

## Commercial

### Business Fraud—The Commercial Realities

The impact of business fraud can be dramatic, particularly for small or medium-sized enterprises (SMEs), where the losses can ruin them. Irrespective of the size of the business, it is fundamental to understand what the threats are and where they come from, so you can take action against them.

Business fraud can be defined as the intent or the act of misrepresentation- fraudsters lying about themselves or their actions and services to achieve economic gain.

In economically uncertain conditions, businesses tend to think more about innovation, growth and survival rather than risk management, due diligence and internal fraud prevention controls. But this approach leaves businesses particularly exposed to fraud, with many owners unaware of the risks their businesses face.

It is important to recognise that business fraud can come from anywhere, including, staff members, suppliers, clients and third parties, unconnected to the business. Active steps should be taken by the business to try and prevent it from happening and I set out some guidance as to how to do this below.

#### Business Fraud - Detection and Prevention

- Any trade arrangement between two businesses that sounds too good to be true usually is.
- Ensure you carry out due diligence so you can make a well-informed decision. Do not be coerced into a trade deal if you are not 100% sure who you are dealing with.
- Understand how money leaves your business, including, methods of payment, who has authority to make those payments, who checks payments are legitimate and always check your bank statements and that of the person you are trading with very carefully before transferring any money.
- Think about the right fraud prevention and detection strategy for your business: it should detail controls and procedures that all employees should adhere to, including money laundering checks.
- Secure and protect your property, this includes laptops, smartphones, computers, smartphones and the business' intellectual property.
- Factor in business insurance to cover items/goods if they're compromised or stolen. It is sensible to use and maintain inventories.

#### Tackling Business Fraud- Potential remedies if your business has suffered fraud

In order to pursue the wrongdoer for business fraud through the civil courts for the repayment of misappropriated funds, there must be evidence of wrongdoing, for example, misfeasance,

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misrepresentation, deceit, breach of contract, negligence, breach of fiduciary duty, breach of trust, unlawful means conspiracy, knowing receipt or unjust enrichment.

It is important to gather evidence to help establish your claim in fraud, this may include:-

- Bank statements detailing the transfer of funds to the fraudulent traders bank account.
- Details of the fraudster's bank account where the money was transferred for the transaction.
- Proof of mischievous behaviour- emails, letters or any other documents evidencing there has been wrongdoing.
- Any recorded phone calls with the fraudster that led to your business having its money/ goods taken.
- Details of any assets that were taken and descriptions of the goods, including the destination of the goods and what was ordered as part of the transaction.

If your business has suffered at the hands of a fraudster, it is often still possible to recover the money before it is put out of reach but you must act fast. We can freeze bank accounts and other assets in order to recover funds on behalf of our clients. We have a collaborative approach, working closely with specialist bodies, such as forensic accountants, fraud agencies and asset tracers, in order to trace our clients' assets in the UK and abroad.

## Contact Us

We take care in building winning strategies tailored to our clients' specific needs. We have particular expertise in tracing and recovering assets in both the UK and overseas. If you require advice on business fraud or any other commercial dispute matter, please contact us.

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