Title

ENHANCING THE WORLD BY MITIGATING FRAUD AND EMPHASIZING THE SIGNIFICANCE OF ETHICS

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ENHANCING THE WORLD BY MITIGATING FRAUD AND EMPHASIZING THE SIGNIFICANCE OF ETHICS

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ABSTRACT

It is essential to recognize that selfish actions often have repercussions. This research explores the intricate history of Bernie Madoff's Ponzi schemes spanning over two decades, dissecting their mechanics and shedding light on the perpetual exploitation seen in similar fraudulent schemes. By delving into the psychology behind such scams and analyzing their societal ramifications, this study aims to underscore the importance of ethical decision-making and its implications on the broader social fabric. It will elucidate how the economy and legal system have been affected by the scheme and focus on the influence that comes with making crucial, large-scale decisions. Consequently, portray how the lives of victims have been completely changed, helping people understand through pathos how the choices they make to benefit themselves could lead people on the other side to their downfall. Inevitably, it is paramount to uphold proper ethical principles for several compelling reasons, including recognizing the importance of caring for others within our community. When individuals are unaware of the significance of ethical conduct, cases of fraud tend to proliferate, resulting in harm inflicted upon one another. Learning about the significance of ethics will assist individuals in maintaining good morals, resulting in an ideal society where everyone can live harmoniously, guided by morals rather than overly restrictive laws.

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Introduction

The Trolley Problem is a psychological theory that tests a person's true mindset behind their showing-off personality in front of others. The Trolley Problem asks, would you change the direction of the rail? You are given a choice of either killing one person, or five, if you are controlling a trolley. It sounds like a meaningless question because everyone will make a choice of saving the majority. "Navarette and his team found that, once again, 90% of us would kill the one to save the five" (Cloud, 2011). Almost everyone who participated in the survey answered that they will change the way of the railroad to save five people by sacrificing one person. The following question comes after you answer the first question: What if that one person was your family? Once circumstance changes, whoever initially decides to save the majority by sacrificing one person will change their minds if that one person is their significant other instead of just a random individual. This illustrates how people do not hesitate to sacrifice the lives of five others to save someone important in their lives, even if it means sacrificing the majority. The key factor to consider is that those five people are also important people in others' lives as well. If we consider ethics and good moral behavior, it is right to save the majority. Yet, dilemma arises due to the importance of the minority to the person making the decision. This fact shows how every human being has a selfish trait deep in their mind.

It could be the same for people who are committing fraud. From their perspective, they just wanted to earn money in an easy way, only considering their benefits in a selfish way. The way most people choose to sacrifice those that they do not have a personal relationship with acts as an interesting analogy that illustrates the innate nature behind those who commit fraud. If the situation changed to be the ability to redistribute $64 billion to one person or others, instead of choosing between the lives of one or five, what choice would the individual given the decide-making power make? Although more than 90% of people initially considered the majority, most change their minds to keep all $64 billion for themselves if the situation becomes personal—revealing egocentric tendencies. Similarly, this illustrates how fraudsters also begin everything from a selfish mindset in the deeper thoughts we have as human beings. By looking at the framework of psychological pathways to fraud in Appendix A, “Individual who is not predisposed toward fraud and has not knowingly committed fraud before, facing both the opportunity and motivation to commit fraud” (Murphy and Dacin, 2011, p. 602). People don't start committing fraud with the intention of harming others. Instead, when faced with an opportunity, the inherently selfish nature of human beings leads them to become fraudsters, even those who were thought to be capable of making decisions for the majority. That is why it is important to recognize the significance of learning ethical principles to cultivate good morals. Doing so will assist individuals in restraining selfish instincts. Otherwise, owing to humanity's inherent selfishness, instances of people harming each other, such as fraudsters, will escalate. Consequently, the number of victims will rise, and they will suffer from losing the money they worked for their entire lives. Some may even experience suicidal thoughts when they feel they have lost all hope in life.

Once we learn about Psychological Pathways to Fraud, we are able to understand the steps of committing fraud. It is impossible to get rid of all fraud cases in the world, but at least it may be possible to reduce it for a better world in the future. If people lose trust each other due to increase in fraud, community will split apart. The reason why people need to learn about ethics and have good morals is to make better decisions for the majority as a human who lives in a society together with people. As a member of a community, we have a responsibility to make it better for our collective good.

