



**AUTOMOTIVE
AFTERMARKET
SERVICES**

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ALERT

Internal Malfeasance

The Most Common Types of Employee Fraud, Theft

AT SOME point, the odds are that a company will be affected by some form of employee theft or outright fraud.

Fraud can severely crimp a company's finances and put the firm in a serious bind if the theft is large enough. With technology, fraud has in some ways become easier, but at the same time it typically leaves a trail of electronic breadcrumbs that can identify the perpetrator.

According to a report by the Association of Certified Fraud Examiners (ACFE), below are the main types of fraud to watch out for and how to keep it from happening:

Purchase order fraud

This is typically carried out in one of two ways:

- The employee initiates purchase orders for goods that are diverted for personal use, or
- The employee sets up a phantom vendor account, into which they pay fraudulent invoices, with funds eventually being diverted to the employee.

Company credit cards

Employees who have company credit cards may use them for illegitimate purposes. Some common types of fraudulent use of credit cards include fuel purchases, airfares, home supplies, meals that are not work-related and entertainment.

Payroll fraud

There are typically three ways someone can pull off this fraud:

- Setting up phantom employees on your payroll systems whose "pay" is diverted to the perpetrator's account.
- Paying out excessive overtime.
- Continuing to pay staff after they leave.

You should have systems in place to detect whether you have more than one employee with the same bank account number or the same address, unusually high overtime payments and whether dead or terminated employees are still on your payroll.

Sales and receivables

Some employees may collude with vendors to make payments for services never rendered or products never received.

Other times, you may have sales reps who inflate sales to receive higher commissions or bonuses.

Data theft

This involves an employee stealing important company data like trade secrets, personally identifiable information, client credit card numbers or client lists. In some cases, the employee would provide this data to third parties.

You may be able to detect this kind of theft by running tests to see if a database has been accessed by an employee without access privileges or if reports were generated by employees without authorization.

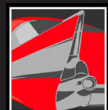
You may also be able to run tests to find out if any employees have sent e-mail with attachments that include sensitive data.

What you can do

If you are going to do any employee monitoring to identify and thwart fraud, focus operations and systems where most fraud occurs: procurement, payments and salaries.

The ACFE said that by analyzing transactions in these areas, it is often possible to identify a wide range of employee fraud.

See 'Employees' on page 2



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Wishes You a

Happy New Year

2026

Discipline Should Be Part of Your Safety Program

DOES YOUR Injury and Illness Prevention Program spell out the disciplinary action your company will pursue if its safety rules are not adhered to?

Addressing disciplinary issues can be a very sensitive and stressful process for most managers, supervisors and employees. However, if disciplinary issues are avoided or handled poorly, it can lead to serious consequences such as property damage, injury or even fatality.

Looking at discipline not as a form of punishment but as a rule or system of rules governing conduct or activity in order to eliminate unsafe circumstances, might ease the stress for the owner, manager and employee.

Education is key to establishing proper disciplinary procedures and holding employees accountable to the company's health and safety policy and program, as well as to applicable regulatory requirements.

The main objective of a disciplinary program is to ensure that rules and safe work practices are taken seriously by all employees, and that they are followed. When disciplinary action is deemed appropriate, it should be conducted in a timely manner. Trying to correct unsafe behavior by waiting only allows a habit to become more ingrained.

Discipline should be positive, not punitive or negative. The goal is to correct the problem, action or behavior. The type of discipline should fit the severity of the misconduct and be conducted in private.

Five-step disciplinary program process

Action	Employees involved
Review policy and procedures	Managers and supervisors
Investigate accusations and infractions	Supervisors, safety & health reps
Determine and review disciplinary actions	Supervisors, safety & health reps
Document disciplinary actions and program enforcement	Supervisors, safety & health reps
Conduct disciplinary meetings and promote safe work practices and regulatory compliance	Supervisors, safety & health reps

If your company hires subcontractors, they should also be required to comply with your health and safety policy.

