

PROSEGUR RESEARCH

Crime within and against companies

Andrea Giménez-Salinas Framis

FIADYS



PROSEGUR

Index

.....

01	Executive summary	3
-----------	--------------------------	----------

.....

02	Introduction	5
-----------	---------------------	----------

.....

03	Crime within companies	6
-----------	-------------------------------	----------

.....

04	Crime against companies	9
-----------	--------------------------------	----------

.....

05	Consequences and impacts of crime within and against companies	16
-----------	-----------------------------------------------------------------------	-----------

.....

The ideas reflected in the analysis are solely responsibility of their authors and do not necessarily reflect the opinions of Prosegur Research.

1. Executive summary

Companies are constantly facing a dynamic world, whose exponential transformation sometimes imposes existential challenges for organizations seeking to operate in it. **Operating in a secure environment** is one of the basic challenges for the survival of businesses, but it becomes an almost **impossible challenge when the threats and risks they face are unknown**, and when they **evolve in an accelerated and confusing manner**.

One of them is **crime in the business environment**, which sees companies as actors or victims in the complex criminal network that makes it up. Although it is a phenomenon that is widespread in all countries and adapted to all sectors, with greater or lesser roots, it is also **under-studied** and, therefore, **under-dimensioned**: the few existing official data do not differentiate whether the victim is a company or an actor; in turn, companies do not disclose the data either, preventing a correct assessment of the problem. This empirical blindness has made invisible the **important particular impacts** of this type of business-related crime: (i) including a legal structure can act as a cog in the wheel of a criminal activity, which intensifies the difficulties in identification, prosecution and action, **requiring specific and specialized efforts** to do so; (ii) it can give rise to sustainable **predatory relationships**, seriously affecting the freedom of action of entrepreneurs and **free competition**; (iii) this also affects users or customers, who make up the demand for a service or product, as they may find a **distorted offer**, not paying a fair price.

Recent studies affirm that **collaborators with justice and the involvement of society** as a whole have proven to be the most effective factors in the fight against crime in the business environment.

For this reason, **Prosegur Research has initiated a series of studies on security culture** that delve into this complex problem, which includes **crimes committed within companies**, such as those against workers or punishable insolvency, as well as crimes committed against companies, such as extortion, fraud or internal fraud.

The latest data published in the 2021 Latinobarómetro reflect this reality: companies are on the list of concerns expressed by the society, especially with regard to different criminal behaviors that they consider should be eradicated. In addition, the data also show that large companies and entrepreneurs appear in the ranking of people and institutions with greater power in the country, reflecting once again the demands of today's societies in terms of protection at different levels. But not only that, almost half of the companies also emphasize being victims of different crimes, especially fraud and other types of economic infractions, committed in 43% of the cases by external personnel, compared to 31% internal. The remaining 26% is due to those cases in which the criminal activity is carried out by an external agent with the complicity of personnel from the business environment, according to the latest study published by PwC in 2022. Finally, another recently published study developed by the British Police, the 2021 Commercial Victimization Survey (CVS), highlights that almost half of the companies studied (belonging to the wholesale and retail sector) report an increase in the levels of violence and aggression since the beginning of the COVID-19 pandemic, and that 38% of them have been victims of at least one crime. All this reflects the need to reflect on crime in the business environment and, where appropriate, take preventive and reactive measures to minimize the victimization of staff and ultimately society.



In this context, a mapping of the **main criminal typologies committed within and against companies** is elaborated with the expert Andrea Giménez-Salinas; this classification is intended to be a true **taxonomy of crime in the business environment** that allows us to explore the criminal realities from an expert mind but open to new criminal formulas, assuming the constant change of the world, also the criminal one.

The purpose of this initiative is to carry out an **analysis from a strategic reflection**. Only by studying the complexity of the criminal world will we be able to anticipate criminal trends in

or against companies, detecting weak signals and generating early warning systems; contributing to the dissemination of **knowledge about security**. In this way, efforts to eradicate these highly **specialized illegal activities** can be complemented by the collaboration of employees or customers, and involve citizens as a whole as part of the security culture. Without forgetting that companies are legal structures behind which there are always people, and that they are always perpetrators or victims, accomplices to crime or collaborators of justice. It is up to **all of us to eradicate this type of crime**, now more than ever, given the current economic, political and social situation.

Figure 1
Taxonomy of crime in the business environment

Crime:



By representatives or executives
(Corporate crime)

It includes those crimes committed by the executives or people who occupy positions of representation of the company and whose benefit falls on the same company or its owners.



By employees
(Occupational crime)
or external agents

Includes criminal offenses that occur in professional development, mainly by public or private employees. This type of crime occurs in the work environment, regardless of the occupation or position held, and its beneficiary is the same employee or professional. It can also be committed through external agents benefiting people who are not from the company.

