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The Future of Fighting Fraud in the Age of Millennials

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The Future of Fighting Fraud in the Age of Millennials

Michael Mack
8-1-2016
“The lessons of the past are ignored and obliterated in a contemporary antagonism known as the generation gap”

Vice President Spiro T. Agnew

Introduction/Hypothesis

The millennial generation is often viewed in popular media and perceived by older generational members with angst, contempt, distrust, and trepidation. Adjectives such as lazy, apathetic, greedy, savvy, ruthless, narcissistic, and materialistic are often used to describe the largest and newest generation to enter the professional world. In fact, the adaptation of the term “Generation Me” is so mainstream and seen by most as an accurate description of the millennial generation that it is easy to immediately draw contrasts to other generations and institute perhaps unfounded opinions of millennials that indicate they are devoid of service to others, servitude to oneself in a sprint to personal enrichment, devoid of effort, sacrifice, or collaboration.

The purpose of this paper is to sift through the stereotypes of millennials and discover what, if any, generational traits and characteristics can be associated to the changing methodology and process of white collar fraud investigating. Will the inherent skills and traits of professional millennials hinder older fraud investigators, developing methods of fraud that render traditional fraud investigating skills obsolete, and require a new method of detection? This paper will take a deep dive into the challenges a fraud investigator will face in the future age lead by professional millennials.

The changing ethics, skills, and values of the typical millennial will require fraud investigators to reexamine their approach and requisite skill set for combating and
investigating white collar fraud in the coming years. The following research will provide enough evidence to indicate that the millennials educational trends, their childhood upbringing, changing ethics of millennials from previous generations, and their adaption to strong technological skills will lead the investigative process to change vastly. These changes, often overlooked by current white collar fraud investigators, will require a different process of investigation, and most white collar fraud investigators will need to adapt strategies to successfully thwart and investigate millennial fraudsters.

**The Fraud Triangle**

In 1953 Dr. Donald Cressey’s first presented the predominate theory of why people commit white collar/occupational fraud. Cressey’s revolutionary work in this area was derived from years of interviews with inmates at the Illinois State Penitentiary at Joliet. He identified some common behavioral characteristics among convicts serving time for white-collar offenses. His “fraud triangle” (Figure 1) set the tone for fraud investigators for the next generation by identifying the three principal factors needing to be present for an individual to commit fraud; perceived opportunity, perceived unshareable financial need, and rationalization (Dorminey, 2012).
The first, and perhaps, most critical components of the fraud triangle needed to successfully commit white collar/occupational fraud is perceived opportunity. Perceived opportunity is viewed as when the individual feels confident that he/she can commit the desired crime in question with the current level of authority, access, or supervision allotted. Management controls often attempt to thwart these “opportunities”; the successful fraudster is skilled and able to avoid these preventative preemptive attempts and accomplish the planned fraud scheme.

An example for opportunity would be the cash office operations at a large retailer. Some mid-level management employees would have easy access to certain areas of the cash management of the store, such as individual deposits, however, they would
often be prohibited from the larger collection of cash. The cash office manager (mid-level manager) could only have the opportunity to commit white collar fraud involving single day deposits since he/she is directly responsible for creating these deposits and readying them for the bank. The store manager (senior management) would have a greater level of opportunity to commit fraud where he/she is able to access the safe where multiple days of deposits resides. Although the same risks apply between job levels, responsibility, as one person (the Store Manager) has a much greater opportunity due to his/her access and authorization.

The next part of the triangle is unshareable financial need, or sometimes colloquially known as “pressure” section. Here the fraudster feels that he/she is in such dire need for either the money or product payoff at the end of the fraud, that reservations about committing the fraud are placed aside. This perception has developed over the past years, as previously it was noted simply as the aforementioned “pressure”, however, further development has found that pressure is really only realized by the individual in need.

For example, a single parent may not feel that purchasing a luxury home or car is worth the risk to commit fraud whereas a junior executive may perceive that he/she needs the status of living in a luxury home in order to advance professionally. This caveat is why the expansion on the descriptor was added and, enhanced the value of the fraud triangle.

