

HAMLET'S MIND

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Happy Birthday to Us!

Before We Get Started

This issue marks the completion of our fifth year of publication. Who would have thought it? My thanks to all of those who have contributed directly and indirectly to the newsletter by making suggestions, writing articles and posing questions. But most especially, I want to thank you the readership. I am most appreciative that you have “hung in there with me” all this time in our shared interest in the interviewing process. I raise my glass to you and our collective, year six explorations. Thank you one and all.

Hey, speaking of birthdays, why not give, to yourself, a gift that keeps on giving – a membership in The Association of Certified Fraud Examiners? You, yourself, are the only investment guaranteed to be there until the bitter end. Maximize your returns – join, affiliate in a local chapter and connect. Public or private sector, neophyte or transitioning to the next level, it is your career. Manage it well. Go to: ACFE.com

Check it out: In this issue you will find a most interesting and informative article titled,

When Innovation Velocity Affects Social Viscosity – Part I

by Tim Naddy, DBA, CPA, CFE.

Note: I have added a new section to my website titled “**Resumes for Your Review**”. Please stop by and review the resumes of Christopher Jones and Reyonld Benjamin, CFE, AMLP

Also: If you are interested in starting and/or expanding **your own training endeavors** contact SherryC@blueridge.edu to see if there are some mutually beneficial collaborations you might develop with the college’s expanding program.

Upcoming Open Enrollment Courses and Contacts

Investigative Discourse Analysis: Sept 16–20. mburpeau8830@stanly.edu

Advanced Interviewing: The Concept of Persuasion: Oct 24 –25. javaughan@waketech.edu

Investigative Discourse Analysis: Nov 4–8, 2013. Saneal@gtcc.edu

Incorporating Digital Technology into the Interview Process: Nov 13. dwrabon@msn.com

2014

Interviewing and Interrogation: Feb 10-14. Saneal@gtcc.edu

Interviewing and Interrogation Feb 24-28. tchewning@cvcc.edu

Interviewing and Interrogation Mar 24-28. wboyle@email.pittcc.edu

Bring it on Home to Me.

Budgets are strapped and travel costs are rising. Consequently, if you would like to explore the possibility of having any of the courses listed below conducted in your area in **the Second half of 2014**, please contact me. The sessions can be structured toward a specific group or delivered via an open enrollment format. The first four listed are the most recently developed courses:

Elicitation Techniques: Tier Alpha (conducted with Van Ritch)

The Narcissist, the Fraud and the Subsequent Interview

Allegations of Workplace Harassment – Interviewing through the Labyrinth Storytelling, Metaphors and Similes: The Gentle Art of Gaining Compliance

Rapport and the Interview Process

Interviewing for Quality Information

Fraud Related Interviewing

Is That the Truth?

Interviewing from Head to Toe

Interviewer Personality Dynamics

Interviewing Generation **ME!**

Interviewer Ethics

Persuasive Interviewing

Investigative Discourse Analysis

How to Interview like the Dickens

Finding Shakespeare in the Interview

Huh? Staying Focused during the Interview

Interviewing and Interrogation

Transition – Now to the Point

Interviewing Fundamentals: Doing More with More

One question that comes up a lot in class is, “What is the relationship between **requisite variety** and **the change first principle**?” Questions of this type serve to let me know that this participant is really thinking. So here we go: Requisite variety tells us that in an exchange between two units – in this case people - the interviewer and the interviewee – the unit with the most options or flexibility is going to prevail. For example, if the interviewee has two blocking mechanisms, denial and diversion, and the interviewer has three or more techniques at hand to apply, then more than likely the interviewer will prevail.

The change first principle requires that if the interviewer reaches a point within the conduct of the interview wherein the technique that has worked successfully to this point is no longer working, then the interviewer must change to an alternate, appropriate technique. The first unit that has to change is the interviewer – the **change first principle**. You know what they say, “To do the same thing over and over again, expecting something different to happen, is a sign of insanity”. The “they” of course, being those voices in our heads. You do hear them, don’t you?

So the relationship is: without requisite variety, the change first principle cannot apply. If the interviewer has nothing to go to - nothing to change to - then no change can occur. That is why, for those of us for whom interviewing is a critical part of our job-task responsibilities, gaining additional, related knowledge, skill and abilities is a never ending endeavor. I don’t know all there is to know about interpersonal communication. I am gaining new information continually. I am not as good an interviewer as I can be. I am striving to improve continually. How about you? What is the relationship between **your** requisite variety and **your** change first principle?

