

Fraud-Related Interviewing

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Preface

How to Utilize This Text

This text was written to address a work in progress. The work in progress is your fraud-related interviewing capabilities and effectiveness. The objective herein is to respond to the diversity of readership interviewing skill levels. On one extreme you are new to the interview process in and of itself and now find yourself responsible for conducting interviews which may include focusing on fraud. You may be an auditor, a newly appointed investigator in the public or private sector, a human resource director, CEO or the like. On the other extreme, you have been conducting fraud-related interviews since the creation and interviews in general well before then. In between the two extremes are the vast majority of readers. You have knowledge, skills and abilities regarding the interview process and are now focusing on fraud-related interviewing specifically and are determined to improve even more.

Our goal is to serve all interviewing skill levels and this text unfolds accordingly. As you proceed through the text you will find:

- **Teaching points:** information applying directly to the conduct of the fraud-related interview.
- **Applications questions:** these are designed to link what is already known with the material presented. You can choose to pass quickly by a given question or pause to reflect, apply and assimilate.
- **Exercises:** these are the “doing” components of the text. Just as there are exercises to increase sports related skills or artis-

tic related skills, herein are exercises designed to enhance interviewing related skills.

- **Chapter Take Away:** The critical interviewing related component within the chapter for chapters one through six.
- **Interviewing Skill Enhancement Activity:** Provides an activity to enhance the related interviewing ability addressed in the chapter. Found in chapters one through six.
- **Quick Interviewing Related Inserts:** Questions, observations or recommendations from others involved in fraud-related interviewing. These inserts are designed to provide a salient interviewing element or to make the reader think upon the question asked or the observation provided as they read the related information in the chapter.
- **Examinations:** found at the end of chapters one through seven.

Please note this text is **designed to focus on the dynamics of the fraud-related interview specifically**. Consequently, for those also seeking additional information regarding the foundations of the interview process to include questioning, detecting deception and persuasion, we would reference you to the following texts. These additional resources can serve to provide the opportunity for further study as relating to your particular interviewing responsibilities.

Interviewing and Interrogation 2nd Edition, Rabon, Chapman, Carolina Academic Press;

Persuasive Interviewing (text and Participant Workbook), Rabon, Chapman, Carolina Academic Press;

Investigative Discourse Analysis, Rabon, Carolina Academic Press.

The website for Carolina Academic Press is www.cap-press.com.

Wherever you may find yourself vis-à-vis the skill level necessary to conduct fraud-related interviews, this text is designed to take you from where you are to where you would like to be. As with most things in life you will get out of this text what you invest into processing the information, intensely addressing the questions and meticulously performing the exercises. A cursory reading of this text will result in correlating benefits. A slow, deliberate work

through of the material will broaden the interviewer's perspective and provide additional options for responding to the ever changing dynamic within the conduct of a fraud-related interview.

The text unfolds as follows: The foundational component will consist of the presentation, analysis and amplification of an interview conducted with a convicted fraudster. Within the interview the interviewee will relate the precipitating circumstances relating to his personal fraud, his fraud methodologies and situational outcomes in response to the inquiries of the interviewer. He will relate his activities while referencing to Company A and Company B.

As the interview with the fraudster unfolds:

- Appropriate application questions will be posed to the reader. These questions are designed to link the reader to the information provided and to expand his/her understanding of the dynamics regarding the commission of fraud and their subsequent relation to the conduct of the fraud-related interview;
- Explanations are provided that address fraud-related interviewing applications;
- Appropriate exercises.

All of the text elements are designed to assist in transitioning the reader from his/her current level (as they define it) of fraud-related interviewing to the skill level to which they aspire.

The questions asked and communication devices utilized by the interviewer should be examined carefully. They are structured to serve as questioning reference examples and interviewing techniques in the reader's own subsequent fraud-related interviews as well as operating within the context of the interview.

Additionally, the text incorporates the information provided by another convicted fraudster regarding his cognitions before and during the commission of the fraud, efforts to avoid detection and mindsets during the conduct of the interview.

Lastly, you will find the further you progress in the text the more challenging the application questions and the exercises become. They should prove to be informative challenges and interesting explorations to those intrepid pilgrims seeking to improve their fraud-

related interviewing abilities. Toward that end they will inevitably cause the reader to struggle. Remember however, that the learning is in the struggle.

Feedback, questions, shared experiences and observations from the “field” are always appreciated. We can be reached at dwrabon@msn.com and te.chapman@hotmail.com.