Another key case example highlighting perceived unshareable financial need would be in the case of the Chief Financial Officer who is under pressure to have his company meet Wall Street projections. This circumstance would apply pressure to the
Chief Financial Officer as an individual, since most, if not all, C-level executives receive the bulk of their compensation through options and other factors directly related to stock market performance (performance bonuses). It would also apply pressure as the Chief Financial Officer can feel the burden of the other employees being financially damaged by the failure of the company to meet expectations. This would meet the unshareable pressure criteria as the Chief Financial Officer in question would be most likely unable to communicate his dilemma to his confidents or coworkers.

Rationalization is the final, critical component of the fraud triangle. This is where the fraudster is able to concoct a justification to commit the fraud. The fraudster will make reasonable excuses for their crimes, much like a child might when caught doing something that has been forbidden. Often it involves placing the blame on someone or something else—like the boss, the company, the government, or simply circumstance such as a dropping stock market, or action by other parties negatively that impact the situation. This is often the first section to crumble post crime as the fraudster often needs to stretch the limits of the logic and ethics to create the fraudster rationalization. Pressure, or perceived pressure is often very closely related to this facet of the fraud triangle.

An example would be where the fraudster can find one common enemy that would take the ethical onus off the individual. Commonly the direct supervisor is the target for many. Finding some perceived grievance to rely on when rationalizing a crime, such as an Assistant Store Manager feeling distain towards the Store Manager because the Assistant Store Manager is scheduled to work every Saturday night and holiday. The Assistant Store Manager uses this to fuel his desire to enter fraudulent
time cards for himself for hours he did not work. The rationalization is the “it wasn’t stolen time, it was owed to him for working every Saturday night and holiday”. In the mind of the Assistant Store Manager (the fraudster), the real culprit is the Store Manager, for actually committing the crime.

**Overview of White Collar/Occupational Fraud**

Although there are many definitions and theories as to what encompasses white collar/occupational fraud, for the purposes of this paper, established white collar/occupational fraud is defined as the historical description. White collar/occupational fraud is best defined by Edwin Sutherland’s definition of “defined approximately as a crime committed by a person of respectability and high social status in the course of his occupation” (Barnett, 2013) to a modern nomenclature of the “executive crime” or defined as “distinguish the nonviolent nature of fraud from violent street crimes, such as armed robbery. It was used because most people in a position to commit fraud were white-collar clerical, managerial or executive employees within a business organization rather than blue-collar laborers” (Barrett, 2014).

Using Sutherland’s definition, the specific types of crime that will be considered white collar/occupational fraud will follow the Association of Fraud Examiners “Fraud Tree: Occupational Fraud and Abuse Classification System” seen below: (Figure 2). Simply put, when using the term “white collar/occupational fraud/crime”, the context will be that the crime was committed in the context of his/her employment, and the actions and methods used to commit the crime was completed through the employer using the professional skills and resources afforded to the millennial by the employer.
Statistics Related to Occupational Fraud

Occupational Fraud by Age

Firm and clear statistics related to white collar fraud are often a challenge to analyze as the available statistics differ from what they are identifying. There are two distinct areas where these statistics are available for analysis; via law enforcement, such as the FBI, or through private fraud-research projects such as the Association of Certified Fraud Examiners (ACFE) Report to the Nation on Occupational Fraud and Abuse. The distinction between these groups is that the FBI provides data based on only those cases that have been referred to law enforcement and prosecuted whereas the ACFE reports incidents regardless if the victim organization pursues criminal remedies. With this methodology in mind, the decision was made to use the ACFE statistics as it is the best representation of the true occupational fraud environment.

Another obstacle is that the ACFE does not group its data by the specific age of the offender. The ACFE uses age ranges that encompass four year intervals for offenders over 26 years old, and groups all under 26 years old together. In order to get a full view of millennial offenders, the statistics were combined for all offenders ranging from under 26 years to 35 years old.

The ideal age of review for the scope of this project is 26-30 years of age, as that is the prime age of the millennial to obtain entry-level management responsibilities, thus increasing the opportunity and access to commit occupational fraud at the higher level of risk and monetary gain.
Lastly, the 2016 *Report to the Nation on Occupational Fraud and Abuse* did not offer comparison data in the offender age statistical review. Data was utilized from previous year’s reports (2002, 2010-2016), and consolidated into one sample in order to offer a viable statistical analysis.

