

The Long-Term Effects of Occupational Fraud on Perpetrators: Initial Evidence

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I didn't expect to lose everything in my life and start over, and how painful that would be. Everything was more severe than expected, both positive and negative. There was a steep curve both ways...I did not understand that every sentence is a life sentence. The consequences are forever. [Interview response from a former fraud perpetrator]

My identity was taken away...your family thinks you're the same, but you're not. Nobody could go three days in prison and be the same. [Interview response from a former fraud perpetrator]

The [in]ability to find employment on the backend was shocking...Healing family relationships, which takes time...It just never goes away. Here I am [many] years removed. I still remember everything about it, my bunk, my number. I reflect on it every single day of my life. Not a day goes by that I don't think about the events. It is a huge part of my life. Prison was so uneventful and boring. I had hopes it would all fade away. It didn't. [Interview response from a former fraud perpetrator]

Introduction

The purpose of this study is to provide initial evidence on the long-term effects of occupational fraud on perpetrators.¹ Specifically, we conduct interviews of convicted fraud perpetrators to understand the experiences of individuals who have served correctional facility time of at least three months (post-conviction) for an occupational fraud and who are no longer on probation or supervised release.

As the first quote above indicates, fraud perpetrators may “lose everything” and experience what some call a “life sentence” due to the ongoing impacts of being a convicted felon. The second quote points to the impact of being in prison, suggesting that no one can serve even three days and remain the same. The final quote above describes negative impacts on employment and family relationships, as well as indicating that fraud and prison never fade from memory.

Our research has two primary motivations. First, while much is known about occupational fraud methods, victims, and perpetrator characteristics, little to no research examines the long-term effects of occupational fraud on perpetrators. Better understanding the long-term effects can aid in fraud prevention or deterrence efforts, as well as ultimately identifying possible enhancements to the criminal justice system. Second, a former fraud perpetrator suggested this study to us, indicating that s/he believes that the consequences of fraud are not well understood and should be examined. After consulting the literature, we agreed. Interestingly, one participant makes a similar assertion near the end of his/her interview:

Society knows truly little [about fraud consequences]. They know terms of incarceration as a number. They know truly little about the questions you asked [in this interview]. They never thought about it. No research has been done on it. Letting people know the consequences of this [act] are far beyond the sentence [is important]. [People] never thought about repercussions...No one is writing about it.

In terms of what we know about occupational fraud, Cressey (1973) presents the fraud triangle (pressure, opportunity, and rationalization), and Wolfe and Hermanson (2004) offer the fraud diamond (adding capability) to illustrate the key

¹ The Association of Certified Fraud Examiners (ACFE, 2022, 6) defines “occupational fraud” as, “the use of one’s occupation for personal enrichment through the deliberate misuse or misapplication of the employing organization’s resources or assets.” The categories of occupational fraud are (ACFE, 2022, 9): (a) asset misappropriation (“stealing or misusing the employer’s resources”), (b) corruption (“includes offenses such as bribery, conflicts of interest, and extortion”), and (c) financial statement fraud (“caus[ing] a material misstatement or omission in the organization’s financial statements”).

ingredients of fraud. Dorminey, Fleming, Kranacher, and Riley (2012) provide insight into the evolution of fraud theory, including offering a meta-model of fraud to highlight elements of the perpetrator and the crime.

The ACFE's biennial surveys (e.g., ACFE, 2022) provide ongoing insights into fraud methods, victims, perpetrator characteristics, case resolutions, etc. Further, a number of studies have leveraged the ACFE occupational fraud database to provide more in-depth analyses, including studies of private company versus public company financial statement fraud (Fleming, Hermanson, Kranacher, and Riley, 2016), predators versus situational fraudsters (Hermanson, Justice, Ramamoorti, and Riley, 2017), collusive versus solo frauds (Bishop, Hermanson, and Riley, 2017), management override frauds (Bishop, Hermanson, Marks, and Riley, 2019), frauds committed by information technology professionals (Dull and Rice, 2023), and factors affecting how fraud perpetrators are punished (Papakroni, Rice, and Dilks, 2023). However, the ACFE surveys, and these related studies, do not focus on the long-term impacts of fraud on perpetrators, following the punishment phase (see Papakroni et al., 2023).

Some researchers interview fraud perpetrators, but that research primarily focuses on understanding why or how the fraud was committed (e.g., Dellaportas, 2013; Free and Murphy, 2015; Soltes, 2016), rather than the long-term personal consequences for the perpetrators. Sometimes authors examine a single fraud case and discuss the long-term effects. For example, Z. Kelley, T. Kelley, and Raiborn (2018) offer insights into issues including the impact on family members while a perpetrator is incarcerated, including divorce and reputation damage faced by family members. Also, some perpetrators write books about their experiences, which can be enlightening (e.g., Minkow, 2005; Belfort, 2007). Finally, we certainly know from some high-profile cases that fraud consequences can be devastating for the perpetrator and his/her family. For example, in the wake of Bernie Madoff's massive Ponzi scheme, Madoff died in prison after one son committed suicide and the other died of cancer. Overall, however, our knowledge of long-term fraud consequences is quite limited and warrants further examination.