This research paper covers what the Ponzi scheme is in order to understand examples of common fraud schemes, as well as how Ponzi schemes have impacted the economy, whether there were any regulation changes afterwards for prevention, and how victims' lives were changed after they experienced fraud. It will lead readers to be curious about and focus on ways to prevent fraud as necessary, as well as why it is important to teach people about ethics and fully understand what it means.

History of the Ponzi Scheme

The Ponzi scheme is named after Charles Ponzi who committed a fraud scheme back in 1920. “The term ‘Ponzi scheme’ or ‘pyramid scheme’ is familiar as an investing scam in which money from a constant stream of new investors is used to pay off earlier investors while simultaneously enriching the scheme’s creator” (Probasco, 2023). Charles Ponzi promised clients more than 50 percent of their investment within a month or twice more of their investment in 3 months (Probasco, 2023). That caused many people to invest their money in him. The money they received from Ponzi, however, was technically the money he had collected from another investor; despite this, the clients truly trusted Ponzi and believed their investment was successful. Since Ponzi was able “to generate high returns with little or no risk” (U.S. Securities and Exchange Commission [SEC] Office of Investor Education and Advocacy, p. 2), investors were constantly putting their money in without any doubt. Meanwhile, Ponzi was spending investors’ investments for his own benefit. During his first year, he ended up collecting $15 million of clients’ money, which is now about $220 million in 2022 dollars. The scheme not only affected victims' lives; it eventually impacted everything that was involved. For example, when Ponzi's scheme fell, "so did Hanover Trust. (The Commonwealth of Massachusetts, it turned out, had $125,000 on deposit with Hanover Trust — a revelation that figured in the September 1920 resignation of State Treasurer Fred Burrell)" (Darby, 2021). During his new scheme related to the use of postal coupons for a discount rate, Ponzi received cash from investors and wrote checks on Hanover Trust Bank to pay them off. Eventually, "Edwin Pride, the government auditor, concluded his examination of Ponzi's books. He found Ponzi to be $3 million in the red (he later revised it to $7 million). Ponzi was placed under arrest. 'PONZI WEARING HIS SMILE EVEN IN EAST CAMBRIDGE JAIL,' the Boston Evening Global reported. 'The man's nerve is iron,' his jailer marveled" (Darby, 2021).

The psychology of people who commit fraud indicates that they did not learn and understand the right ethical mindset, such as knowing how to make morally sound decisions, which requires understanding the difference between right and wrong, as well as being concerned about the consequences of one's actions on others. Ponzi's smile in jail shows he did not feel guilty about how his wrong actions affected many people, including formal banks. The fact that Ponzi was imprisoned with a staggering amount of debt due to the money that he needed to pay back made his mind unpredictable, as he was still smiling even under those circumstances. That is the reason teaching people about ethics and making them aware of its importance is a serious consideration. A community filled with people with the right morals will create a better community, which will eventually lead to a better world. Since people are still committing crimes even though they live in a society under a system where regulations exist, individuals having good morals are important. What will restrict people when we face a situation where the law is not applicable? The world will only function and hope to last under people with the right ethical mindset. Those people are the ones who will maintain society.

About Bernie Madoff

The most recent, largest Ponzi scheme was orchestrated by Bernie Madoff who was conclusively sentenced to nearly 150 years of incarceration. People in the world who believe making money is the most important thing in their life consider money as a solution to many entanglements. Subsequently, those people oftentimes are not concerned about the process to earn that money. Committing fraud might be an easier way to earn money than an ethical way, but it is important to acknowledge the extent of damage that is done to the victims.