Figure 3 shows the median loss from occupational fraud, grouped by the aforementioned age ranges. Figure 4 shows the median average loss for the 6 year period (2010-2016) compared to the median loss for the first year the ACFE reported on offender age range, 2002.

(Figure 3)
Figure 4 shows the total median of all of the “millennial” age ranges significantly increased by over 23% from the initial 2002 report, and the optimum millennial age range, 26-30 years old, showed the most jarring increase of nearly 101%. This chart indicates that the millennial in an entry-level management position, age 26-30, is committing occupational fraud at a much greater monetary loss as their peer identified in Generation X.
**Occupational Fraud by Education Level**

Although the data is not broken down by age, the 2016 Report to the Nations shows a very strong correlation between advanced educational achievement and frequency/loss totals. Figure 5 illustrates the upward trend that those with either an undergraduate degree or postgraduate degree commit more instances of occupational fraud, and at a more costly level than those without any university degree.

(Figure 5)
**Generational Labels**

There has been much discussion, disagreement, and opinion on what the official year of birth ranges are appropriate for each generation. The opinion seems to vary between publication, country of origin, and simple preference of the designer/author.

Some of the colloquial names of the generations also vary based on the designer/author. Some names are directly derived from pop culture figures, such as the “lost” generation deriving from Ernest Hemingway, and most famously, the “greatest” generation coined from journalist Tom Brokaw, who wrote a book of that same name.

There is no official designation, and as such, for the purposes of this paper when discussing any of the generational labels, the following will be the referenced name and year range:

<table>
<thead>
<tr>
<th>Generation Name</th>
<th>Birth Year Range</th>
<th>Oldest as of 2016</th>
<th>Youngest as of 2016</th>
<th>Popular Figures</th>
<th>Key Moment(s) Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost</td>
<td>Pre 1900</td>
<td>X</td>
<td>116</td>
<td>Ernest Hemingway, Harry Truman</td>
<td>World War I</td>
</tr>
<tr>
<td>Greatest</td>
<td>1901-1925</td>
<td>115</td>
<td>91</td>
<td>Ronald Reagan, John Wayne</td>
<td>Great Depression, World War II</td>
</tr>
<tr>
<td>Silent/Traditionalist</td>
<td>1926-1940</td>
<td>90</td>
<td>76</td>
<td>Marilyn Monroe, Elvis Presley</td>
<td>Post war conservatism, Exile from city to suburb</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1941-1965</td>
<td>75</td>
<td>51</td>
<td>Bill Clinton, Bill Gates</td>
<td>Vietnam War, Civil unrest</td>
</tr>
<tr>
<td>Generation X</td>
<td>1966-1983</td>
<td>50</td>
<td>33</td>
<td>Kurt Cobain, Tiger Woods</td>
<td>Televised globalization, Desert Storm</td>
</tr>
<tr>
<td>Millennials</td>
<td>1984-1999</td>
<td>32</td>
<td>17</td>
<td>Mark Zuckerberg, Taylor Swift</td>
<td>Technology reliant 9/11</td>
</tr>
</tbody>
</table>
Since the scope of this project is to review the investigative process related to fraud suspects that fall into the millennial generation, the grand majority of the investigators will fall in either the Baby Boomer or Generation X, The Lost, Greatest, and Silent/Traditional generations. They are not considered in scope of this project.

**Baby Boomers**

Baby Boomers are born from the times of struggle and change from the conflict of the 1960s. This time of social turmoil developed an interesting set of behavioral characteristics. There are several common characteristics that Baby Boomers tend to employ and share with their generational peers.

Typical Baby Boomers value professional careers over personal life and are willing to make personal sacrifices for professional achievement. According to the American Management Association, “Boomers are the first generation to actively declare a higher priority for work over personal life (AMA, 2014). This is further evidenced by the change in family desires or demands of the Baby Boomer, “They have higher rates of separation and divorce, lower rates of marriage, and gave birth to fewer children” (Pruchno, 2012). It would not be a giant leap to associate the higher rates of failed marriage and the lower rates of children to the desire and preference of Baby Boomers to place career and success ahead of personal aspirations.