Research on the effects of incarceration in general (i.e., beyond those who have committed occupational fraud) addresses some of the possible effects that we examine in the occupational fraud context. For example, research finds negative impacts of incarceration on work and financial standing (Western, Kling, and Weiman, 2001; Apel and Ramakers, 2018), family relationships (Apel, Blokland, Niuwbeerta, and van Schellen, 2010; Siennick, Stewart, and Staff, 2014), physical health (Schnittker and John, 2007; Massoglia and Pridemore, 2015), and mental health (Sugie and Turney, 2017).² Research also finds evidence of positive effects on spirituality (Deuchar, Morck, Matemba, McLean, and Riaz, 2016). We complement these studies by focusing specifically on occupational fraud perpetrators and using a qualitative approach to glean deep insights from a small number of perpetrators.

Based on interviews of seven former perpetrators, we add to our understanding of the long-term effects of fraud on perpetrators. Specifically, we provide initial qualitative evidence of significant negative impacts on occupational fraud perpetrators, especially their career and financial standing, some family relationships, many friendships, and their mental health. One notable positive area is spiritual aspects of the perpetrators' lives post-release. These effects appear largely consistent with the effects of incarceration in general, highlighting the severe penalties for occupational fraud.

The most severe overall consequence of fraud is most commonly the impact on children and family. Most participants view the consequences of their actions as fair, but most do not believe that their consequences will deter others from committing occupational fraud. The participants are quite unified in their negative views of the criminal justice system, especially the lack of focus on rehabilitation and restitution.

Perhaps the greatest implication of our findings is that a felony fraud conviction arguably carries a life sentence, in that employment and several other aspects of life are affected forever. The participants did not appear to appreciate this impact before their cases unfolded. Second, we expected to identify many negative long-term consequences of fraud, and we did. However, compared to the pre-fraud period, many participants are in a quite different spiritual place, and are happier and healthier, today. The group that we interviewed appears to have done well in some key areas of life post-fraud, although we acknowledge important limitations of our sample, as discussed later. Finally, we believe that the findings have implications for the handling of criminal fraud cases, especially the need for greater focus on rehabilitation and income generation to pay restitution. There is a sense of frustration among the participants that prison is purely punitive and that they could not work to begin to repay their victims until their sentence was over.

² White-collar offenders experience quite negative impacts on their careers (Western, Kling, and Weiman, 2001).

Method

Interview Questions

To better understand the long-term effects of occupational fraud on perpetrators, we develop interview questions in four areas: (a) screening questions, (b) demographic questions, (c) background questions, and (d) impact questions. The screening questions provide the definition of “occupational fraud” and are designed to ensure that the participants meet our criteria: individuals who have served correctional facility time of three months or more (post-conviction) for an occupational fraud and who are no longer on probation or supervised release (i.e., the legal case and punishment are resolved except for any ongoing financial issues, such as fines, restitution, or financial filings).³ The demographic and background questions capture information about the participants and their cases.

The impact questions reflect the main focus of the interviews. We first address the participant’s life and career before the fraud incident. This information provides a baseline. Next, we ask about the impacts of the incident on several aspects of the participant’s life (i.e., career/ability to find work, family relationships, friendships, financial standing, physical health, mental health, overall happiness, spiritual aspects of their life, ability to form new friendships or other relationships, and other). For these specific impacts, we ask the interviewees to include a numerical assessment of the impact from -50 = significant negative impact to +50 = significant positive impact.⁴

We then ask the participants to reflect on the various impacts, such as what was most surprising, more or less severe than expected, and most significant overall. We also ask whether the participants believe that the consequences they faced were fair and would deter others from committing occupational fraud. Finally, we ask for advice from the participants for others facing charges, for individuals graduating from college, and for society regarding how to address fraud perpetrators.⁵

Interview and Coding Process

From June 2022 to March 2023, we conducted online interviews with seven occupational fraud perpetrators who met our selection criteria. We identified potential interviewees through professional contacts, with one contact providing information on 20 possible interviewees. Once a potential participant indicated interest in the study, we provided the person with the interview questions. We acknowledge that the study and the interview questions address extremely personal and sensitive issues. Many individuals did not respond to our emailed requests to participate, and some initially agreed to participate and then, after seeing the interview questions, either declined or did not reply.⁶ The nature and size of the sample are limitations of the study.

To capture the participants’ responses, we took detailed notes during the interviews, rather than recording the interviews. This method is consistent with prior studies addressing sensitive issues, such as board processes at specific companies (e.g., Beasley, Carcello, Hermanson, and Neal, 2009; Hermanson, Tompkins, Veliyath, and Ye, 2012; Clune, Hermanson, Tompkins, and Ye, 2014).

The same coauthor led all seven interviews, asking the questions and taking notes as much as possible. This coauthor was joined by either one or two other coauthors who focused only on taking notes and only occasionally asking a follow-up question. Three coauthors participated in three interviews, with two coauthors participating in four interviews. The mean interview length was 54 minutes (range of 41–65 minutes).

³ We focus on individuals who are past the incarceration and probation stage for two reasons. First, such individuals can better assess the long-term consequences of their case. Second, we avoid issues associated with performing research with prisoners.

⁴ While the scale was helpful in focusing the participants, there were two challenges in using this scale. First, participants often provided multiple answers, such as -50 right after the incident, but 0 today. Second, in some instances, participants struggled to rate the change in an aspect of their life, instead rating the absolute level (e.g., I went from +50 to +10). When these two issues were encountered, we asked follow-up questions to clarify the responses. Given these two challenges and the small sample of participants, in the findings section we provide broad descriptions of the scale ratings.