Madoff founded a company called Bernard L. Madoff Investment Securities LLC [BMIS]. About 20 years, "from 1991 through 2008, certified public accountant David G. Friehling and his firm, Friehling & Horowitz, CPAs, P.C. (F&H), purported to audit financial statements and disclosures of BMIS. The SEC previously charged Madoff and BMIS with committing securities fraud through a multibillion-dollar Ponzi scheme perpetrated on advisory and brokerage customers of his firm" (Litigation Release No. 20959). This case clearly illustrates the need of segregation of duties. The fact that a single accounting firm audited the company for many years enabled the facilitation of fraud. Furthermore, F&H even prepared "BMIS financial statements" (Litigation Release No. 20959), which represents how a single firm oversaw the role of an internal accountant and external auditor. This work should be done by different individuals to reduce the risk of error or fraud. "Currently, public companies are required to rotate engagement partners every five years; there is no requirement in the U.S. to rotate audit firms" (Bostrom, 2023). To reduce fraud risk due to working with the same firm, it is necessary to change the regulation to make companies rotate audit firms as well. Maintaining a strong control system is important to reduce risks for the company; if the internal auditor of the company is under control by one person, there is no way people can stop or find out whether fraud is occurring or not (Public Company Accounting Oversight Board [PCAOB], 2024). This weak control risk allowed Madoff to commit fraud for many years; he did not get arrested until the financial crisis of 2008. During that financial crisis, people were already suffering from economic turmoil and desperately sought to recover their investments. Thus, Madoff was unable to attract new investors to sustain his Ponzi scheme. This inability to secure fresh funds ultimately led to the unraveling of his fraud.

Regulation Changes Afterwards

Madoff’s Ponzi scheme inflicts damage not only on the victims but also on people who work for the government and who are asset recovery specialists. While these specialists exist to help victims recoup their losses, if such frauds never occurred, they could potentially work in different roles within the government to provide support. Finally, many years after Madoff was sentenced, “bringing the total distributed to over $3.7 billion to nearly 40,000 victims worldwide. In this distribution, payments will be sent to nearly 31,000 victims across the globe, bringing their total recovery to 81.35%” (U.S. Department of Justice, 2021). The government is working hard to help victims receive their money back despite the investment being their own choice. The amount of $3.7 billion represents a significant milestone in the restitution process, as well as the total recovery rate being close to the full amount that the government legally had to help victims get distributed. Yet, it is not the full extent of the losses incurred by victims of the Madoff Ponzi scheme. “In 2009, when the Southern District of New York charged Bernie Madoff for his $64 billion securities fraud

‘Ponzi’ scheme, it was one of the most prolific financial crimes in American history” (U.S. Department of Justice, 2023). Considering the pure total losses caused by the Ponzi scheme, $3.7 billion of payback out of a $64 billion scheme amount represents only about a 5.8% recovery rate. This means that the previous 81.35% of recovery is based only on people who are qualified as victims by the government through the legal process.

Fraud cases like Ponzi schemes are difficult to get restricted by the law beforehand or completely resolved. Ponzi schemes occur due to individual investors making personal choices. While it is impossible to prevent future fraud cases like Ponzi schemes, it is still necessary to mitigate fraud cases and help citizens become aware about these cases to prevent themselves from getting scammed. The punishment for a fraud scheme is harsh in the United States. Fraudsters “will also be required to make restitution to their defrauded victims” (McKamey, 2024). Yet, because the fraudsters are typically not able to pay back all the money to victims, they must serve longer jail times. “The criminal penalty for securities fraud, under 18 U.S.C §1348, is 25 years in federal prison and a fine” (McKamey, 2024).

Bernie Madoff received a punishment of more than 25 years because of the severity and scale of his crimes. In addition to the Ponzi scheme, he violated many laws and regulations, including securities fraud, investment adviser fraud, and money laundering. It is also important to show how deeply he repented to the judge once everything was revealed. Yet Madoff’s mind was utterly shattered, as evidenced by his attempts to deceive regulators and investors. “On August 11, 2009, the U.S. Attorney for the Southern District of New York filed a criminal information charging, inter alia, that DiPascali conspired with Madoff and others to mislead and deceive the Enforcement staff regarding Madoff's "relationship with the hedge fund industry" (U.S. Securities and Exchange Commission [SEC] Office of Investigations, 2009, p. 209). Additionally, Bernie Madoff "lied about the number of client accounts and about the extent of assets under management. He also testified that the trading was real and that he personally received and reviewed trade confirmations for the options trades, none of which was true" (U.S. Securities and Exchange Commission [SEC] Office of Investigations, 2009, p. 209). His behavior demonstrated a blatant disregard for the law and the well-being of others, revealing a disturbing lack of ethical integrity and moral principles, which resulted in a lengthy punishment to serve as a deterrent to others and to seek a measure of justice for the victims.