Advice from an Interviewer

In one sentence, you will find an interpersonal communication tip that interviewers know for a certainty has application to the world at large. The previous issues contain items one through ten.

11. Affability in stressful situations is an indication of self-control.

Five Mistakes Interviewers Make

About this time last year, I was in San Francisco conducting a class for the ACFE. Amid the most applicable requests coming from the floor, one participant stated, “I would like to know the five top mistakes interviewers make.” In the subsequent issues, I will continue to address each mistake one at a time. In the first of the series, we addressed **mistake number one**, *The failure to plan for the interview*. In the second installment we examined **mistake number two**, *Confirmation bias*. In the third, we examined **mistake number three**, *Settled into the Interviewing Comfort Zone*. In our fourth segment, we explored **mistake number four**, *The rapidly diminishing capability to pay attention*. In this, the last segment of this series, we will address **mistake number five**, *Personalizing the interview*.

As interviewers, a guiding principle should be, “the interview is not **about** me – the interview is being conducted **by** me. The interview is a professional encounter. If you didn’t conduct the interview someone else would be paid to do so. Never lose sight of that foundational truth. We are not in the room to pass judgment or pontificate – we are in there find the truth and to understand.

Does that mean that the interviewer is some abstract automaton who simply goes through the mechanical motions of conducting an interview? Not in the least! It means that the interviewer has enough control over their own emotions to not be emotionally influenced by the circumstance, heat of the moment, or machinations of the guilty/guilty knowledge interviewee. At the point of the interview wherein the interviewer becomes emotionally involved, the roles have switched and the interviewer has become the interviewee and the interviewee has become the interviewer.

Personalizing the process causes the interviewer to focus inwardly rather than focusing on the verbal, vocal and non-verbal behavior of the interviewee. Allowed to go unfettered, this giving into one’s own emotions will have a debilitating impact upon the interviewer on a number of levels. As Friedrich Nietzsche said, “*He who fights too long against dragons becomes a dragon himself; and if you gaze too long into the abyss, the abyss will gaze into you.*”

Discipline yourself to ensure that the interview is only an emotional experience for the interviewee. Is the task easy to do? No. Is it necessary? Most assuredly. And that is why they call it “work”.

Questions and comments from the field

I have to share the following with you. This, for me, is what it is all about. It is what makes the travel, the hotels and getting x-rayed so much that I am certain that I glow in the dark, worth it:

I was just in your class with three of my fellow officers and I wanted to thank you for all that you taught us. I was a little scared at first because there was a LOT of information coming at us in the first few days, but by the end of the week you really brought it all together and showed us that we learned way more than we realized we did. It is clear in your teaching style that you are an expert in the field and that you are passionate about what you do. It is very easy to tell when an instructor is teaching for money, and when an instructor is teaching for love of the job and the officers.

To give you an update on our department, Officer _____ had an interview on Monday and was able to use the techniques you showed us to catch the guy in a lie. Officer _____ said that it was just like in the video, when he caught the guy in a lie the guy just froze. He was so excited. The man was attempting to file a false police report and Officer _____ was able to prove the guy was lying, and in turn kept the guy from going to jail for doing so.

Then today I had an interview with an assistant manager of a local fast food restaurant who was the last one in possession of a missing bank bag. I was so excited when I found out about it because you had given us several examples involving a bank bag. I conducted the interview and by the time it was over I knew where the money was, why it was where it was, who was with the assistant manager, where the bank bag was, and everything that happened before and after the incident. It was PERFECT.

I know that they won't all be that easy, but it sure was a great feeling that the first interviews that Officer _____ and I conducted went exactly as planned. I can never thank you enough for all that you taught me during your class and I have already been asking to be put in your next class. I believe you said it was about statement analysis.

Everyone from our department that attended your class has had nothing but great things to say about you to our leadership and they are looking forward to sending more of our officers to your next classes. If there is ever anything that I/we can do to help you please don't hesitate to ask. Maybe next time you come up you can bring your bike and we can go for a ride.

Note: I plan to do just that.