Contrasting from their parent’s experiences with or post the Great Depression, Baby Boomers also are comfortable using credit to increase or maintain a greater standard of living whereas their parents would only use credit as a convenience (Moschis, p110). Expanding on that trait, according to Fred Brock, author of the book
Retire on Less Than You Think: The New York Times Guide to Planning Your Financial Future, this is a common trait among Baby Boomers, “The problem with boomers is that they've always wanted a very comfortable lifestyle, and are willing to take on debt to get it” (Taylor, 2013).

Baby Boomers also display a high loyalty to their employer, and perhaps due to their parents tenuous depression-era employment woes, prefer to remain with an employer long term, rather than jumping from job to job. According to one study, “About 65% of those interviewed would like to stay with their organization for the rest of their working life” (Tolbize, 2008).

When communicating to other professionals, Baby Boomers “prefer telephone, email, and even face to face conversations” (Black, 2015) as they tend to “favor a personable style of communication that aims to build rapport” (Kersten 2002) versus the common practice of social media-driven mass communications of the modern era.

Generation X

Generation X, or “GenX” members are most often comfortable with being independent, or, minimally, less reliant on family than previous generations. This is thought to be a result of the changing family structure that began with their predecessor, the Baby Boomer. Divorce became more common in the time of GenX, and GenXers were spending more time with similarly minded and aged individuals rather than adult authority figures. These experiences shaped the development and caused GenXers to rely on friends, “Since many had to face and solve their own problems as children, the
Gen X cohort gained the confidence to make decisions for themselves” (Cole et al., 2002).

In contrast to Baby Boomers, GenXers tend to focus more on family instead of sacrificing personal time for potential advancement. This derives from the “latch kid” parenting style, where single parents were forced to have GenX children manage their time post-school hours while the custodial parent was still working (Patterson, 2007).

GenXers feel loyal to their profession, personal development, and other individual professional endeavors rather than the success of the company or team. Again, the parallel can be made that being forced into independence and self-sufficiency at a developmental age grew this characteristic; “Anything that makes work less corporate, resonates well with a generation that feels betrayed by corporate interest... Xers are typically self-reliant and entrepreneurial in spirit, which would give a HR professional a problem in that members of this generation would rather work for themselves than for someone else” (Harber, 2011).

**Characteristics of the Millennial**

Millennials are a developing generation, and some of the characteristics should be viewed as fluid, and flexible. The following ten common characteristics of millennials were identified as the most prevalent and relatable to the potential to commit white collar/occupational fraud.
Narcissism

Millennials have been found to display a higher than common level of narcissism. “Millennials, as compared with previous generations at the same age, have been shown to be higher…as negative traits such as narcissism” (Deal, 2010). The trait of narcissism, especially at an elevated level can lead to behavior that would be conducive to fraudulent activities, “research shows that people who score higher in narcissism are generally more aggressive toward others when they feel rejected” (Twenge and Campbell 2003 via Deal).

Highly Educated

Millennials have been raised in an environment where a college education is almost expected, versus previous generations (such as the silent generation) where a college education was a dream or luxury. Globalization and the falling industrial power of the US is leading more millennials into attending a college at rates never seen before; “Millennials are the best-educated generation in history; fully a third (34%) have at least a bachelor’s degree. In contrast to 1965 when only 13% of 25- to 32-year-olds had a college degree. This proportion increased to 24% in the late 1970s and 1980s when Boomers were young adults. In contrast, the proportion with a high school diploma has declined from 43% in 1965 to barely a quarter (26%) today (Pew, 2014).

Technologically Savvy

Millennials have never known a world that wasn’t connected through the internet. As they’ve gotten older, mobile technology allows them to access almost any information needed at any time; and this ability is not seen as a luxury or convenience, it
is an expected feature to daily life. Computers are introduced to millennials at the youngest ages, and comfort and accessibility of technology is a pillar of millennial life; “much like learning a new language, people who utilize technology at an earlier age become more proficient than people who learn later in their life” (Smith, 2015).

