, and are not intended for any other recipient. The contents of this publication are for informational purposes and the CFIB does not warrant the accuracy, currency or suitability of any of the information provided herein. Before acting on the basis of any information contained in this publication, please seek the advice of your professional advisors.