⁵ We shared our draft interview questions with several colleagues who conduct research in the fraud and auditing area. We revised the question content based on the feedback. The study is IRB approved.

⁶ Specifically, of the 20 possible interviewees suggested by one contact (after screening out bad email addresses or people who did not meet our criteria), 11 did not respond, four said no, three participated in an interview, and two initially said yes but then did not respond after seeing the interview questions. Other contacts typically suggested a very small number of possible interviewees.

Very shortly after each interview, one “note taking” coauthor typed the interview notes and circulated them to the other participating coauthors for review and enhancement. After all interviews were complete, one coauthor assembled the responses in Excel and identified the primary patterns of responses. Given the nature of the questions and responses, there was little need for complex judgment. Another coauthor reviewed the interview notes and identified quotes to include in the paper.

Participants

As shown in Table 1, the participants include four males and three females. All participants are white, and they generally were in their late 20s to 40s at the time of the fraud. The participants were generally working at the management level at the time of the fraud, and most of the participants have at least an undergraduate degree.

Regarding the fraud incident and penalties, most of the cases involve asset misappropriation, and most occurred over 15 years ago, allowing a long period of time to assess the consequences for the perpetrators. All participants were released from a correctional facility at least five years ago, after serving a range of approximately one to eight years. All participants had probation after release, and all have/had restitution (ranging widely in dollar amount). Finally, four participants also had civil liabilities.

Table 1: Overview of Participants (n = 7)

Participants	
Gender	Female – 3 Male – 4
Race	White – 7
Age range at time of fraud	Late 20s to 40s
Employment level	Generally management level
Education level	High School – 2 College degree – 2 Graduate degree – 3
Incidents/Penalties	
Occupational fraud category	Asset Misappropriation – 4 Financial Statement Fraud – 1 Asset Misappropriation and Financial Statement Fraud – 1 Corruption – 1
How long since convicted	6–10 years ago – 2 11–15 years ago – 1 15+ years ago – 4
How long since released from correctional facility	5 years ago – 1 6–10 years ago – 3 11–15 years ago – 1 15+ years ago – 2
Length of correctional facility sentence	Range of approximately 1 to 8 years
Probation	All had probation (range from 2 to 3 years)
Restitution	All had restitution (range from a couple hundred thousand dollars to several million dollars)
Also found liable under civil lawsuit?	Yes – 4 No – 3

Findings

In the following sections, we discuss the patterns in the interview responses, and we include quotes from participants to illustrate key findings and perspectives.⁷ See Tables 2 and 3 for a summary of the findings.

Table 2: Summary of Responses Regarding Fraud Impacts

Panel A: Life Before the Fraud

Please give us a sense of what your life and career were like before this entire incident (occupational fraud incident, conviction, time served, etc.); job, family situation, financial standing, health, happiness, etc. In other words, what was life like before your case?

- Many (but not all) were living life in the fast lane, working hard, and trying to keep up with an expensive lifestyle. For some, this lifestyle took a toll on their health. Some thought they were actually happy, while others knew they were not.
- Except for one participant, no one seemed to have a long-held intent to commit fraud. Most did not initially set out to commit crimes.

Panel B: Impacts of the Fraud

How has this entire incident (occupational fraud incident, conviction, time served, etc.) affected the following areas of your life? (Scale from -50 = significant negative effect, 0 = no effect, to +50 = significant positive effect)

1. Career/ability to find work

- Almost all ratings are negative.
- Many struggled to find work right after the crime. Most ultimately found work, but it took time, and for many the job did not pay well.
- No one could find a job at a major company. They found jobs with small companies or worked on their own.
- Some have leveraged their fraud experience to earn income (e.g., speaking engagements, books, etc.).
- Most who were living a lavish lifestyle before the incident are not living that lifestyle today.

2. Family relationships

- Ratings are mixed. Five are negative for at least one part of their family, and four are positive for at least one part of their family.
- The fraud impacted everyone's relationships to one degree or another. Most had at least one relationship that was significantly negatively impacted (e.g., divorce, not in contact with some members of the family, etc.).
- For some, having open discussions helped to maintain, repair, or strengthen relationships.

3. Friendships

- Everyone's rating is negative immediately after the event.
- Overall, friendships were impacted more negatively than family relationships.
- Everyone lost friends. Some had a small number of friends stay. Some have gained new friends as the incident becomes more distant.

4. Financial standing, retirement savings, etc.

- Almost all ratings are negative.
- Most were financially devastated (e.g., bankruptcy, closed out retirement accounts for restitution, lost all assets, etc.).
- One person is in a better financial position today. Everyone else appears to be making less today than they were previously.

5. Physical health

- Most give negative numbers, at least at time of the incident. Some have turned positive more recently.
- Some do not see any change, some say the stress of the incident caused physical issues, some say the stress of getting caught caused issues, and one believes jail made him/her sick.

⁷ In our note taking during the interviews, we captured the exact words spoken as closely as possible. The quotes provided in the paper have been lightly edited for readability and grammar, but not for content. We present quotes where they most logically fit into our discussion.

- A couple of participants have used the incident to turn this part of their life around. Starting in jail, they took control of their health.