**Fostering of impersonal relationships**

Related to the influx of new technology, millennials are far more comfortable with impersonal relationships than other generations. The advent of social media and portable access allows a millennial to solely communicate via technology, such as text, email, Facebook, Snapchat, Twitter, emoji, and other venues to facilitate the building of a virtual wall between millennials and others in their personal or professional life. According to one study, “Brignall and van Valey (2005) analyzed the effects of technology among “current cyber-youth”, those who have grown up with the Internet as an important part of their everyday life and interaction rituals. The authors discovered that due to the pervasive use of the Internet in education, communication and entertainment, there has been a significant decrease in face-to-face interaction. They suggest that the decrease in the amount of time youth spend interacting face-to-face may have “significant consequences for their development of social skills and their presentation of self” (Drago, 2015).

**Impatient with status quo/strong desire to advance professionally**

Millennials often feel that they are ready for greater roles within their company, sometimes in time frames unreasonable to traditional development plans. The common millennial feels the need to be recognized often and have that “victory” tangibly
rewarded with a promotion or financial incentive whereas previous generations were more comfortable and accepting to verbal praise or delayed reward at more appropriate times. “Some have noted an apparent increase in achievement goals such as fame and fortune, a quality that is found in people who place a very high premium on the perception of success. While most employers are not hiring for positions that will catapult the prospective employee into a new life of fame and grandeur, the fact that there is significant rise in the desire for these constructs is illustrative of the success-obsessed culture that defines Millennials. Even if they are sometimes unwilling to put in the necessary work to achieve these ideals, they want, have, to experience the feeling of extraordinary success” (Thompson, 2011).

Entitlement

Many millennials carry a sense of entitlement in their personalities. A factor of this feeling can easily be drawn to the phenomenon of overprotective GenX or Baby Boomer parents overcompensating for this misgivings and parenteral behaviors of their parents; “Millennials have been coddled since preschool. Trophies have been awarded to this group just for showing up at soccer and baseball games. They have a high perception of their personal knowledge skills but “want and need constant feedback…Millennials have a grand sense of entitlement. They are both demanding and expecting of time off, raises, and promotions within time frames that previous generations would not have dreamed about” (Cannon, 2010).
High Debt from Student Loans

According to a study by Harvard’s Kennedy School, “More than two-in-five (42%) between 18- and 29- years olds report that they, or someone in their household has student load debt” (HKS, 2016). The added financial burden of the prerequisite college degree is placing most millennials behind their peers from previous generations, “Millennials, defined as those between the ages of 18 and 35, have an average student debt of $41,286.60. That's significantly higher than the national average amount of debt for college graduates, which the Department of Education determined is $29,400” (Mosendz).

Secular Leaning

Religion or faith was a part of the daily lives previous generations, and was passed on to their children in many cases. However, that trend appears to be stalling as the millennial generation is the least religious of any of the previous generations. According to a recent poll conducted by Pew Research Center, “Only 41% of Millennials respondents stated that “religion is very important,” while 59% of Baby Boomers did. Just a little over half (52%) of Millennials have an absolute certain belief in God, when 69% of Baby Boomers do” (Bridges, 2016).

Lacking Loyalty to Employer

As previous generations aspired for long term job security and stability, millennials are less loyal to their employer and are more self-interested than previous generations. According to a survey presented by Deloitte, “during the next year, if given the choice, one in four Millennials would quit his or her current employer to join a new
organization or to do something different. That figure increases to 44 percent when the time frame is expanded to two years. By the end of 2020, two of every three respondents hope to have moved on, while only 16 percent of Millennials see themselves with their current employers a decade from now (Deloitte, 2016).