Teaching Ethics Courses Across All Disciplines

It is also important for the government to consider teaching ethics courses from kindergarten through high school. Especially in college, students do not have to take ethics courses as a requirement unless they are a business major. Yet knowledge of ethics is something that people constantly study to maintain good morals and build upon it. Not only from the government's education format, but also from the accounting industry's perspective, additional learning of ethics is necessary. There are existing tests related to ethics in the accounting industry after they have taken the CPA Exam. "Most states also need candidates to take an ethics exam covering topics from the AICPA Code of Professional Conduct as part of their CPA license requirements" (Becker, 2024). It is held by a written test, which helps future accountants to go through a depth of thinking process. Exam questions give scenarios that test takers must answer with why the scenario is not ethical by using advanced accounting terms. The American Institute of Certified Public Accountants [AICPA] should also give questions such as the effects of fraud cases to victims. It will help accountants to use more thinking processes and understand the consequences of fraudulent behavior not just on companies but on the individual. Studying these questions will also help people to be aware of the impact of committing fraud, and it will help to mitigate fraud cases as well. Looking at the framework of Psychological Pathways to Fraud, as identified by Murphy and Dacin, stage 3 involves reasoning. It questions whether the importance of the benefits outweighs the costs of committing fraud. If the answer is no, it leads to the conclusion that the person does not commit fraud (See Appendix A for the framework). This is why constant study of understanding the costs of committing fraud is necessary. Continuous study and understanding of the costs of committing fraud are imperative for fostering ethical behavior and maintaining integrity in financial practices.

Recent Ponzi Schemes

The Ponzi scheme is constantly going on in many ways. Especially with the rise of virtual currencies such as Bitcoin, known as an easy way, to make money in a short period of time, the techniques of Ponzi schemes are constantly improving to take advantage of these opportunities. In response, the Office of Investor Education and Advocacy from the SEC released an article about investor alerts regarding Ponzi schemes using virtual currencies. “The fraud may also involve an unregistered offering or trading platform. These schemes often promise high returns for getting in on the ground floor of a growing Internet phenomenon” (U.S. Securities and Exchange Commission [SEC] Office of Investor Education and Advocacy, p. 1). The increased privacy of transactions in virtual currencies poses a challenge for government tracking efforts. Investors, drawn by the novelty of virtual currencies and the inability to predict their trajectory, often do not hesitate to invest. No matter what, “individuals selling investments are typically subject to federal or state licensing requirements" (U.S. Securities and Exchange Commission [SEC] Office of Investor Education and Advocacy, p.1). If you encounter anything suspicious while trading virtual currencies or making investments, it's crucial not to hesitate to invest time in researching it thoroughly. The Internal Revenue Service [IRS] has significantly intensified its tracking of revenues earned through cryptocurrencies since 2019. In fact, the IRS has added a new question to Form 1040: "The question is at the very top of the form, and reads: 'At any time during 2019, did you receive, sell, send, exchange or otherwise acquire any financial interest in any virtual currency?'" (Roberts, 2020). Given that the IRS is specifically inquiring about gains through virtual currency, taxpayers who intentionally misrepresent their activities may face more severe penalties.

Life of Victims

Uncountable people have fallen for Bernie Madoff for about 20 years. According to a research paper called *Trust Busting: The Effect of Fraud on Investor Behavior*, there were "approximately 14,000 investors" (Gurun, Stoffman and Yonker, 2006, p. 1346) at BMIS. That huge number of investors were only direct investors. "Today, a court-appointed trustee has managed to recover about $13 billion, which is most of the money Madoff's investors put into his funds. The trustee did that in part by selling off the Madoff family's personal assets, including their homes in the Hamptons, Manhattan and France and a 55-foot yacht named Bull" (Zarroli, 2018). Those people who directly invested in BMIS were at least able to receive their partial amount of money back. Yet victims created by the Ponzi scheme that Bernie Madoff caused were not limited to those direct investors. One of the victims, Steve Heimoff, who lost $2 million of his retirement, did his investment "with Stanley Chais, a California fund manager who was known for dazzling returns"

(Zarroli, 2018). According to the interview, he trusted Stanley Chais, since they are known as a "risk-free arbitrage." Due to this Ponzi scheme, Heimoff had to start saving money again and had to refinance his condominium in Oakland, California. Furthermore, he even considered giving up his life. The money that he saved for his entire life to enjoy comfortable days after retirement just disappeared at once like a bubble that never existed.