6. Mental health

- Mental health is a significant challenge for all participants. All participants have had mental health challenges. However, almost all are in a better place today.
- For many, the unknowns were what was difficult. For example, pre-sentencing takes a long time, and they did not know how long they would serve, what jail would be like, etc. Then, it is hard to come out of jail and know what to do next.
- Extreme guilt was hard for some.

7. Overall happiness

- Most seem to have come to terms with what happened and are happier now.
- Most, but not all, are happier today than they were prior to their incidents.

8. Spiritual aspects of life

- Almost all ratings are positive.
- Most now lean heavily on the spiritual aspects of their lives. Two now are ordained ministers.

9. Ability to form new friendships or other relationships

- Overall, ratings are mixed.
- Some have trust issues and still do not form relationships today. Some were negative immediately after the incident, but more positive now. Some have used their incident to build new relationships.

Table 3: Summary of Responses Regarding Reflections on the Case

1. Most surprising impact

- Some talk about being surprised about life after prison (e.g., how difficult it was to find a job, how to pay restitution, etc.).
- Some talk about being most surprised about spirituality.
- Some mention being surprised by the impact on family and relationships.

2. Impacts that were more severe or less severe than anticipated

- More severe impacts (most common responses):
 - Family and other relationships
 - Mental health
 - Financial impact.
- Less severe impacts (most common response):
 - Family and other relationships.

3. Most significant impact

- Responses most commonly relate to children and family.

4. Fairness and deterrence

Overall, do you believe that the consequences of your incident (a) were fair and (b) would deter others from committing occupational fraud?

- Most think the overall consequences are fair.
- Only one person thinks the consequences actually will deter others.

Life Before the Fraud

To provide a baseline and to better understand the participants' backgrounds, we asked, "Please give us a sense of what your life and career were like before this entire incident (occupational fraud incident, conviction, time served, etc.) – job, family situation, financial standing, health, happiness, etc. In other words, what was lifelike before your case?" Many participants, but not all, were living life in the fast lane, working hard, and trying to keep up with an expensive lifestyle before the fraud. For some, this lifestyle took a toll on their health. Some thought they were happy, while others knew they were not. Except for one participant, no one seemed to have a long-held intent to commit fraud. Most did not initially set out to commit crimes. One participant describes a "Norman Rockwell" life, with everything going quite well:

[My life] looked like Norman Rockwell. It was good. I was the first on either side of my family to go to college. I was highly successful in academics, sports, and jobs...I worked for big companies, made big decisions, and had

lots of mobility. I had a [spouse] and...kids. I didn't have gambling issues, no drug issues, no arrests. I had an extraordinary life as a young person. I didn't realize how good I had it. Health and happiness were all good.

Another participant points to financial success, but also wanting to get out of the life that s/he was living:

I had a senior level... job, married, owned [multiple] homes, drove a [luxury brand of car], had the expensive jewelry. I had wealth, and I spent it all. I disliked my job, but I was caught up in the lifestyle...From the outside, I was a VIP at restaurants where I lived, and I enjoyed it, the power, the ego aspects. Truthfully, I wanted out...Committing fraud was self-sabotage. I didn't know how to get out of it. Blow it up, but without knowing what comes with it, wanting to blow my brains out, financial ruin, etc.

A third participant is an outlier in that s/he began committing crimes at an incredibly young age due to a troubled upbringing:

My [parent] was a fraudster. I started a life of crime [at a young age]...as I grew up, I got into scams. I ran the gambit for fraud and criminal activities, from being a minor to an adult...I started with [a type of] scams, learning the dynamics of [a type of crime]. I formed two [criminal enterprises] looking for profit. This [activity] eventually led to my arrest...

Impacts of the Fraud

The primary focus of the interviews was on the long-term impacts of the fraud on the participants. We asked the participants to respond to the following prompt: "How has this entire incident (occupational fraud incident, conviction, time served, etc.) affected the following areas of your life? (Scale from -50 = significant negative effect, 0 = no effect, to +50 = significant positive effect)." We also asked the participants to explain their responses. In the sections below, we discuss the impacts in each of several areas.

Career/Ability to Find Work

Regarding career/ability to find work, almost all ratings are negative. Many participants struggled to find work after their incarceration. Most participants ultimately found work, but it took time, and for many the job did not pay well. No one could find a job at a major company. They found jobs with small companies or worked on their own. Some participants have leveraged their fraud experience to earn income (e.g., speaking engagements, books, etc.). Most participants who were living a lavish lifestyle before the incident are not living that lifestyle today.

One participant describes the inability to find work, eventually shifting to entrepreneurship:

I tried to find employment when I first got out, and it did not go well. There was a combination of embarrassment of trying to explain what I did and fear of rejection. Before this [event], I interviewed for jobs and would usually get them. I wasn't used to rejection. There now was a fear of rejection, and I did get rejected. There was also the worry of when to tell a company about what I did. Do I tell them right away or wait and see if they find out? ...I didn't know how to work for myself or how to be an entrepreneur. For me it was more comfortable working for big companies. But I decided entrepreneurship would pay the bills faster.

Another participant could not even get a job in fast food:

The impact was significant. Because this [fraud] was a financial crime, there were stipulations. For example, I could not handle credit cards, money, etc. That means even fast food I couldn't work at. Also, having to explain the felony.

A third participant describes a much less perilous return to work, with some business continuing:

In my case, the government did not take all of my money/assets. I continued with some of my business dealings, contracts. I was not penniless, like many of my contemporaries. I did not have to find work to survive. I did have a divorce that was being finalized, and some child support issues. I could not live the lifestyle that I was used to. There were money issues but not work issues.