Crimes committed within companies:

- Money laundering
- Fraud and swindling
- Punishable insolvencies
- Crimes against workers' rights
- Crimes against the market and consumers
- Crimes against the Public Treasury and Social Security

Crimes committed against companies

Perpetrated by company employees for their own benefit:

- Various insider crimes such as internal theft, swindling and fraud, illicit use of information, sabotage, etc.

Committed against companies by external agents

- Illegal acts committed by other companies or competitors.
- Crimes committed by other agents external to the company
- Economic infiltration by organized crime.

2. Introduction

Corporate crime encompasses all illicit activity committed by company representatives or executives for the benefit of the company. On the other hand, by crime against companies we include those crimes where the company is the victim independently whether they are carried out by internal or external personnel. This criminological and non-penal differentiation allows us

to distinguish between different levels and different criminal activities affecting the company depending on who is the perpetrator and who is the victim. Most of the activities we will discuss below will fall into the category of economic crime, and only when the illicit activities are perpetrated by external agents other more common criminal typologies will be discussed.

Figure 2

Types of crime depending on the identity of the perpetrator and the role of the company



Source: Prosegur, 2022

White collar crime is a very different area of crime from what we call ordinary crime (against property, against sexual freedom or against public health) in terms of the perpetrators who commit it, the context in which they are carried out and the impact or harm they cause to the victims. In a criminological sense, economic crime is an “unlawful conduct that violates the fiduciary responsibility of the public trust, committed by persons in the course of their occupational activity and of high socioeconomic status” (Helmakamp, Ball and Townsend, 1996).

Thus, **the characteristics that distinguish** them are:

- 01 Their perpetrators, who have a more qualified professional preparation and training.
- 02 The scope of commission of these crimes, which occur in a professional environment, within an occupation, whether in private practice or public service.

3. Crime within companies

These are criminal offenses committed by persons holding positions in management bodies, for the benefit of the company itself or its owners. In this category, there is room for a wide range of illegal conducts, such as:

3.1. Money laundering

This is the transformation of capital or asset's appearance whose origin is illicit into a legal one. It can be produced by different procedures, but an example of money laundering carried out in a company would be the creation of a dummy corporation to which a fictitious administrator is assigned that prevents the true ownership of the company from being related; or that has been expressly constituted for such purpose. In any case, the laundering process normally consists of injecting illicit funds which, through the development of the activity and the generation of profits, transform and camouflage their illicit origin. This is usually carried out through false invoicing or the makeup of profit and loss accounts, etc.

3.2. Frauds and scams

Frauds or scams carried out through companies to show an appearance of legality. The scam would be a property offence in which a deception is used to provoke an error in the victim which leads him to carry out an act of patrimonial disposition to the detriment of himself or a third party. Throughout history, there have been numerous scams carried out through companies. For example, the company Bosques Naturales offered to invest in trees that were planted very small and the investment was recovered in 20 years, with a profit of three or four times the initial investment. Later, when the time came to pay the investors, neither the money invested, nor their profit was returned.

The increase in technology and the massive use of the Internet, accelerated by the COVID-19 pandemic, have led to a gradual shift from in-person illicit activities to the virtual environment. One of the activities that is developing strongly through the network are precisely the scams or frauds in different formats.



Different formats of fraud and scams



Which consists of the possibility of remotely accessing the computer devices of potential victims, using different methods (e.g. trojans or spyware softwares) to steal passwords without the victim's knowledge. This allows the impersonation of the victim's identity and access to bank passwords, credit card data or access codes to many other services from which economic benefits can be obtained.



Is the fraudulent obtaining of passwords through the actions carried out by the victim who, through ignorance and lack of technical training, provides them to the fraudster in some way. The most common way of obtaining these passwords is by sending apparently reliable e-mails or messages pretending to come from legal entities or companies (e.g. banks). These contain a link to fake web pages very similar to the real ones where the customer is asked for the passwords. The Spanish National Cryptological Computer Emergency Response Team CenterT's report on cyber-threats and trends for 2021 warns that corporate phishing or phishing directed at companies has increased by 200% and that 36% of companies and organizations have been victimized.



This is a variant of phishing that consists of manipulating DNS (Domain Name Server) addresses or the servers responsible for leading users to the pages they want so that, when the user uses it to visit certain pages, they do not correspond to the real ones but to others created to collect their personal data and passwords.



This is a very harmful modality that involves using telephone marketing programs to establish telephone connections to networks through a high-cost premium rate number without informing the user of the installation.



Mass purchases through web pages have created endless opportunities for fraud at different stages of the online sales process, from false product offers, to delivery of defective products or failure to ship the product when it has been previously paid for.



In this case they are not strictly speaking frauds but are rather attacks that use malware and cryptocurrency mining or rely on remote control devices to disable systems such as production processes of companies. These types of attacks often seek a ransom in exchange for returning control to the companies or return the data that has been extracted. This type of data hijacking has involved the payment of millions of dollars.