The Elicitor's Edge

Those of you, having been in our elicitation class, are well aware of my "three-foot rule" – someone gets within three feet of me, I am going to engage them in conversation. Check this out: Last week, I was in the Chicago airport waiting to return to Charlotte and subsequently drive home to Hendersonville. A pleasant middle-aged woman walked up beside me and sat her small travel bag on the floor. From the look of concern on her face, I was certain that flying was not a routine in her life. I flashed to her my Southern smile and asked, "Do you like living in the Charlotte area?" "I'm not from Charlotte" she replied, "I live here in Illinois". "Well, bless your

heart” I responded. “I don’t know if I could handle living such a big city like Chicago. The pace of life might be just a little too much for my Southern DNA”. “I don’t live in Chicago”, she explained, “I live in Lake Forest and I am flying on from Charlotte to Wilmington”. “Wilmington”, I repeated contemplatively. “Yes, my son and his wife are going to pick me up at the airport and we are going to drive to Ocean Isle Beach for a vacation. I will be there for about a week. I just found out yesterday, that I was going. Is it a long drive from the airport to Ocean Isle?” “No it is not long at all and you will enjoy the ride”, I assured her. She returned my smile. “You must be very pleased to have such a fine son and daughter-in-law, who care enough about you to want you with them on vacation.” Her face lit up like a light and she said, “Yes, they are driving all the way down from New Brunswick, New Jersey. They have vacationed at Ocean Isle before and they really like it there”. “I have stayed there too”, I told her. I stayed at the Ocean Isle Inn and had a great time. There is a maritime museum there you would really like”. “I’ll do that”, she assured me. As they called the flight, I caught her eye and said, “Well, you have a great time and ride down to Calabash for some seafood. It is the best”. “I’ll do that too”, she promised.

Now think about what I learned from the communication event. Can you identify the specific techniques that I utilized?

Book Recommendations

My texts (and no one should ever be without them): The texts I have currently in publication are: *Interviewing and Interrogation*, 2nd edition. *Fraud Related Interviewing, Persuasive Interviewing and Investigative Discourse Analysis 2nd Edition*. They can be ordered directly from Carolina Academic Press. (919) 489-7486 or online at <http://www.cap-press.com> or www.amazon.com

Below are the books I have read since the last issue:

Persuasion: Social Influence and Compliance Gaining, Fourth Edition, Gass, Seiter;

Wall Street Values, Santoro, Strauss.

The Bleating Edge:

When Innovation Velocity Affects Social Viscosity – Part I

By: Dr. Tim Naddy, CFE, CPA and Taylor Herndon

iPhriend or iPhoe?

In the February issue of *Hamlet's Mind* we introduced a three-part summer series that would help bring perspective to our Certified Fraud Examiner audience on the very relevant topic of how technological innovation is changing fraud examination. Issues like these show us that as technology grows there will always be the need for professionals who can decipher how that technology will / can be used for purposes of deception or mischief so they can adapt to the changes and add new skills to their professional quivers. We, as professionals, must address this technology velocity as it relates to how they are currently affecting social viscosity in an attempt to shed light on the way we, as a society, are using these technologies because they continue to encroach upon our way of relating to each other and the implications of their presence within our relationships. The first of three innovation topics is based on the following question: Specifically speaking to the role of technology on the interview process, it seems to be that people are spending more time communicating through plastic screens - computers, iPhones, iPads, etc. and less time engaging in face to face communication. How is that trend going to affect the interviewer and the interviewee?

At the heart of the issue we must ask: Is technology our iPhriend or iPhoe?

Let's face it: technology has become silently ubiquitous. Without really trying, over the past 30 years technology has slowly infiltrated every aspect of our lives and we as a society have slowly evolved to assimilate its many tools and applications into our individual and collective lifestyles. In some shape or form we interact with it on a daily basis allowing it to control various facets of our lives voluntarily. In fact, the rapid advancement in technology over the years has given society a sense of dependence in that we have become so reliant on the use of technology that without it we feel lost. Can you remember the last time you forgot your cell phone at the house when leaving in a hurry? Do you remember the tiny, fiery debate you had with yourself while slowly driving away where you had to decide to either cut the digital tether for a couple hours or turn around and be late? Yes, we've all had that dilemma and it would be safe to say that most of us probably decided that tardiness was a lesser fate than that of being disconnected for a period of time.