Family Relationships

The effects of the fraud event on the participants' family relationships are mixed. Five participants have negative ratings for at least one part of their family, and four participants have positive ratings for at least one part of their family. The fraud impacted everyone's relationships to one degree or another. Most participants had at least one relationship that was

significantly negatively impacted (e.g., divorce, not in contact with some members of the family, etc.). For some participants, having open discussions helped to maintain, repair, or strengthen relationships.

One participant indicates that relationships with his/her spouse and children remained positive, but those with other family members were negatively impacted:

My relationship with my [spouse] and kids was good throughout. Discussions with them were important. I had to be transparent with my kids. The decline occurred with my [siblings] and parents...My parents and [siblings] never asked me any questions about the event, not even about how I was doing.

Another participant describes his/her divorce, strained relationships with kids, and remarriage, as well as one positive relationship:

My ex-[spouse] threw me out, justifiably. My relationships with my...children were strained. I met a [person] and got married. Our relationship was close but rocky for the first few years...My relationship with my step[child] was fantastic. My relationship with my kids has vacillated over the past [many] years, the most difficult relationships in my life.

A third participant discusses getting divorced, but indicates that other family relationships have improved:

I got divorced as a result of the incident. In a sense, [the divorce] brought my [own] family closer together. [A relative] was going through [a disease], which is actually a similar circumstance to what I was dealing with. After the incident, about two weeks into my prison term, my [parent] leaned into me hard, but after that, I think we became closer. I became closer to my [sibling] because of the incident...Overall, it was positive for my family.

Friendships

The participants indicate widespread negative impacts on friendships, as everyone's rating is negative immediately after the event. Overall, friendships were impacted more negatively than family relationships. Everyone lost friends. Some participants had a small number of friends remain. Some participants have gained new friends as the incident becomes more distant.

One participant comments on going from hundreds of friends to about a dozen:

I lost or intentionally separated from almost all friends and contacts. Some separated from me because I was radioactive. I separated from some who did not understand my new way of life I was choosing. They wanted me to reflect my old way of life or the way they saw my old life...Some friends stayed, but at a distance. I went from hundreds of friends to maybe a dozen.

Another participant describes prioritizing family over friends and losing many friends from that period:

Everyone is running from you. Home is where they have to take you back...Also, I was dealing with this [event] with my own family, and I didn't have time to deal with friends. Even today I only have very few friends from that era.

A third participant is surprised by who stepped up, such as an elderly neighbor, and gains new friends after prison:

... you find out very quickly who your friends are. I lost people I thought were close, but they probably did me a long-term favor...Some people actually did step up, and some surprised me. [An elderly acquaintance] visited me in prison. Now, some of my closest friends came from the job I had...post-prison. We would never have met if not for my case.

Financial Standing, Retirement Savings, etc.

Almost all ratings of the impact on financial standing are negative. Most participants were financially devastated (e.g., bankruptcy, closed out retirement accounts for restitution, lost all assets, etc.). Only one person is in a better financial position today. Everyone else appears to be making less today than they were previously.

One participant discusses spending 10 percent of his/her net worth on a sandwich, while owing millions:

[Someone]...asked about my finances, [and] my response was, "Hey, I am about to spend 10% of my net value on a sandwich." It is really frightening...But when I say zero funds, I mean zero, none – no house, no car, no

savings...Bankruptcy was filed a couple of years after I got out. The bankruptcy judge even said “wow” about how little I had. My clothes were my asset, and I owed [a lot].

Similarly, another participant describes being wiped out financially, but now moving toward recovery:

This [event] wiped out everything. I closed-out a [dollar amount] 401(k) to make payment on restitution. I was no longer making hundreds of thousands per year – [went] to literally nothing. I have nothing saved for retirement. For the first [few] years of entrepreneurial work, I did not make any money. I’m expecting to start making money this year...I should make a very nice living next year.

A third participant describes being “very well off” now, having turned his/her life around to some extent:

I am very well-off [now]. I don’t make as much as I used to steal, but I can keep it and pay the bills. I lead a blessed life. I...work in many...consulting roles...I speak a lot and do a lot of free stuff. I want to be remembered as a [person] who turned things around.

Physical Health

Most participants provide negative numbers regarding physical health, at least at the time of incident. Some participants have turned positive more recently. Some participants do not see any change, some say the stress of the incident caused physical issues, some say the stress of getting caught caused issues, and one believes jail made him/her sick. A couple of participants have used the incident to turn this part of their life around. Starting in jail, they took control of their health.

One participant describes going from good health to terrible health and then improving in prison:

It went from being exceptionally good, then during the crime until I went to jail, it was terrible – smoking, drinking, bad diet. Once incarcerated I could control a lot more of my health. I took better care of myself...

Another participant discusses the destruction of physical health, but is learning about health today:

I am learning much more about physical health and the correlation between mental and physical [health]. I knew my physical health issues were due to this [event], but now I am learning more. My physical health was destroyed.

A third participant lost weight and believes that the fraud probably took two years off his/her life:

I lost weight...from my arrest to entering prison. It was from stress. I still ate...but stress just melted it off. It was even mentioned by my lawyer at sentencing, “[S/he] looks like crap.” My stress was through the roof. I’m purely speculating, but stress probably took two years off my life...Now, I am obsessed with fitness (walking, weights, yoga), drinking water, and eating clean.