*Fraud in online sales transactions

3.3.

Punishable insolvencies

They are intended to protect the rights of creditors of companies or individuals. The company, through its administrators, may incur in a crime of asset stripping when they carry out acts of asset disposition or generate obligations to reach a situation of insolvency and avoid the payment of their debts to creditors. Also, the crime of punishable insolvency affects the legal or natural person who is in a situation of actual or imminent insolvency and performs acts (hiding or destroying assets, transferring them, simulating credits, etc.) to justify that it has no assets, and thus avoid paying creditors. They may also commit false accounting by falsifying the company's activity and eliminating debtors from the accounts.

3.4.

Offenses against workers' rights

These are actions committed by legal entities that harm, suppress or restrict rights established for workers. The most common are infringements against work safety regulations or the imposition of illegal working conditions, not registering workers with the Social Security or hiring foreigners without a work permit.

3.5.

Crimes against the market and consumers

These are those socioeconomic crimes that threaten the market, free competition and consumers. For example, the crime of disclosure of secrets, when relevant information about the company is shared with competitors in order to undermine its competitive capacity or benefit others to climb positions in the sector. In this regard and with today's technical advances, this type of espionage may occur through the use of technical or computerized means. Cyber espionage has increased considerably and constitutes a real threat to companies and public entities. According to the

CCN-CERT's 2021 Cyber Threats and Trends Report, COVID-19 has been a great pretext for the increase of this type of espionage as hundreds of fake domains impersonating government entities used to send attacks with malicious emails have been detected. The most famous case was that of the company Solarwinds, which in 2020 suffered an intrusion in which the code of one of its network management applications was modified to introduce a backdoor that was then transmitted to its customers (18,000 public and private sector entities), including US government departments. The incident had immense consequences but even attacked part of the source code of Microsoft's nine (CCN-CERT, 2021).

Investor fraud is also a criminal offense that involves the managers of a company issuing securities traded on the stock markets that misrepresent the economic and financial information contained in the financial booklet about its resources, activities and present and future business with the aim of attracting investors. False invoicing may also occur when, in detriment of the consumer, higher amounts are invoiced for products or services whose price is automatically measured by altering the devices that measure it. Finally, misleading advertising may be used, consisting of promoting offers or false advertising of products or services causing a manifest detriment to consumers.

3.6.

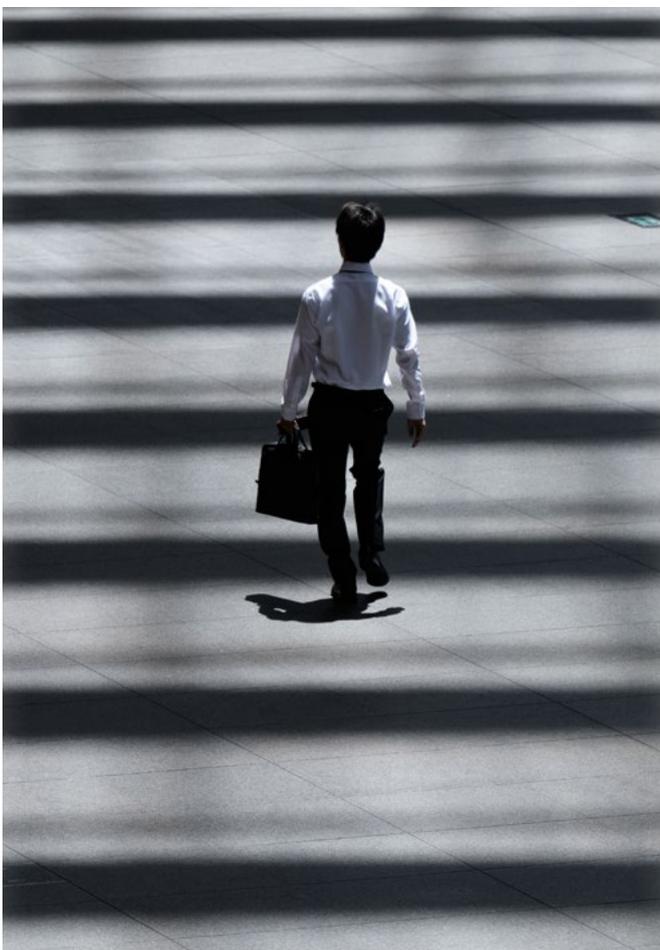
Offenses against the Public Treasury and Social Security

Occasionally companies evade tax payment or obligations for different reasons. Likewise, companies may commit criminal offenses for non-payment of Social Security contributions for their employees' contracts. These types of offenses also include accounting offenses and subsidy fraud.

4. Crime against companies

4.1. Perpetrated by employees of the companies for their own benefit

It is particularly difficult to find data in Spain on crimes committed by employees and, at the international level there are few surveys that are systematically conducted to measure this type of crime and that disaggregate crimes committed by employees themselves from those perpetrated by external agents. Despite these, a few examples show the scale of the problem.