Sure, technological dependence is understandable because in most cases technology simply makes our lives easier, faster and more convenient. However, within the dark side of this digital dependence lies the risk of not being able to function when our great technology gods fail us.

Today, without meaning to we have become so comfortable with the notion of letting technology to do the work for us that we have forgotten many of the basic skills our previous generations once honed as fundamental life skills. When's the last time you learned a phone number by heart or did a math problem in your head? Simple tasks have become arduous to us and even though it takes more time to pull out a digital device to perform those basic memory and mathematical functions, we feel we must...*just to make sure*. So, is that shiny little personal digital assistant you hold in your hand really an iPhriend? Or perhaps it's actually your iPhoe? Either way, this dependence has already and will continue to shape the way we as Certified Fraud Examiners approach fraud investigations and interrogations. We can choose to embrace the technology and use it against the perpetrators or choose to ignore the technology and watch them dance digital circles around us. People are spending more and more time communicating through a plastic screen – computer, iPhone, iPad, etc... -- and less time in face-to-face communication, thereby altering their normal human behaviors learned and exhibited through the in-person socialization process. This phenomenon is making it more and more difficult to assess the interviewees expected conduct in the traditional interview setting during the fraud examination process leaving the fraud examiner with little to no choice but to adapt to the new communication methods. Ultimately, fraud examiners and investigators are being forced to familiarize themselves with new technology each and every day in order to keep up with the rest of world, both the good and the bad, in order to perform their jobs at a high-level.

As businesses become more reliant on computer technology to store, access and transfer important information to perform day-to-day activities vital to their operations, CFEs must grow to incorporate those technologies into their portfolio of professional skills so they are able to identify informational opportunities, as well as, able to sniff out fraudulent digital techniques. The issue we face is that as technology evolves so do the fraudulent methods and schemes of criminals, so equally a business' internal control and information systems must advance or it will be rendered obsolete and vulnerable. Advancement includes training our internal control professionals in the latest methods on how to use and analyze the data running through the systems to better prepare them for fraud prevention, detection and mitigation, if need be.

One way in which technology is helping improve fraud detection is through the more consistent use of data analytics and data-mining software. It is rare to find an accounting firm auditor or investigatory professional who has not been trained in the use of these powerful data tools which prepare them to detect more complex frauds during the course of their financial

statement audit engagements (Pearson, 2008). While auditors are being trained and becoming more familiar with these technologies they are also building up their requisite knowledge on new information technology processes and controls. Still, the rapid development of technology is and will continue to be an ongoing struggle when dealing with the prevention and detection of fraudulent crimes within the business space, *especially when we add in the element of how these technologies allow us to communicate.*

The rapid development of communication technology has opened up myriad gateways for criminal minds to exploit on their quests to achieve their silent crimes. Processes once handled manually by hand are now being shifting into the digital realm where speed and efficiency are valued. “Businesses have grown in the use of technology and their reliance on computer-based systems....Today, businesses of every size and industry use computers to some degree in business processes to process traditional accounting transactions” (Pearson, 2008ⁱ). Where before we would store our information on our hard drives, we found that it was too laborious and slow for our insatiable impatient need for real-time information. So, we opted for multi-access server environments that gave us flexibility and convenience, but also gave us increased physical and digital asset risks. Now, even that option has been upgraded. Today, ubiquitous clouds of information float around in random server farms the world over where each row of information is planted with the thoughts, ideas, and personal/professional metadata of hundreds of thousands of people. Off the top of your head, could you think of any glaring issues with that type of information-rich environment? Criminals know how critical information systems are to today’s business environment and they use this reliance to their advantage knowing that with just the right tools and cunning, important business information can be hacked and either tampered with for fun, destroyed for revenge, or sold to the highest bidder. Take the rise in identity theft, for example. It didn’t take long for a digital version of organized crime to become interested in and to take advantage of this black market information superhighway. Data is worth a lot of money to those who want it, thus fraudsters could receive large rewards with little, mostly anonymous effort. The game had changed. Their brawn became brains and they no longer had to work in disguise or forcefully take from another. They could simply take what they pleased sitting behind their 24” glowing screens from the comfort of their homes with little threat to their own personal safety by simply using a computer. It had become that simple. Then, social media happened.