Mental Health

Mental health is a significant challenge for all participants. All participants have had mental health challenges. However, almost all are in a better place today. For many participants, the unknowns were what was hard. For example, pre-sentencing is a long process, and they did not know how long they would serve, what jail would be like, etc. Then, it is hard to come out of jail and know what to do next. Extreme guilt was also hard for some participants.

One participant discusses being a mess and indicates that presentencing was torture:

I was a mess. It was a roller coaster of different mental health issues. Presentencing, a [multi]-year period, was torture, the worst part of the process – waiting, fear. Emotionally, I was a mess throughout and post-prison. Post-prison, I could not make a simple choice, because in prison you do not get to make choices...

Another participant describes the two scariest days of his/her life, with coming out of prison being the scariest:

Pressure, anxiety, depression. I tried to manage it going in, but then coming out was extremely stressful. The second scariest day in my life was going into jail. The first scariest day was coming out...Coming out of jail I had a lot of anxiety – ...kids, no job prospects, no money, jail, probation – tremendous amounts of mental stresses. I saw a therapist, and my stress was a 50 on a 10-point scale. I checked all of the stress boxes.

A third participant describes an extremely dark, drunken, and suicidal period, but with an understanding today of “what I am on this planet to do”:

I was a [expletive] mess, an absolute disaster. I was consuming tremendous amounts of alcohol to escape the hell and shame. I knew what I was doing was wrong. I'd sit on the floor and drink..., thinking about how my life insurance policy was written. Can my [spouse] get the money? I had suicidal thoughts. My shame was all-consuming. I was planning to kill myself...I would go to bed hoping to die and praying for death and wake up miserable and crushed to see the light of a new day. I was like that for...months. Now...I have connected myself to why I'm meant to be here, what I am on this planet to do...I have mission, purpose, and meaning.

Overall Happiness

Most participants seem to have come to terms with what happened and are happier now. Most participants, but not all, believe that they are happier today than they were prior to their incidents. One participant is much happier now and views the experience as having saved him/her:

Pre-event, I thought I was happy. Post-event, I am extremely happy, and I have true freedom...The experience saved me in all aspects. I would have kept doing wrong.

Another participant is still making progress and has overcome a lot:

I am not where I want to be, but I am a very optimistic person, and I have overcome a lot. Who knows? Maybe life could have been worse without this event.

A third participant describes going from thinking s/he was happy to today having real happiness:

Then, I had a superficial, empty life, but I did have some enjoyment in those things that the life afforded me. I had the dopamine kicks of expensive [jewelry], dinners, etc. Today, I have real happiness in my life.

Spiritual Aspects of Life

Almost all ratings related to spiritual aspects of life are positive. Most participants now lean heavily on the spiritual aspects of their lives. Two participants now are ordained ministers. One participant describes having nowhere else to turn as the case was unfolding:

There are no atheists in a fox hole. Before, I was going to church but going through the motions. But when this [event] happened I did more. There is no other place to turn in the middle of charges. You can't go talk to anyone about what you are going through. So, you have to have some faith. You can't even disclose to a spouse what happened. It is a lonely place to be, so there has to be something. Today it is important to me, but there was more emphasis as things got dark.

Another participant, who is now an ordained minister, discusses losing faith completely prior to the fraud:

I really feel like there is someone up there looking out for me, giving me good juju. Prior to the event, I lost faith completely. I was so busy working. When the kids were small, we were very involved in church, but as they got into high school / college, which is when the event occurred, that waned. Now, I am an ordained minister.

A third participant discusses his/her spiritual journey and moving beyond thoughts of suicide, "a permanent solution to a temporary problem":

Pre-arrest, I was not a religious person. I believed in something out there. Now, a huge part of this [event] is spiritual. I went through a spiritual journey...With suicide, I was considering a permanent solution to a temporary problem.

Ability to Form New Friendships or Other Relationships

Overall, ratings for the ability to form new friendships or other relationships are mixed. Some participants have trust issues and still do not form relationships today. Some participants were negative immediately after the incident, but more positive now. Some participants have used their incident to build new relationships.

One participant discusses fewer friendship opportunities as we get older, as well as being more cautious about friendships today:

With friendships, I'm not sure if it's because of this event or because I'm getting older. There are less opportunities for friendships [now]. I am more cautious about friendships now. The people I spend time with are...fellows, colleagues, or clients, but not friends.

Another participant describes a whole new world of friendships with unexpected people and also points to the benefits of speaking publicly about his/her case:

This [event] has opened a door that I never thought it would with regards to friendship, with people I never thought I would have anything to do with. I have friends from the inside and professionally on the outside. I met great friends by explaining my story and being in the position that I am in. I do speak publicly about my case...I do think that the public speaking has let me get my voice back and explain and has given me power.

Other Impacts

Among other impacts cited by the participants is one participant who no longer sees the world in gray:

I don't see things as grays anymore. I see things as black and white. I am a teetotaler. I do support the idea of prison time for those who break the law, except minors. Like an alcoholic, people need to hit rock bottom in some instances. Crime was my addiction. I am a teetotaler on [my type of crime].