Lack of Savings

A poor economy, crippling interest rates, extreme tuition rates, and an increasingly competitive job market leading college graduates to pursue higher degrees have left the common millennials without much reserve cash in savings. The economic downturn of 2008 left a poor job market for the new graduate, it also impacted the parent of the millennial who found they weren’t able to contribute as much to the millennial’s college fees. This caused strain on the future of millennial long-term financial solvency; “The average net worth of someone 29 to 37 has fallen 21 percent since 1983; the average net worth of someone 56 to 64 has more than doubled. Thirty or 40 years from now, young millennials might face shakier retirements than their parents. For the first time in modern memory, a whole generation might not prove to wealthier than the one that preceded it” (Lowery, 2013).
The Millennial Characteristics in relation to the Fraud Triangle

As stated, the fraud triangle encompasses elements of behavior needed for an otherwise uninclined professional to make the leap into committing occupational fraud. These areas, perceived opportunity, perceived unshareable financial need, and rationalization, can all be tied into the millennial traits described in detail above. The below chart (Chart 1) summarizes where these millennial traits fit within the fraud triangle.

Millennial Traits and Corresponding Fraud Triangle Attributes

<table>
<thead>
<tr>
<th>Millennial Trait</th>
<th>Perceived Opportunity</th>
<th>Perceived Unshareable Financial Need</th>
<th>Rationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narcissism</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Highly Educated</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Technologically Savvy</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impersonal Relationships</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Impatient with status quo</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Entitlement</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lacking Loyalty to Employer</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Lack of Savings</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

(Chart 1)

As illustrated above, there are several millennial traits that can be correlated to multiple attributes of the fraud triangle. There are some crucial traits that are much more significant than others and accentuate the potential challenges that the millennial workforce presents. These highlighted traits and their coloration to the fraud triangle attributes should be an essential consideration for the successful, modern fraud investigator.
Rationalization is the attribute of the fraud triangle most applicable to the general traits of millennials. Of the ten identified millennial attributes, seven can be correlated to rationalization, however, the key attributes identified, narcissism, impersonal relationships, impatient with status quo, entitlement, high student loan debt and lack of loyalty to an employer. These attributes require specific focus for the modern investigator.

A suspect with a high propensity for narcissism can create a cloud around the conscious and defensive instincts of a typical fraudster. “Ever entitled, they tend to manipulate and exploit others, then rationalize their actions to shirk responsibility or blame” (Newman, 2015).

Impersonal relationships, when discussing emotionally detached individuals, famed psychiatrist Hervey Cleckley noted “…goodness, evil, love, horror, and humor have no actual meaning, no power to move…He is furthermore lacking in the ability to see that others are moved. It is as though he were color-blind, despite his sharp intelligence, to the emotional aspect of human existence” (Cleckley, 1976).

A millennial who is impatient with status quo can be a key concern as noted that, “a dissatisfied or disgruntled employee is more likely to rationalize a fraud as payback to the company” (Coenen, 2008).

The feeling of “being owed” something and having it denied can be very powerful and significantly adds to cover of rationalization, “…the offender convinces himself or herself that for some reason they are entitled to engage in the unethical action. This rationalization might be referred to as the ‘metaphor of the ledger’, in that we rationalize
that we are entitled to indulge in deviant behaviors because of our accrued credits (time and effort) in our jobs” (Anand et al., 2005).

High student loan debt can cause rationalizing that the proceeds of the fraud are “borrowed” and a personal intent to “repay” the victim organization-especially where greed wasn’t the contributing factor for the fraudster. When researching why offenders committed occupational fraud, “Cressey found the borrowing rationalization was the most frequently used” (Wells, 2013).

Employees are less likely to commit crimes of fraud against a company or individual when they feel loyal to the company or the employee can envision themselves continuing a successful employment relationship in the future. “Loyal employees have bills to pay and families to feed. In a good economy, they would never think of committing fraud against their employers” (Ratley via ACFE Occupational Fraud, 2009).

Perceived unshareable financial need is the second facet of the fraud triangle that offers the fraud investigator insight into the psyche of the fraudster. Most people have or have had a financial need. The level of that need is often up to the perception of the individual, whereas as the individual’s pressure to comply with the terms of the need, the likelihood of turning to fraud in turn increases. This is what Donald Cressey, in his 1953 book Other People’s Money: Study in the Social Psychology of Embezzlement, described as “status deflating” feelings- unusual financial pressure that jeopardizes a societal status enjoyed by the fraudster. Several traits were identified as critical in relation to this attribute of the fraud triangle, impatient with status quo, high debit/lack of savings.
As millennials are often impatient with status quo, the desire for instant gratification can cause financial struggle. According to cultural analyst Donna Sabino of IpsosOTX MediaCT, “They grew up in a time of insecurity, with 9-11 and banks cheating people. The traditional institutions and the way things are supposed to be weren’t that way for them. It gave them this ‘who knows what tomorrow will bring?’ and to say ‘why not treat myself?’” (Faw, 2012).