PWC's Global Economic Crime and Fraud Survey, conducted in 2020, in which 5,000 companies participated, concluded that 47% of the companies interviewed had suffered a fraud in the last 24 months. The most prevalent crimes were consumer fraud (35%), cybercrime (34%) and theft or misappropriation of company assets (31%). It also reported that customer fraud rose sharply, from 29% to 35% in the last two years.

In Mexico, the National Business Victimization Survey 2022, shows that 1.2 million of companies were victims of some crime in 2021: the most prevalent crime was extortion (28.9%).

In Europe, the International Crime Business Survey (2004) also yielded similar figures in 9 cities in Central Europe, specifically 27% of companies suffered offenses by their employees or outsiders and less than half are reported to the police.

In Spain, the 2010 Economic Crime and Business Fraud Report showed that 37% of respondents in Spain reported having suffered some type of economic crime in the last 12 months. The most frequent crimes were misappropriation of assets (28%), bribery and corruption (13%), accounting manipulation (11%), unauthorized transactions (8%), obtaining fraudulent financing (8%), money laundering (5%), insider trading (5%), tax fraud (5%), etc.

In Spain, there have not been many studies related to crimes committed against companies by employees, but a concept has been developed that measures the loss of products suffered by a company due to internal or external theft. We are referring to “unknown loss”, which is regularly studied by the Spanish Association of Manufacturers and Distributors (AECOC).

Unknown loss: this is defined as the difference between the stock or theoretical stock and the actual stock of the goods sold, calculated as a result of an audit.

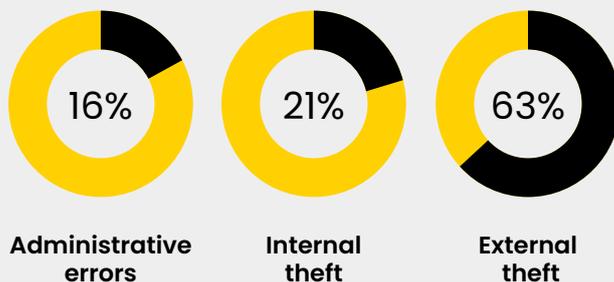
This unknown loss is result of three causes:

- By external theft by persons who do not work in the company but misappropriate the products sold by the company. This usually occurs in retail establishments such as supermarkets, clothing stores, etc.
- Due to internal theft or robberies committed by the employees themselves who, in the course of their work, appropriate the company’s material, products or money.
- Due to administrative errors arising from management, accounting, etc. failures.

According to a 2015 study conducted by the AECOC Association, such unknown losses produced an economic loss of 1,675 million euros in Spain. The report calculates that the loss rate according to economic sectors was an average of 0.8%, with differences existing between sectors.

The distribution between the different types of losses is as follows: 62% came from external thefts, 21% from thefts committed within the company by employees, and the remaining 16% from accounting or management errors.

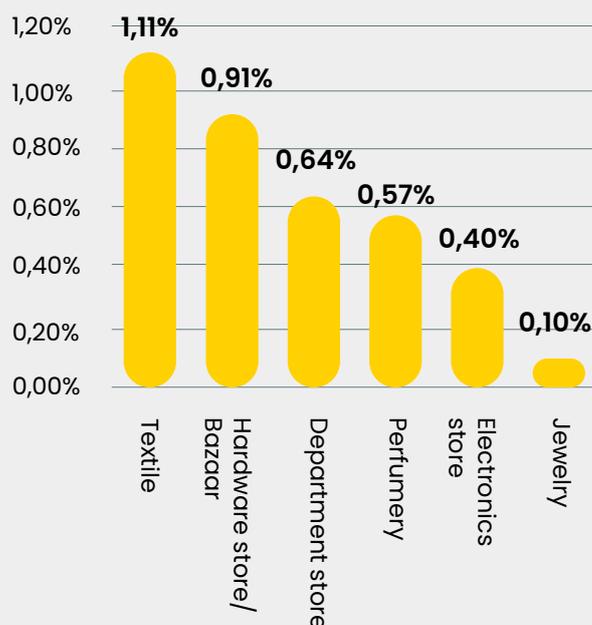
Figure 3
Unknown loss’s distribution



Source: Prosegur, 2022 based on AECOC, 2015

As shown in figure 3, the textile sector, hardware and bazaars and department stores are the ones with the highest losses, followed by perfumery, electronics and jewelry stores.

Figure 4
Unknown loss’s distribution by sectors



Source: Prosegur, 2022 based on AECOC, 2015

In Spain, the external theft incidence is concerning in comparison to other European countries. It is the second European country with more theft in distribution and the fifth worldwide according to the World Orchard Barometer in Distribution 2013-2014. Among the most coveted products are fashion accessories, jewelry, footwear, electronic tools, cell phones, wines and spirits and makeup and facial creams.