Another participant points to the positive impact on others of telling his/her story:

As part of my...business, I offer everyone a free call to discuss. I used to start every call with the question, "I'd love to know your mindset to fill out the questionnaire and hit submit. What was your impetus?" One woman said she had a huge argument with her [parent]. She looked online and found my post on a site. She said, "I read that, and your story stopped me from planning to kill myself." Another person said, "I was destroying my life, and your [story] stopped me." ...I cannot discount what my work has done.

Reflections

We asked the participants to reflect on several aspects of their case: the most surprising impact of the incident, impacts that were more or less severe than anticipated, the overall most significant impact of the incident, whether the consequences of their incident were fair, and whether the consequences of their incident would deter others from committing occupational fraud. We discuss the responses in the sections below.

Most Surprising Impact

Some participants talk about being surprised about life after prison (e.g., how difficult it was to find a job, how to pay restitution, etc.). Participants also talk about being most surprised about spirituality, and some participants mention being surprised by the impact on family and relationships. One participant was surprised by damaged family relationships and the feeling of numbness after prison:

Family, my [damaged] relationship with my parents and [siblings], it shocked me. And the shock of "waking up" after coming home from prison. I came home, was numb, and then woke up recently.

Another participant says s/he was most surprised by the benefits of the things that were the scariest:

...the single most surprising thing is that the things I was most afraid of turned out to be the things that were best for me. I did not know what was best for me, only what I wanted. I was scared of losing things, real life risk, change, dependence on God or anyone. I then found out that all of those things were the best things for me. Being a maverick is no way to live, but accountability is freedom.

A third participant highlights the positive spiritual impact:

Spirituality is what my heart is saying. How much it means for my life, wanting to be of service. I seek my truth and share what I find. I was a superficial, shiny object person [before].

Impacts that Were More Severe or Less Severe than Anticipated

The participants most commonly cite family and other relationships, mental health, and financial impacts as more severe than expected. Family and other relationships reflect the impact that is most often cited as less severe than expected.

One participant points to the loss of people, realizing that you are full of it, and other impacts:

More severely was the loss of people. I believed the justification I created...It's a big shock to realize that you are full of [expletive]...I had a [person] who had lost his job because of me. I was able to apologize to him [a few] years ago. He said that he thought I was his friend. I am haunted over loss of my marriage...I have a lot of guilt.

A third participant describes the family impact as less severe, while the mental health impact is more severe:

Family was less severe that I would have expected. For a long time, I said that I couldn't believe what I had done to the family. [A relative] said, "You did not cause the family shame. You did that to yourself. We are fine." Mental was more severe...It took thousands of choices to commit my fraud. I ignored my inner voice. It's a very empty feeling. Thank God in prison, everything is set. For me simple decisions became impossible. I had to rebuild self-trust.

Most Significant Impact

Responses regarding the most significant impact often relate to children and family. One participant discusses the impact on the children:

My kids, them being without a [parent]...during high school and college. For years prior to sentencing, I was grouchy and miserable, always in bed, because I did not know what was going to happen. I was a mental health wreck, lots of guilt.

Another participant reflects on the "felony for life":

Felony for life, issue with trying to get a job, explaining yourself to your community. I was lucky because I had a home to go to. With a felony you can't rent an apartment. It is not just after you are incarcerated, it is that felony for life.

A third participant indicates that anguish and shame were the worst effects:

Inner-anguish and shame trumps losing the career, the money, even my spouse...I had to stare at the worst version of myself in the eyes, and I hated what I saw.

Fairness and Deterrence

In terms of the consequences of the incident being fair, most participants think the overall consequences are fair. One participant describes the sentence:

Under the sentencing guidelines, my range was [a number of] months. I helped the victim by telling them how I committed the fraud and how others could [victimize] them. I paid [amount] in immediate restitution, which helped me get a shorter sentence. That part was extremely fair...

By contrast, two other participants do not believe the sentence was fair. Interestingly, one views the sentence as too harsh and the other not harsh enough:

Fairness, no, absolutely not. I should not have been incarcerated. My judge was very fair and went as low as he could.

Not fair, I should have gotten more time for what I did.

With respect to deterrence, only one person thinks the consequences actually will deter others. Two participants discuss why their case would not be a deterrent, citing the death penalty's lack of deterrence and how people weigh fraud costs and benefits, respectively:

Deter, no, the death penalty does not stop murder. The human experience can't be captured in this [case]. I knew intellectually it was wrong and still committed the crime...Think about it this way. If it worked, we would not be talking today.

My case would not deter others. As a cautionary tale, it is so small that it is statistically irrelevant. Most people do not think it will happen to them. The benefits are so great that they outweigh the risk...

Advice

Finally, we asked the participants for advice they would give to others facing charges, to individuals graduating from college, and to society regarding how to address fraud perpetrators.

To Others Facing Charges

One participant points to the importance of protecting yourself, not falling on your sword, in the legal process, and then offers to help others:

I would not operate in fear. Don't operate in guilt. Get help from anywhere. Get a federal attorney. Do everything you can to protect yourself...I just fell on the sword...I thought I did this terrible thing, and I deserve the consequences. You know how people can choose flight, fight, or freeze. I did freeze mode...Give them my phone number. I will pull them through it.

Another participant discusses moving beyond denial and being truthful with yourself:

Understand your responsibility and accountability. It's all about denial. Do not blame others. You chose to break the law. You are the master of your own fate. Be truthful to yourself. During prison, I did...months of cognitive behavioral therapy, and my biggest takeaway was that your thoughts determine your actions.