High debt and lack of savings can lead the millennial to feel as if they have no other option other than commit occupational fraud to relieve this financial stress. Cressey recalled an interview in his book Other People's Money: Study in the Social Psychology of Embezzlement, a convicted fraudster told him, “his back was up against a wall” and needed to commit the crime.

Perceived opportunity is the final facet of the fraud triangle, and offers several key areas of correlation to the common attributes of millennials. The key millennial attributes include narcissism, technology savvy, and educational achievement.

Narcissism is again a key area as it can give a potential fraudster the confidence to commit the fraud. “Narcissists possess an exaggerated sense of self-importance, a pre-occupation with being the center of attention, a lack of compassion for others, a high degree of sensitivity to criticism, and high levels of envy and arrogance” (Amernic, 2010).

Technologically savvy millennials create opportunities in new, evolving areas. Beacon Investigative Solutions CEO Mike Orchard explains in Property Casualty 360, “Young people are no more corrupt than baby boomers, but the younger generation has
far more advanced technical skills than the greying population and some are using those talents to commit criminal acts” (Orchard, 2013). The ability for a fraudster to immediate move evidence or conceal trails can be devastating for a fraud investigator-sometimes leaving the investigator with nothing to investigate.

The education of millennials, and their propensity to achieve masters-level education offers a greater opportunity to successfully commit fraud as they are often more educated and better versed in advanced or complex areas. According to the Association of Certified Fraud Examiners 2015/2016 Compensation Guide for Anti-Fraud Professionals, less than half of fraud investigators have advanced or graduate degrees, “About 44% also had a graduate or post-graduate degree” (ACFE Comp, 2016).

**Recommendations for Fraud Investigators**

Currently many fraud investigators are members of either the Baby Boomer or Generation X; obviously as the years go on, millennials can and will become fraud investigators, however, at this time it is rare for someone who is a millennial to be working a major fraud case. They simply do not have the requisite experience to be hired for the job level investigating major white collar crimes. This generational shift causes a GenX investigator challenges when investigating occupational fraud committed by a millennial. Understanding these differences and unique characteristics of this generation is pivotal of a successful non-millennial investigator.

Identifying the characteristics and traits of millennials is a good start, now we must examine how the investigator can combat this disadvantage and successfully
navigate the next 30+ years of millennials leading the white collar world. Unfortunately, some of the millennials characteristics and traits are impossible to thwart, especially high debt and lack of savings, as it falls outside the jurisdiction of the employer, and impersonal relationships, as that is more of a societal shift rather than a deficient trait. The best way to combat these characteristics and traits is to understand that they exist, be aware of them, and scan and monitor the staff on a regular basis to ascertain whether one of them is evident and potentially leading to a fraud incident.

Acquire new education, skills and especially advanced technical degrees

First, the successful investigator of the future must pivot from the days of retired law enforcement officers entering a second career, devoid of any university background in areas such as forensic accounting, law, ethics, and other business curriculum. The new age fraudster is not a disgruntled high school graduate who lives at home with his mother, it is the MBA who has years of training in complex finance. Although he just misses being in the millennial generation, Andrew Fastow, of Enron “fame” is an excellent model for the future millennial fraudster. He was exceptionally well versed in complex finance and took that education into creating some of the most successful and complex financial statement fraud schemes in history. For the future investigator to keep up with a future millennial like Fastow, he/she must be at the same educational and intellectual level of the suspect.

All future investigators should keep his/her skills sharp as part of an industry organization, such as the Association of Certified Fraud Examiners, including the CFE (Certified Fraud Examiner) certification. This membership and certification, would require the investigator to complete yearly training via Continuing Professional
Educational credits. This is a strong method of staying on top of the skills needed to succeed as an investigator.