Introduction

Fraud, with its endless variety of manifestations, has been around for a long time. For example, in the first century a startup organization was created. Two of its members—a husband and wife—decided to retain an amount of organizational funds for themselves. Following this, a brief but thorough investigation was undertaken, which and it involved conducting interviews with the targets of the investigation. In each case, deception on the part of the interviewee was involved. The organization had a strong, no-tolerance policy with regard to fraud. As a result, both fraudsters were dead within three hours. Like any organization, the internal grapevine was operating at full capacity and word of what had happened quickly percolated throughout its members. As would be expected, this incident quickly got everyone’s attention and generated a great deal of respect for and fear of the consequences for violating the organizational fraud policy. It is assumed that the reduced fraud incidents reflected the newfound respect, for some period of time thereafter, among members of the organization.

The organization was the newly formed and developing Christian church. The fraud-related interviews were conducted by Simon Peter (“Simon” means “hearing,” an excellent attribute for any interviewer) Peter. As in any case of fraud there was concealment and deceit. A full account can be found in Acts, 5:1–11.

A good deal of time has passed since this act of fraud occurred, but not much has changed. Fraud is evidenced on all levels of human endeavor—federal, state, local, private and public sectors, occupational, secular and spiritual organizations, national and international. It is impossible to read or watch the news and not be confronted with yet more incidents involving fraud. Today, as we

finalize this text, there are reports of a significant embezzlement case in a major city involving the public school system. Among those charged are two principals. The prosecutor referenced a “culture of corruption.”

An audit revealed there was \$2.1 million misappropriated annually, including unauthorized healthcare payments, cell phones, and motorcycles. Fraud manipulations can range from the individual who embezzles money from the charity fund of the local women’s league to the head of a multinational corporation making false statements on the annual report, to an individual who steals classified information and exchanges it for money with a foreign country.

Prosecuting Fraud

One of the major challenges in the fight against fraud is the prosecution thereof. Fraud can, and often does, involve a complexity of undertakings on the part of the fraudster. Consequently, it is a daunting task for the prosecution explaining those complexities to twelve people who could not manage to avoid jury duty. Often the case is prosecuted by a newer assistant district attorney with limited trial experience who does not possess an abundant knowledge of the financial complexities involved in many fraud cases and this may result in the blind leading the blind.

Finally, and potentially the most debilitating to the successful prosecution, is the inadvertent creation of a sympathetic jury during the conduct of the trial. Adding these three dynamics together, it is easy to see why prosecutors are often reluctant to take a fraud case to trial. Here is fraud reality 101: the investigation or audit can produce a preponderance of evidence but no admission of guilt; the prosecution may be unwilling to take the case and may therefore be open to the prospect of allowing the fraudster to plea bargain.

Conversely, the case may not have involved a great deal of evidence initially but *an admission was obtained!* In this case, the prosecution would be much more receptive to taking the case forward.

The fraud-related interview as an admission—seeking vehicle is a fundamental focus of this text.

This text concerns itself with the interview process as it relates to the fraud investigation, a fraud-related audit, or inquiry into a reported fraud. Our position is that the dynamics of fraud itself are inexorably connected to the subsequent fraud interview and ultimately the outcome of the investigation. The interview is not an isolated event but rather a part of the *nagare*, (a Japanese word meaning “flow”) of the entire (in this case) fraud dynamic from precursors, to the commission of the crime, to closure. In the fraud-related interview, the interviewer connects three different time periods—the past, the present, and the future. The past addresses the dynamics of the individual and his or her subsequent behavior resulting in the commission of the fraud. The future is the sought after successful outcome of the fraud investigation. The present involves the conduct of the interview itself. In the present, the interviewer seeks to connect the past and the future—the flow, if you will, of all three.

Like Shakespeare’s Hamlet, the complexities of mind and motive make fraud-related interviewing one of the most challenging and intellectually exciting of the various crime-specific interview dynamics. As we examine together these complexities, our twofold purpose in developing this text is to enhance the interviewer’s knowledge, skill, and abilities in the fraud-related interview and, just as importantly, to open the interviewer’s mind to the idea: *What a piece of work is man! how noble in reason! how infinite in faculty! in form and moving how express and admirable! in action how like an angel! in apprehension how like a god! the beauty of the world, the paragon of animals!* (Hamlet act II, scene II).

If you have an interest in exploring the fraudster as, indeed, a most fascinating and challenging “piece of work,” then now in your hands is the right text. Let’s get going.