



RESPONDING TO DISCOVERY OF EMPLOYEE THEFT, FRAUD OR EMBEZZLEMENT

What could be more unnerving than the discovery that a trusted employee has been stealing from the company or engaging in other wrongdoing? The media is rife with stories about employees “cooking the books,” using company or client credit cards, taking company merchandise, running a personal business using company resources, and engaging in identity theft. Every company should be prepared for the eventuality that theft, fraud, or embezzlement may occur. Here are ten steps you can take if or when such a situation takes place.

1. Immediately remove the employee from the workplace (with or without pay) pending investigation, prevent office and computer access, and preserve all potential evidence.
2. If appropriate, hire one or more experts to audit your books or inventory and/or to take statements of persons who may have information.
3. Conduct a thorough investigation and determine whether termination or other discipline is appropriate.
4. Report the matter to proper authorities and the company’s insurance carrier, if appropriate under the circumstances.
5. If the employee belongs to a union, follow required collective bargaining agreement procedures for notifying the union of a suspension or other disciplinary action.
6. Address whether and how restitution will be made.
7. Limit discussion of the matter to company management or those with a need to know to reduce the risk of a defamation claim.
8. If the situation is newsworthy, contact a public relations consultant to engage in damage control.
9. Determine whether the incident should warrant the company contesting unemployment benefits or finding the employee ineligible for COBRA benefits.
10. Review company practices and procedures to determine whether the company had proper checks and balances in place that could have avoided the incident; if not, establish or tighten up procedures.

For further information on how to best manage situations involving employee theft, fraud or embezzlement, contact **Joan M. Eagle** at 312.845.5439 or jeagle@schwartzcooepr.com, or any other member of Schwartz Cooper’s Labor & Employment Practice Group.