Where do losses occur and why?

80% of losses occur in stores, 10% in distribution centers and 10% during transportation. Therefore, 20% of the loss occur during the logistical process before reaching the point of sale. According to European data, 63% of unknown loss occurs at Christmas or New Year's Eve, 19% during sales seasons, 12% at back-to-school period and 6% in Spring Break (Global Retail Theft Barometer, 2013-2014).

Domestic theft

Regarding theft and crimes committed by employees there is a significant gap on its dimensions and characteristics. Although there is prevalence data (21% in Europe and Spain) there is no data on the characteristics or location of these thefts. We assume that since these are illegal actions committed internally, companies manage these conflicts privately without reporting them except when the amount or the event is very serious. Therefore, the sanctions or solutions to such acts are private and will not have any public repercussions.

4.2.

Perpetrated against companies by external people

The crimes where companies are the victims are very diverse. In this case we will talk about those that are caused by the actions of external actors. Depending on who is behind the criminal actions, we will have different interests that will also determine the criminal strategy. Below we will explain the most common actions:

Offenses committed by other companies or competitors

Competing companies may be interested in increasing their production or profits by undermining those of the victimized company. Companies may be victims of cybercrimes seeking confidential information or in order to break into accounts or management platforms to obtain money or relevant information on the operation of the company. They can also be victims of counterfeiting of their brands or products that are highly demanded in the market when the brand is known.

Crimes committed by other agents outside of the company

These occur when organized groups or individuals enter the company's establishments to steal merchandise or products that are on sale in stores or stored in warehouses, or that constitute the company's main material resources.

External theft is a very common phenomenon and we have some data on its characteristics in Spain, thanks to the aforementioned study on unknown loss.



01

The value of the merchandise stolen in establishments is between 50 and 400 euros, but 49% of the stolen products have a value between 50 and 100 euros.

02

The perpetrators are generally people posing as customers, organized gangs or professional thieves, and the main reason for the theft is to sell the products in illicit markets (88%).

03

The products that are most stolen are those that can be easily resold in parallel markets and those that are not basic necessities, but are in high demand and include a large benefit.

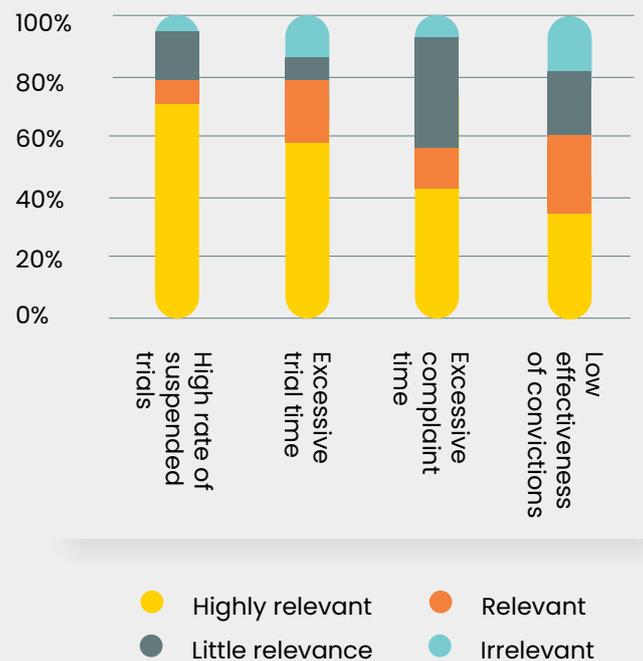
04

The most stolen products are alcoholic beverages, within food products, clothing, in the textile sector, razor blades and perfumes in cosmetics, tools in hardware and tablets in the electronics sector.

It should also be noted that many of these incidents are not reported through the official channels, as many company representatives report inconveniences in taking legal action against the perpetrators of the thefts. The main drawbacks are related to the difficulty of the judicial process and its ineffectiveness.

Figure 5

Inconveniences when officially reporting thefts



Source: Prosegur, 2022 based on AECOC, 2015

Economic infiltration by organized crime

Criminal organizations victimize and use companies to develop their activities, especially in contexts such as Europe, where they are closely monitored and pursued by law enforcement agencies. Thus, economic infiltration refers to the penetration by criminal groups into the business fabric for their own benefit.

Specifically, we refer to cases in which a natural person (or acting on their behalf) or legal entity belonging to a criminal organization invests financial resources to participate in the decision-making process of an illicit business. The objective pursued with infiltration, unlike other illicit actions such as money laundering or investments, is the search for the control of the company by the criminal group in order to reorient it for illicit purposes.

The reasons why organized crime may want to infiltrate the legal economy through its business fabric are diverse:

A

To mask the activity or illicit money generated by the business of the criminal organization.

The most typical purposes for infiltration of a company are in order to protect and launder money.