Sample disciplinary action

Make it clear that the company reserves the right to discipline employees who knowingly violate company safety rules or policies. Disciplinary measures should include, but not be limited to:

- Verbal warning (documented) for minor offenses.
- Written warning for more severe or repeated violations.
- Suspension, if prior warnings do not prove to be sufficient.

If none of the above measures achieve satisfactory corrective results and no other acceptable solution can be found, the company will have no choice but to terminate employment for those who continue to jeopardize their own safety and the safety of others.

Non-punitive discipline

The first step of formal non-punitive discipline is to issue an "oral reminder," with the manager's primary goal being to gain the employee's agreement to solve the problem.

Should the problem continue, the manager moves to the second step – the "written reminder." Together, the manager and the employee create an action plan to address issues.

If that yields no results, management places the individual on a paid, one-day "decision-making leave." The employee is instructed to return with a decision either to change and stay, or quit and find more satisfying work elsewhere. Thus, the purpose of the disciplinary transaction has changed from a punishment method to a process that requires individuals to accept responsibility for their own behavior, performance and continued participation in the enterprise.



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Employees Committing Fraud May Display Behavioral Clues

Fraudster traits to watch for

According to the report, three out of four fraudsters displayed at least one of the following behavioral clues (these behaviors do not mean an employee is committing fraud, so don't jump to conclusions):

- Living beyond means (39%)
- Financial difficulties (27%)
- Unusually close association with vendor/customer (20%)
- Control issues/unwillingness to share duties (13%)
- Irritability, suspiciousness or defensiveness (12%)
- "Wheeler-dealer" attitude (12%)
- Bullying or intimidation (11%)
- Divorce/family problems (10%)

Repetitive Motion Injuries Present Growing Challenges

REPETITIVE MOTION injuries (RMIs) are rising in workplaces across multiple industries. Unlike injuries that result from a specific moment such as a fall or a machinery accident, these injuries evolve gradually from movements or postures repeated hundreds or thousands of times over months or years.

But because there is no single triggering incident, these workers' comp claims have become some of the most difficult to handle, prove or defend against. They can also stay open for years, driving up claim costs, which in turn can affect an employer's premiums.

Part of the difficulty is evidentiary. Physicians must demonstrate that job motions caused the injury, which requires detailed accounts of job duties, duration, frequency and mechanics. Workers' recollections of when symptoms began and how they progressed can become crucial. At the same time, employers often lack the detailed ergonomic records that could refute the claim.

Repetitive motion cases often escalate beyond the original area of complaint. A worker initially reporting wrist pain may later add neck, shoulder or back symptoms as the claim progresses. Because symptoms progress slowly and inconsistently, litigation is often lengthy.

In many cases, the lack of a specific injury date also impacts statute of limitations arguments. Some states start the clock at "first noticed symptoms," others at "date of medical diagnosis" and some at "date of last exposure to the repetitive task." This makes these claims so challenging.

What you can do

- Conduct ergonomic evaluations of each job role.
- Redesign workstations to fit the worker rather than the job.
- Rotate job responsibilities to reduce repetitive strain.
- Require and encourage micro-breaks (five to 10 minutes every hour).
- Provide adjustable chairs and tools.
- Train workers on proper lifting and posture mechanics.
- Encourage early symptom reporting.
- Document job descriptions and physical requirements.

Note: Workers are more likely to report pain early if they believe it will not be held against them. Encourage early reporting by promoting it as a preventive measure that can stave off long-term damage.

Jobs with high rates of RMIs

Tasks in various jobs can result in repetitive use injuries, such as:

- Nurses repeatedly supporting patients
- Warehouse workers lifting or twisting
- Retail stockers bending to shelving height
- Airline ground staff pushing heavy carts
- Construction workers handling vibrating tools
- Office employees typing at poorly aligned workstations

State-by-state differences

State workers' compensation statutes vary in how they treat RMIs. Some states like New York, New Jersey, California, Illinois and Minnesota have case law or statutes that recognize repetitive trauma as a compensable workers' compensation claim even without a defined moment of injury.

