

WHAT YOU DON'T KNOW COULD COST YOUR COMPANY MILLIONS

Joseph W. Koletar

FRAUD EXPOSED

What You Don't Know Could Cost Your Company Millions



Joseph W. Koletar

GIFT OF THE ASIA FOUNDATION
NOT FOR RE-SALE

QUÀ TĂNG CỦA QUÝ CHÂU Á
KHỐNG ĐƯỢC BÁN LẠI



John Wiley & Sons, Inc.

This book is printed on acid-free paper.

Copyright © 2003 by John Wiley & Sons, Inc., Hoboken, New Jersey.

Published simultaneously in Canada.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-750-4470, or on the web at www.copyright.com. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, e-mail: permcoordinator@wiley.com.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

For general information on our other products and services, or technical support, please contact our Customer Care Department within the United States at 800-762-2974, outside the United States at 317-572-3993, or fax 317-572-4002.

Wiley also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic books.

For more information about Wiley products, visit our Web site at www.wiley.com.

ISBN: 0-471-27475-5

Printed in the United States of America.

10 9 8 7 6 5 4 3 2 1

This book is dedicated to the memory of my parents,

John Edward Koletar, of Shamokin, Pennsylvania, and

Margaret Ruth McAbee Koletar, of Spartanburg, South Carolina.

CONTENTS

	Preface	ix
	Acknowledgments	xi
	Introduction	xiii
1	Crime and the Law Enforcement Response	1
2	Rethinking the Assumptions	17
3	The State of Occupational Fraud	33
4	Theories of Occupational Fraud	52
5	Lies, Damned Lies, Statistics (and Occupational Fraud)	75
6	Thoughts on Occupational Fraud	86
7	What Can We Learn?	95
8	Internal Controls	103
9	Compliance Programs	123
0	Community, Corporate Citizenship, and Quality of Life	134
1	What's New?	
	Theories of Social Deviance	151
	Profiling	155
	Neuroscience	167
	Game Theory	171
	Forensic Professionals as Organizational Pathologists	175
2	Partnerships for the Future	182
3	Environmental and Organizational Intelligence	190
4	Reconceptualization	199

CONTENTS

15	Leadership	212
16	The Next Five Years	
	Funding	221
	Visibility	228
	Where We Go from Here	232
	Endnotes	241
	Index	267