For example, the family behind the Peruvian drug trafficking cartel Sanchez Paredes used a complex network of shell companies, some located in Florida, and Peruvian gold mines to cover and disguise the cocaine trafficking it had been doing for years. It is common for organized crime groups to invest in sectors where they can use companies to camouflage illicit activity. A very typical case is the creation of companies in the transport sector to facilitate the movement of drugs internationally.

A classic example to illustrate this type of use of companies for money laundering is the use of casinos as front companies by adding to the real turnover of the casino the amount of money to be laundered and thus, through false invoicing to confuse and mix the money generated illegally with the legal one. Casinos are places where a large amount of cash is handled and, therefore, it is particularly easy to proceed with money laundering. In addition to those establishments with large cash flows, there are other sectors that are also vulnerable to economic infiltration due to the lack of control and the ease of entry into the sector due to the low professional and technical qualification requirements: real estate, sports and hospitality sectors.

B

To favor the development of the illegal activity through the possession of stolen goods

This occurs when companies or commercial activities are used as a way to sell illegally obtained products. They are usually legal companies that are at the end of the supply chain in illicit trafficking as a way of providing an outlet in the legal market for illicitly trafficked products. For example, in the case of stolen vehicles, car

dealerships are the final links in the conviction that will help sell these products to end consumers; antique dealers also provide an outlet for stolen and illicitly obtained art products; gyms or natural products stores for illegal medicines, etc.

To obtain higher economic benefits and diversify the activity

C

In these cases, when creating commercial companies' ownership is hidden by the use of front. A method traditionally used by Russian mafias is the so-called "raid", which consists of the appropriation of companies by violent and illegitimate means in order to subsequently produce their fraudulent bankruptcy and thus appropriate the economic benefits.

In recent years, with the COVID-19 pandemic, we have seen a spectacular turnaround of many criminal groups that, through fictitious companies, took advantage of the shortage of pharmaceutical and health products related to the virus as a real business opportunity or as an opportunity to develop large-scale frauds. Between March 3 and 10 in 2020, Interpol carried out an operation in 90 countries where 34,000 unauthorized and trafficked products for healthcare use (self-diagnostic tests, masks and glucose controls) were intercepted. Law enforcement authorities identified more than 2,500 links to COVID-19 related products, 37 criminal organizations were dismantled, and 121 arrests were made (Europol, 2020).

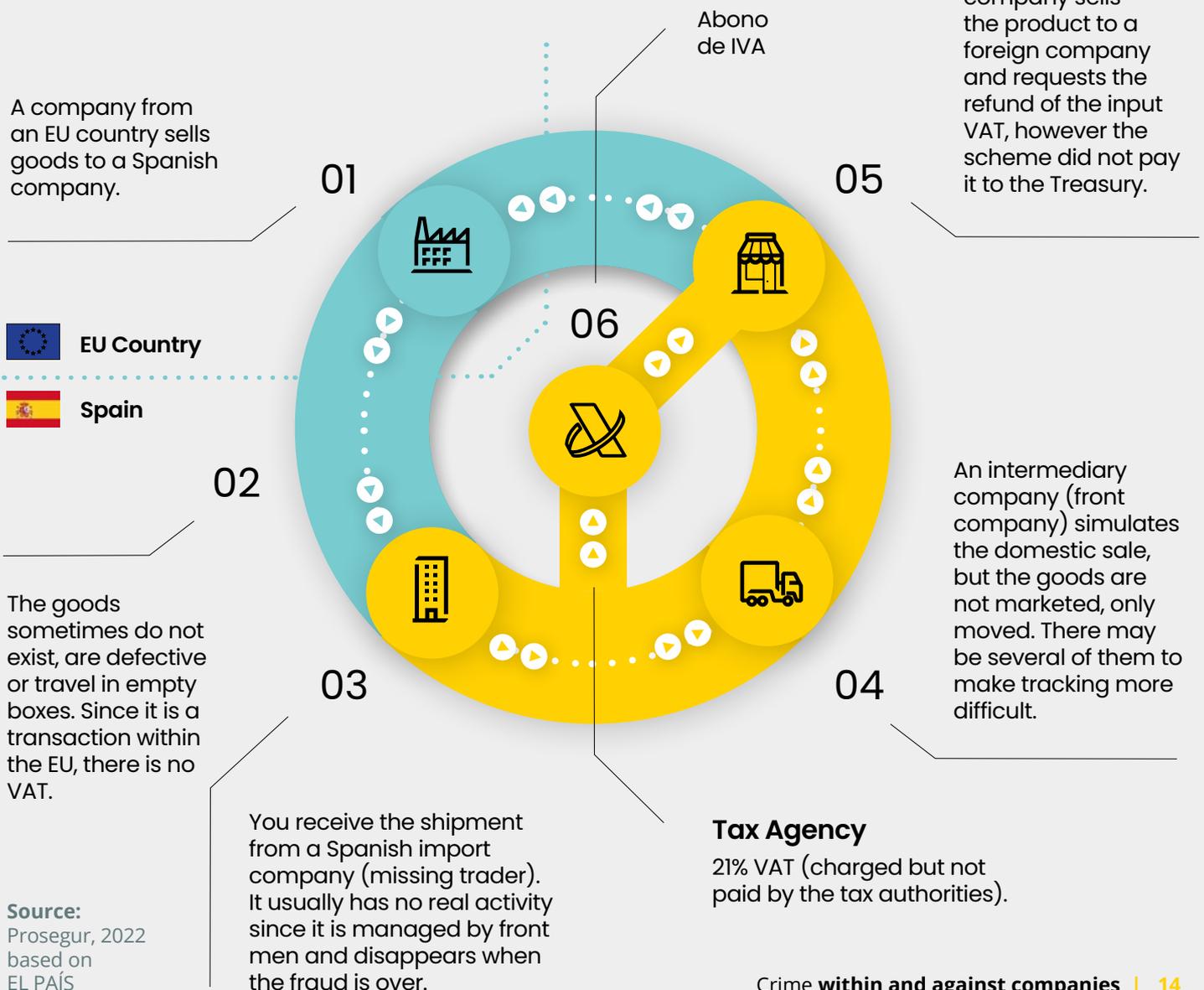
To perpetrate large-scale frauds such as value added taxes fraud