It is important to state that there is no such thing as risk-free investment. Despite this, victims should not be blamed for falling for fraud schemes. Fraudsters who tricked victims by psychologically controlling them are the ones who do not have humanity and are not aware of ethical knowledge. Yet it is still important to be aware of how to avoid getting defrauded. The SEC released an article regarding ways to identify fraud by knowing common red flags during investment. One of the red flags talks about how "'Guaranteed' investment returns or promises of high returns for little risk should be viewed skeptically" (U.S. Securities and Exchange Commission [SEC] Office of Investor Education and Advocacy, p. 2). Regardless of ways to invest money, if that way raises a lot of investment for sure, there must always be a concern about risk of fraud, and revenue sources should be double-checked. No matter what, scams can occur and cannot be 100 percent prevented even if investors look before they leap. Richard Breeden, who is a former chairman of the U.S. Securities and Exchange Commission, mentions how "none of us can go back to eliminate the anguish that victims suffered or restore the years when their lives were horribly affected. You can put them back in the financial position they were in, but you can't eliminate the suffering" (Reuters, 2021). That is the reason why it is important to teach people about ethics and why people must have the right mindset to mitigate frauds.

Understanding Thoughts of Fraudsters by Learning Psychology

"It is useful for individuals to have some trust in each other's word. In the absence of trust, it would become very costly to arrange for alternative sanctions and guarantees, and many opportunities for mutually beneficial cooperation would have to be foregone" (Gurun, Stoffman, and Yonker, 2006, p. 1342). Since fraud cases are increasing and people are getting selfish in recent society, trust between people does not easily exist, even among the same ethnic group — especially between people who live in the United States far away from their motherland. Madoff, who is Jewish, "targeted older, wealthier investors in Jewish communities" (Gurun, Stoffman, and Yonker, 2006, p. 1345). That was one of Madoff's skills to make people trust him. In interviews in the Netflix show *Madoff, The Monster of Wall Street*, people who knew Bernie Madoff early on talked about how everyone liked him and trusted him. Meanwhile, they also mentioned how he never looked people in the eye. To fool people with lies, it is important to have confidence. It makes people believe in how their words are trustworthy. Yet, the fact that he was not even able to look people in the eye shows how aware he was that his actions were not ethical. "If eye contact was constant at onset of conversation, then changed when a stressor or trigger question was inserted, this should be noted as an attribute that could be a deceptive response" (Steinhilber, 2017). The fact that researchers explain how many liars are still able to look in the eye, but their eye movement is getting suspicious throughout the conversation, clearly proves how Bernie Madoff was fully aware that taking advantage of people's trust in him was wrong. That is the reason why people need to understand the importance of having good morals and caring for others as part of the community. Even if an individual is aware of their own problems, it is meaningless unless they strive to work on themselves to cultivate good morals by adopting an ethical mindset.

Sometimes, even if they did not start with the intention of hurting other people, it could eventually result in taking someone's life. A huge scale of crime often begins from seemingly insignificant events, without acknowledging that tragedy has been initiated. By looking into the Framework of Psychological Pathways to Fraud (See Appendix A for the Framework), it starts off from the mindset of: “The opportunity and motivation to commit fraud exist. I am not predisposed to commit fraud” (Murphy and Dacin, 2011, pg. 603). When situational and contextual factors begin to influence the choices you make, that is when it becomes difficult to base your decisions on the right moral values.