Conversely, some states apply stricter evidentiary thresholds by requiring medical certainty.



Smartphone Use and Ergonomics

AS SMARTPHONES have become ubiquitous, the dangers of using the phones have largely centered on driving while using the devices. But besides the obvious danger, safety experts are raising concerns about ergonomic hazards associated with using mobile phones.

The most common injury cited from using mobile phones is neck pain from either cradling the device between the ear and shoulder or from excessive bending of the neck downward when writing or scrolling. Another phenomenon is “cell phone elbow,” a pain caused by having one’s arm constantly bent while talking on the phone.

Text messaging

There has been an increasing number of reported cases of individuals, who have developed an issue similar to carpal tunnel syndrome from excessive texting.

According to London-based Virgin Mobile, 38% of its frequent users suffer from sore wrists and thumbs from texting.

While your staff may not be sending text messages routinely as part of their jobs, those with smartphones may be writing e-mails as well as memos or more while on the go. Because phones are usually no more than three inches wide, users are forced to invert their hands at an awkward angle when typing. Using the phones in such a way on a routine basis could lead to carpal tunnel syndrome.

Solution: Virgin Mobile, which launched a website to help people avoid developing “text message injuries,” recommends the following:

- If your hand starts to hurt, stop and use the other hand or call.
- Vary the hand you use.
- Vary the fingers you use.
- Don’t text for more than a few minutes without a break.

Hand exercises to reduce pain

If you experience soreness, numbness or slight pain from typing on your smartphone, Virgin Mobile recommends:

- Tapping each finger with the thumb of the same hand. Repeat five times.
- Pulling your thumb firmly with the other hand. Repeat five times.
- Wrapping an elastic band around the tips of your fingers and thumb and opening your hand against the resistance. Repeat 20 times.
- Tapping the palm and back of your hand on your thigh as quickly as you can. Repeat 20 times.
- Massaging the web of your thumb, back of forearm and front of forearm for two minutes.
- Pressing and rubbing in a circular motion the painful areas in those muscles for 30 seconds.
- Reaching up high with both arms and shaking your hands. Reach down low with both arms and shake. Repeat three times
- With your arms at 45 degrees, squeezing them behind your back.

If it still hurts after a week of doing exercises, wrap an ice pack on sore hand and arm parts. Do not put ice directly on the skin but wrap in a thin cloth or piece of kitchen roll. 10 minutes on, 10 minutes off. Repeat three times.

Pain in the neck

Many individuals who use their smartphone excessively may also be setting themselves up to have a stiff neck. Most people bend their heads down when reading the screen.

Solution: When using the phone for something other than making a phone call, keep your elbows next to your body, elbows bent at 135 degrees, head straight and over your shoulders, and your eyes looking down at the phone without bringing your head forward and down. Use both hands to text or search the Internet, versus only your thumbs.

If you are using your device for extended periods, make sure to take breaks and do some exercises such as:

- Bending the neck to one shoulder and holding for five seconds, then rotating to the other side,
- Slowly turning your head to the left and right as far as you can go without pain, or
- Making a half circle with your head by bending it to one shoulder, dropping it down to your chest and continuing the movement to the other shoulder.

When making a phone call, don’t cradle your phone but use a headset or switch hands and ears periodically during the call.

‘Cell phone elbow’

Frequent smartphone use can also cause carpal tunnel syndrome’s lesser-known cousin ailment, cubital tunnel syndrome.

The ailment has been dubbed “cell phone elbow,” which is exhibited by numbness, tingling and pain in the forearm and hand caused by compression of the ulnar nerve, which passes along the bony bump on the inside of the elbow. (The ulnar nerve is what causes the pain felt when you hit your “funny bone.”)

Cell phone elbow is caused by prolonged flexing of the elbow, such as when you hold a cell phone to your ear. It’s also an occupational injury suffered by people who type and others who work with their elbows bent tighter than 90 degrees.

Solution: Use a hands-free headset or switch hands every 10 minutes while speaking on a cell phone.