The aim is to avoid paying taxes by generating economic activity that is generally fictitious. This activity can have European dimensions, involving several countries at the same time, in what is called "Missing trader fraud" or "Carroussel" fraud. In this case, a network of front companies is set up to act in the within the EU area to subsequently

request VAT refunds from the public finances of the different countries, taking advantage of the fact that EU deliveries are exempt from VAT. It is called "carrousel" fraud because the goods move in circles and in a fictitious manner, without ever reaching the final consumer. The consequences of this type of fraud are extremely serious, since not only do they fail to pay the Treasury, but they also obtain income from the public finances in the form of VAT refunds, which leads to unfair competition against companies in the sector that comply with their tax obligations.

Figure 6

This is how the "Carousel fraud" works



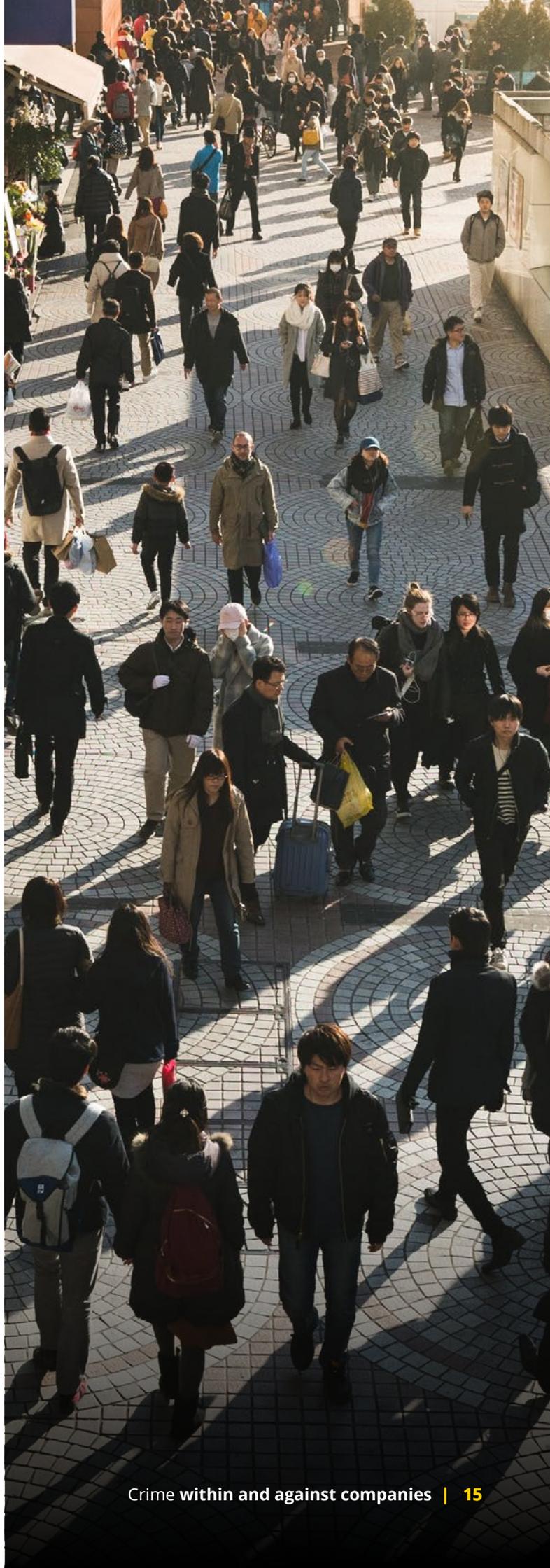
Another typical way of using companies to perpetrate fraud is the purchase, whether under extortion, threat or by taking advantage of bankruptcy, of companies in favored sectors or beneficiaries of national or European subsidies. In this sense, some Italian mafias have generated large economic revenues by being indirect beneficiaries of European subsidies through companies controlled by them.