Stay on top of technology trends and enhancements

Technology is changing rapidly and the millennial is already ahead of the curve as they are naturally introduced to the newest and greatest technology from their peers. The non-millennial investigator must take an active role in his/her development of skills and knowledge in advanced technology. The future investigator must know what tools and applications are available and ensure that his/her skills remain relevant and topical. It is important that this developing skill does not give the investigator an inflated sense on ability and they try to complete the work of a forensic computer evidence firm. A little bit of education can make some people very dangerous. The recommendation is that the investigator become well versed in the options and potential solutions, not to conduct highly specialized work best left to specialists.

Investment in fraud prevention and detection tools is imperative. The data analyzing software is incredibly effective in the modern market, closed circuit cameras and email reviewing programs are requisite tools that every company should consider and continuously looking to enhance and improve yearly.

Work with human resource executives to design programs to keep millennials engaged

The human resource executive is an underutilized tool in the fight against fraud. That resource is overlooked and dismissed by the professional they can help the most, the fraud investigator. Human resource professionals are at the forefront of almost every facet of the millennial going rogue and committing fraud.
Starting with the pre-employment process, with the assistance and partnership of the fraud investigation group, a human resources profession can be briefed on the troubling characteristics that a potential millennial new hire may exhibit, obvious issues with developing professional relationships, a potential impatience with career development plans established at the company, and a person who displays a sense of obvious entitlement. By proactively addressing concerns with career development and advancement, a company can prevent any questions as to where the millennial currently stands and what he/she needs to do to advance. Human resources should strive to be a transparent as possible with the millennial generation. With a simple commitment to partner with the human resources team, the fraud investigator can prevent potential problems before they are ever offered employment. This is the most successful preemptive proactive method available.

Human resources can also work to establish clear, concise, and industry appropriate compensation and benefits offerings for current and new employees. This work can ensure that the company is taking as good of care of the employees as the competition by creating favor among the staff and developing some loyalty among the team.

Lastly, as the mobile technology and internet age is rapidly changing security threats for modern business, it is essential that human resources and investigations are on the same page in areas related to cyber security, especially related to network use and “Bring Your Own Device” (BYOD) policies. As discussed in numerous areas throughout this paper, millennials are savvy with technology. Weak policies related to IT and BYOD issues only increase the advantage that a smart millennial fraudster will
exploit and commit a massive fraud almost without fear or risk of detection. Human resources often are the responsible party for policies in many companies. They should be consulted to ensure that these polices are reflective of current security protocols in consultation with appropriately trained IT professionals.

**Conclusion**

Based on the research, journal reviews, readings, and other methods outlined throughout, the millennial generation’s common traits, upbringing, and characteristics pose new and unique challenges for the white collar/occupational fraud investigator.

The millennial generation is not littered with future fraudsters, nor are they more prone to committing fraud than the other generations. If history has proven anything, any member of any generation, given the proper circumstances, is capable of committing fraud. Millennials certainly didn’t invent fraud, however as the above evidence indicates, the millennial generation does pose a different threat to fraud investigators than previous generations.

From the statistical research indicating a significant increase in generational fraud, and under the theory that as millennials continue to obtain larger roles and more responsibilities, the increase should at least rise at minimum figures of the near 25% of current trending. With additional opportunities for committing fraud at senior levels, that could cause gargantuan damage to the future bottom lines of corporate America.

The general personality traits of the millennial are easily correlated to the standard of fraud set by the fraud triangle. This theory of how an individual is motivated to commit occupational fraud is as true today as it was at its inception, the difference is
that the modern fraudster is motivated and educated in a much more diverse way and those attributes are converse to the investigators tasked with preventing and ultimately solving these crimes.

For the modern investigator to achieve success, he/she must remain vigilant in the craft of fraud investigation, maintain the highest professional standards, achieve continuous and evolutionary professional training, and respect the tenet that no individual can know everything. Fraud investigation is a science, and often in science, massive evolution occurs over time. This era of fraud evolution or millennial generation entering the fray is no different in concept as previous generations, it is simply different. Understanding and recognizing these differences will be the keys to success in fighting fraud in the age of millennials.


