

Kıymet Çalüyurt  
Samuel O. Idowu *Editors*

# Emerging Fraud

Fraud Cases from Emerging Economies

 Springer

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# Emerging Fraud:

Fraud Cases from Emerging Economies

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*Editors*

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## Foreword

I have been privileged to attend the annual International Conference Series on Governance, Fraud, Ethics and Social Responsibility (IConGFE&SR) organized by Assoc. Prof. Kzynet Tunca Çalyurt who is Manager of the Social Graduate School of Trakya University. These meetings have always provided enormous interest to anyone interested in fraud risk management and forensic accounting. Not only are papers presented by academics but also by regulators, civil servants, and investigators.

Fraud and white-collar crime are prevalent across both developed and developing countries. Both the explicit costs (in terms of detection, investigation, prosecution, recovery, and prevention) and implicit costs (in terms of the impact they have on the safety by which ordinary economic transactions are conducted and savings and investment are made) are enormous.

Even though there are many cultural and regulatory differences across countries and states these costs are always high. What may be ethically acceptable in one country may not be in another, and what may be unlawful in one may not be in another. In any meaningful study of the nature of the fraud and its consequences, it is necessary therefore to understand a sufficient amount of detail as to how the fraud was perpetrated. The cases presented here contain that.

As a result of internationalization, cross-country frauds are becoming increasingly common. They are not restricted to identity theft and credit card fraud but most other conventional frauds, thefts, and scams. This raises many new problems for prosecutors and legislators. These frauds are not only facilitated by the Internet, but it also makes them much easier to perpetrate. In the past, the ability to be a confidence trickster involved a variety of skills. Now, the Internet enables the perpetrator not only to avoid face-to-face contact but provides him (or her) with complete anonymity. Documents no longer need to be “forged”; a simple scan may be sufficient. Perpetrators no longer even have to develop scams; copycat frauds and scams are rife. These developments not only make perpetration easier and cheaper, but also remove the individual from ethical awareness and responsibility, allowing him (or her) to hide behind the computer screen.

It is sometimes the case both in corporations and in business education that these matters are ignored, sometimes to the extent that as if they do not exist. But what is

the point in wealth creation if it is stolen from you? Such denial is not healthy. These problems and issues need to be confronted and combatted. This book can only help and I commend it to you.

Sydney, Australia

Paul Barnes

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## Preface

Fraud is a scary and unacceptable practice in any business environment. To pretend that fraudulent practices are not rampant in this modern age of the Internet, where it is possible for anyone, anywhere in the world with easy access to a personal computer (PC) or cellphone, to hide behind these gadgets and easily transact business across national borders using the world wide web (www), is to demonstrate a high level of ignorance about life in the twenty-first century. This is perhaps a micro perspective of the problem.

Fraud is not only a phenomenon of the Internet; in other words, fraud is not only committed by those you did not know or have never met—total strangers. Recent well-publicized cases of fraudulent acts by some senior executives of companies which have led to serious consequences in some developed economies and perhaps some unpublicized ones by corrupt and dishonest employees and senior executives in many developing economies provide us with enough evidence to believe that the crime is probably a global one. This, so to speak, is our understanding of the macro level of the problem and the area most of the chapters in this book have focussed on—executive and employee perpetrated fraud.

From what has been said in the two preceding paragraphs above, our readers would probably have been forewarned that fraudulent practices are not only aimed at or perpetrated against individuals through either the Internet or some other means but also against corporate entities by either total strangers or their own employees and some senior corporate servants. This was why we believe that the publication of a book such as this one would be a welcome reading around the world in order to alert corporate leaders, legislators, and other stakeholders of the real threat the problem poses to both the bottom line corporate survival and economic development of nations.

When fraudulent acts are committed against a corporate entity, a host of its stakeholders are adversely affected in one way or another. Its shareholder's wealth is eroded, employees might end up losing their jobs and future livelihood, suppliers and loan creditors might end up getting little or nothing when the entity folds up due to insolvency, the government might lose revenues from corporate and personal taxes and in addition must bear the social costs of the ensuing social and economic problems, customers might end up losing a valuable supply source for goods and services, and even the local community might experience a decline in people's

prosperity and consequently have to face a series of social and economic problems. The chain of resulting consequences might be endless.

The resulting problems are everybody's business; it is therefore important that we should all pull resources together to find solutions to this unacceptable "white-collar" crime as it is sometimes called which directly or indirectly affects us all.

London, UK  
Edirne, Turkey

Samuel O. Idowu  
Kıymet Tunca Çalıyurt

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## Acknowledgments

Our first “thank you” goes out to all those who have assisted us in making the publication of this edition of the book a reality—our contributors who are stationed in different countries around the world. We are indeed very grateful to you all.

We would also like to thank to members of the International Group on Governance, Fraud, Ethics and Social Responsibility and the Scientific Committee members of the International Conference.

They have also ensured the success of the publication.

We would equally like to thank some of our friends and colleagues for being there for us during the preparation and final stages of the book. Maurice Pratt of London Metropolitan Business School, UK, thank you for reading one of the chapters for us.

Finally we would like to thank our respective families for their unwavering support when things became a bit more challenging for us as a result of our other commitments.

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