E

To obtain positions of influence or the approval of the population

The usual formula for infiltration is the acquisition of companies through extortive and intimidating methods, thus taking advantage of the companies' economic difficulties. Organizations often take advantage of situations of economic crisis of part or all of the company and then refloat it for different purposes. This is used to gain a privileged position in the economic sector, obtain favors or political immunity, and sometimes to provide employment to the population thus gaining the support of the local population where they operate. In this sense, economic crises and periods in which companies experience financial problems are great opportunities to take over companies, control economic sectors, acquire positions of power and relevance in the local sphere, be able to receive public aid and offer employment to the population. This allows them to gradually gain local business and economic control.

In 2022, in an operation carried out by the Italian police, assets worth more than 800 million euros were confiscated belonging to three brothers accused of being linked to the 'Ndrangheta. The businessmen had a monopoly in all the sectors where they operated and thus strengthened the mafia's grip on control of the Lamezia Terme area in Calabria.



5. Consequences and impacts of crime within and against companies

The impact of crime within companies is enormous and occurs at multiple levels. On the one hand, when the victim is the company, either by individual action or by organized crime groups, the consequences are suffered directly by the entity. On the other hand, when it is the company or its employees who commit the crimes, the impact is felt by the society as a whole and by citizens in particular when they consume goods produced by these companies.

A survey carried out by Price Waterhouse in 2009 showed that 73.6% of Spanish managers quantified the economic damage suffered in 12 months at less than one million

US dollars. Moreover, the average economic damage in Spain of companies affected by one or more frauds in the last 12 months amounted to 730,644 euros. Furthermore, added indirect costs which are difficult to estimate, such as consequences on image or reputation, personnel and cost of external advisors should also be considered. Thus, reflecting why 47.3% of Spanish companies that had suffered a business fraud in the last 12 months considered that the frauds had had a significant or very significant impact on their business.

Below, we show the impact in more concrete terms:

Consequences for the companies

The victimization suffered by companies is reflected in the following ways

01

When competing companies are the perpetrators of criminal actions, there is a **clear imbalance in the economic sector and a clear unfair competition which**, in the most serious situations, can lead to bankruptcy or the cessation of the activity of the companies due to the impossibility of continuing to maintain the activity under the conditions in which it is carried out.

02

As a consequence of the offenses, the companies may also need **to resort to indebtedness**, to face the economic losses suffered and to be able to maintain the business. This indebtedness is a direct consequence of the crime that otherwise would not have occurred and is usually passed on to the products by **increasing prices** to consumers.

03

As a consequence of the victimization suffered, there is usually an **increase** in spending on insurance and additional investments and on methods to reinforce product security and protection. It is estimated that retail establishments may invest 0.13% of annual sales in electronic protection systems to protect items (AECOC, 2015).

04

Occasionally, a highly victimized business or company may suffer increases in insurance premiums and, **being at risk**, assume more investments in prevention and protection. It may also assume indemnity or compensation payments for damages, or additional protection to prevent further victimization.

05

Repeated victimization and the impact on economic activity can entail significant **reputational costs** that translate into economic costs that are difficult to estimate, such as those derived from the reduction in sales as a result of the **decrease in demand** and the decision of consumers to turn to alternative competing companies.

06

In addition, the victimization of the company can lead to increased **feelings of insecurity** among the workforce due to the risks they face, resulting in lower motivation and higher staff turnover, with the consequent **additional effort** in recruitment, candidate selection and employee training. For their part, employees who remain with the company may also suffer psychological consequences and lead to higher absenteeism as a result of repeated victimization and risk-taking.

Social and economic consequences

When criminal actions are committed by companies, it is society as a whole that suffers the consequences and the impact of these actions. The most serious effects are the following:

A

Loss of revenue for States due to tax evasion. Crimes involving a failure to pay taxes for companies cause a serious reduction in the financing of public resources and, therefore, it is society as a whole that suffers from insufficient or deficient of public resources available to citizens.

B

Business losses incurred internally or externally, as well as the additional investment this entails in safety or security, are usually recovered through higher prices for the final product. It is therefore the end consumers who ultimately bear the additional cost caused by the crime.

C

There is usually an increase in public and private spending on crime prosecution and financial investigation. The costs and economic impact of crime committed within the company also translate into higher investments in the prevention, investigation and prosecution of these crimes.



We guarantee the safety
of people, companies
and society as a whole

For more information contact
research@prosegur.com
www.prosegurresearch.com