To Those Graduating from College

One participant cites living within your means and marrying the right person:

One, live within your means, the simplest pill you can take. You don't have to cross the line if you haven't spent next year's money this year. Two, who you marry is the most important decision in your life. I'm not putting responsibility for what happened on my ex-[spouse], but we were too similar.

Another participant points to building in checks and balances:

Build in checks and balances. As it was my company, I had none of that...People get in trouble when nobody is checking.

A third participant cautions that people are quite vulnerable around age 30 and to be on guard, as fraud schemes do not use the word "fraud":

Fraud, misconduct, and unethical behavior is not as easy to identify as you might think. Opportunity to be involved in a fraud doesn't involve the word "fraud." It involves helping the company, helping a friend, getting something that someone didn't give you that you thought you deserved...It looks like it is a good thing. It is among friends. It looks different than what you think it looks like. Always be on guard...I remember what 30 looked like. You're out of college and think you know everything. You know nothing. It's a vulnerable age. You're the youngest in the room. There's a lot of risk.

Another participant advises people to listen to their heart and to take time before making decisions:

Listen to your heart. If it doesn't feel right, don't do it. Regardless of pressure from others or the situation, take a step back. Very rarely do you have to decide immediately. Go for a walk. Ask yourself, "Is this [act] the decision that I want to be remembered for the remainder of my life?"

Suggestions for How Society Addresses Perpetrators of Occupational Fraud

The participants are quite unified in their negative views of the criminal justice system, especially the lack of focus on rehabilitation and restitution. Instead, they view the system as primarily punitive. One participant suggests that prison punishes the family and the victims:

There is no common sense to the system and prison camps...Prison is nonsense. Inside the prison camp, prisoners are laughing, having fun. I was doing things like yoga, etc. It was not punishment for me, but for my family and the victim of the crime. They were not getting paid back.

Another participant calls for more focus on the underlying causes of fraud and on rehabilitation:

Focus more on underlying causes and rehabilitation, versus penalties. Our court system views white-collar crime as crimes of greed, not underlying pathology or environment...[White-collar perpetrators typically] have underlying

pathological issues: childhood trauma of some type, drugs, alcohol, and environmental pressure. They're still personally responsible, but there were environmental factors.

A third participant wants society to view fraud perpetrators as humans who need rehabilitation. S/he also expresses concern about the impact of plea deals:

Help society to understand that occupational fraudsters are not monsters. Stealing [a couple hundred thousand dollars] is not Bernie Madoff. We made a terrible choice, but we are still humans...there is zero guidance within the prison system, no rehabilitation whatsoever. It's punitive only, and it doesn't benefit society...Give people the tools to recreate life after prison...I was guilty as sin, but plea deals are 98% of federal cases. How many people are guilty versus forced pleas? The right to a speedy trial is punished. You have a plea deal for two years, go to trial and get six to eight years as a [expletive] you for going to trial...

Conclusion

Through interviews of seven occupational fraud perpetrators, we provide initial qualitative evidence regarding the long-term consequences of fraud for perpetrators, a largely unexamined area. As may be expected, we find many negative consequences, but we also find some positive consequences, most notably spiritual aspects of life. These effects appear largely consistent with the effects of incarceration in general, highlighting the severe penalties for occupational fraud. We find that most participants view the consequences they faced as fair, but most do not believe that their consequences will deter other potential perpetrators. The participants have negative views of the criminal justice system, especially the lack of focus on rehabilitation and restitution.

Our findings have practical implications. First, the findings highlight the severe long-term impacts of committing occupational fraud and being incarcerated. Even though occupational fraud is not a violent crime, it comes with often devastating consequences, a type of "life sentence." Second, we find that the picture is not completely negative, as spiritual aspects of life can improve after a major stressor, consistent with research on incarceration in general. Finally, the findings point to possible enhancements of criminal justice system, such as a greater focus on rehabilitation and generating income to repay victims.

We view this study as a first step toward better understanding the long-term consequences of fraud and considering how this new understanding may affect how we seek to prevent and deter fraud, as well as how we address fraud perpetrators in society. We encourage additional studies to build on what we have found and to address the primary limitation of our study, the small sample of individuals willing to talk to us, who likely are not representative of the population of fraud perpetrators. Specifically, those not reflected in our study likely include those still engaged in fraud (repeat offenders) and those who have suffered especially dire long-term consequences and are unwilling or unable to be interviewed. Further, statistical generalizability is not the focus of qualitative research (Power and Gendron, 2015; Carminati, 2018).

While we encourage additional interview-based studies, we also hope to see future studies that analyze larger samples of former perpetrators, perhaps by identifying perpetrators through media accounts or court filings and then using online resources to understand what the individuals are doing years later (e.g., employed by someone else, working in their own business / firm, returned to prison for a subsequent crime, not located, etc.). Future studies may attempt to track perpetrators over time (longitudinal design), to differentiate the effects of different elements of the fraud event (e.g., committing the fraud versus serving time), as well as comparing outcomes between occupational fraud perpetrators and other perpetrators. We also encourage former perpetrators to continue to tell their stories in presentations and books.

Occupational fraud clearly can have devastating consequences for victims. We provide initial evidence of the consequences for perpetrators, and we hope that our findings will stimulate additional research in this area.

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