What often leads people into circumstances that increase their likelihood of becoming fraudsters is greed. Greed is defined as “a selfish and excessive desire for more of something (as money) than it needed” (Merriam Webster). It is not inherently wrong to want something more than what you have in the present; sometimes that helps to motivate you to move forward. Yet if someone fulfills their greed by taking advantage of people and taking the easier way, however — something that involves an illegal process — that is the time to know how they are heading in the wrong direction and to cultivate moral principles in the right direction. “And ultimately despite all the other reasons, greed is the very basis for the success of the Ponzi scam; greed for the scammer for perpetrating the fraud and greed for the victim whose desire for quick funds caused them to forego due diligence” (West, 2006, p. 54). No matter what, when people live a life without knowing how to be satisfied with their results, individuals become greedier, leading to tragedy not only for themselves but also for those affected by their greedy actions. “Apart from other considerations, under the premise that ‘Maximizing value goes first’ one could manipulate accounting if necessary. This often leads to poor decisions and to unethical behavior” (Mele, Rosanas, and

Fontrodona, 2016, p. 610).

Importance of Learning about Ethics

From the research paper written by Edwin M. Hartman called *Can We Teach Character? An Aristotelian Answer*, Hartman talks about how "even if we cannot mold our students' character, business ethics courses have some value if they help students who already want to be ethical business people get better at it" (Hartman, 2006, p.69). It is impossible to force people to have good morals following the right ethical mindset. However, it is possible to constantly teach people about the importance of having good morals, how to learn ethics, and how they should behave in a society as a human in a community. "Aristotle's answer is that, since human beings are social creatures, the good life, hence good character, involves living satisfactorily in a congenial community. So your virtues cause you to benefit your family and friends and people in your community" (Hartman, 2006, p. 70). If everyone in the world learns how to relate to others and understand the reason why it is important to be concerned about each other, that will be one answer to mitigate fraud cases, as more people will consider the majority when making choices.

It is extremely important to accept and fully understand the idea of ethics rather than memorizing the concepts. If one cannot internalize ethical knowledge their own idea, it is impossible to develop good morals. People who do not strive to improve themselves, even when they are aware of their morals, may harm others and are considered psychopaths. "In any case, there is broad support for the view that appropriate emotion is required to support moral behavior. Psychopaths typically know what is right, but their knowledge has no emotional support" (Hartman, 2006, p. 70). Therefore, individual who are not psychopath should constantly try to work on themselves to develop good morals and contribute to building better community. In the world, there are certain things that the government cannot protect you from ahead of time, such as being scammed by fraudsters due to your own choice of investment. Of course, even if you make your own choice to invest and get scammed, the government will try to catch that scammer and punish them. Yet it is difficult to always avoid scams since people who do not have good morals exist in the world. That is why it is important for everyone in the world to learn about ethical thought and develop good morals in order to reduce the number of people who only consider themselves without concerning the community. Fraudsters usually only think about the money they are able to make right now and are not concerned about the victims. It shows how they have low sympathy and are selfish, rather than being smart individuals who successfully fooled people. Establishing a community mindset can help mitigate crime rates and decrease fraud, because individual actions will serve the community rather than hurt it.

Conclusion

In conclusion, the exploration of the Trolley Problem, the history of Ponzi schemes, the case of Bernie Madoff, and the importance of ethics education underscores the interconnectedness between individual choices and societal well-being. The Trolley Problem reveals the complexities of moral decision-making, highlighting the tension between utilitarianism and personal relationships. Similarly, Ponzi schemes exemplify how individual greed and selfishness can lead to widespread harm, affecting not only victims but also entire communities and economies.

After delving into the complexities of the Trolley Problem and examining the historical context and societal implications of Ponzi schemes, I invite you to reconsider your initial response to the ethical dilemma presented by the Trolley Problem. Has your perspective shifted after gaining insights into the intricate interplay between personal morality, societal values, and ethical decision-making? Take a moment to reflect on how the lessons drawn from this research have influenced your understanding of moral dilemmas and the choices we face in navigating them.

The case of Bernie Madoff serves as a sobering reminder of the devastating consequences of financial fraud. Madoff's Ponzi scheme, spanning two decades, resulted in significant financial losses for thousands of investors and irreparable damage to lives and livelihoods. Regulation changes and restitution efforts have aimed to mitigate the impact of such schemes, yet the psychological pathways to fraud persist, fueled by greed and moral laxity.

Ethics education emerges as a critical intervention in combating fraud and promoting ethical behavior. By instilling a sense of moral responsibility and fostering a community-oriented mindset, ethics education equips individuals with the tools to navigate complex ethical dilemmas and resist the temptations of fraud. Moreover, integrating ethics education across disciplines and throughout all stages of education can cultivate a culture of integrity and accountability, laying the foundation for a more ethical society.

In a world where fraudsters exploit trust and manipulate vulnerabilities for personal gain, the importance of ethical decision-making cannot be overstated. By prioritizing ethics education and promoting a collective commitment to moral principles, we can work towards a future where fraud is mitigated, trust is restored, and communities thrive in harmony. As Aristotle aptly noted, the good life involves living satisfactorily in a congenial community, where each individual's actions contribute to the collective well-being. Thus, let us embrace the imperative of ethical conduct and strive to build a society where integrity, empathy, and mutual respect form the bedrock of our interactions and institutions.

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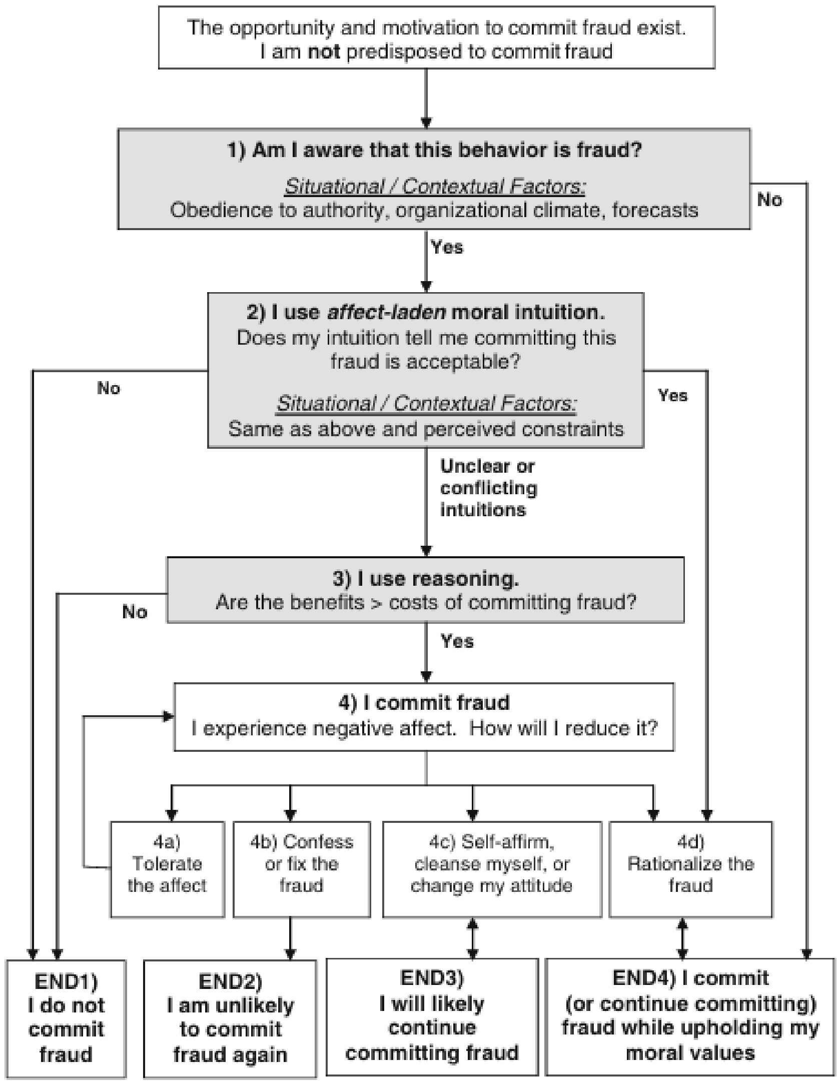
Appendix A

Psychological Pathways to Fraud 603



The grayed boxes indicate key decision or process points. Interventions can be designed to prevent fraud at each of these points.

Figure 1. The framework: psychological pathways to fraud.

(Murphy and Dacin, 2011, p. 603)