Delving deeper into the way technology has changed the way we communicate and share information, we have only to look in the direction of social media to give us the greatest cache of personal information ever assembled in and disseminated from one place. (That is, until we just

recently learned about our government's PRISMⁱⁱ program.) Social media has revolutionized the way we interact on a daily basis. It seems that almost anything and everything about someone can be found through social media outlets, whether they like it or not. The power of these and other social media sites is immeasurable; however, the rules for their uses are [still] unclear (Strutin, 2011ⁱⁱⁱ). For fraud examiners, this is a virtual treasure trove of information that people voluntarily share about themselves that, under the right legal circumstances, can be used in an investigation to help build a character profile or perhaps establish a timeline. With all the information there at our fingertips, it's just a matter of how we learn to use it. Very similar to the way an investigator tweaks an interview when the interviewee alters the climate of the interview, we must adapt our planning and questioning techniques for maximum effectiveness when using these information sources. New processes for acquiring information, monitoring, and prosecution of fraudulent activities have been made available to us. Now, we have to adapt our methods within these digital playgrounds so we can even the playing field or in some cases just know how to play the game – the game we like to call: the interview.

Communicating through a plastic screen has indelibly affected the interview process. Marc Bousquet, writing on *The Chronicle's Brainstorm* blog, noted that Skype had affected the MLA hiring process, with 12 percent to 18 percent of interviews now conducted via the Internet, bypassing the traditional face-to-face process at the convention (Winzenburg, 2012^{iv}). He estimated that Web-based interviewing saved departments \$5,000 to \$10,000 per search. These numbers prove that interviewing over the Internet can save companies time and money compared to the traditional face-to-face interview process. While that cost savings could mean a cheaper bill for your clients, it's important to remember that nothing can replace the access to body language. Bousquet also noted that even though there were technology hurdles that had to be navigated before and during the interviewing process that, "A face-to-face preliminary interview [via Skype] turns out to have advantages for both sides [over just a phone interview]. It's easier to have a conversation when you can see how people are responding to your remarks. And even when things go wrong technologically, it's revealing to see how both parties handle the problem" (Winzenburg, 2012). So, even in the event that your interviewee may be saying the right things, a well-positioned webcam will still allow you the ability to view the other 80% of your interviewee's communication through the body language they exhibit. Yes, the process for interviewing a fraud suspect is quite different than interviewing someone for a job, but the fundamentals are similar. Establish a baseline and look for the changes. It may not be as good as being in the room, but with practice we can also become experts at reading people through the eye of camera. It would be worth a training session

in Fraud Interviewing via Skype to test hone our skills so, if need be, CFEs may take advantage of this more cost-efficient process.

In some cases it's been found that communicating through a plastic screen appears to remove the human element from the process, therefore suspects exhibit less anxiety when it feels like one is communicating with the actual computer rather than the interviewer. This may be disadvantageous from a calibration standpoint because the signs that give away false statements may become more difficult to observe and detect. However, if we are confident in our skills at reading body language and deception cues then CFEs can still operate at a high level of confidence within the interview framework. Ultimately though, we need to take each investigation on a case by case basis. In doing so, we need to examine the strengths and weaknesses of communication through a plastic screen for particular individuals throughout the investigation process. If, in fact, we believe for a particular case that it may be beneficial to operate remotely via communication technology and we feel that it would not interfere with our professional judgment, then it may be possible that our iPhone could very well turn out to be our iPhriend.

Text you later.

¹ Pearson, T. A., & Singleton, T. W. (2008). Fraud and forensic accounting in the digital environment. *Issues in Accounting Education*, 23(4), 545-559. Retrieved from

<http://search.proquest.com/docview/210921092?accountid=158798>

¹ Gorman, S., Perez, E. and Hook, J. (June 7, 2013). U.S. Collects Vast Data Trove. Wall Street Journal. Retrieved June 7, 2013 from http://online.wsj.com/article/SB10001424127887324299104578529112289298922.html?mod=WSJ_hpp_LEFTTopStories

¹ Strutin, K. (2011). Social media and the vanishing points of ethical and constitutional boundaries. *Pace Law Review*, 31 (1), 1-63.

¹ Winzenburg, S. (2012). How skype is changing the interview process. *Chronicle Of Higher Education*, 58(18), D9-D10.

Okay. There you have it. Until the October issue, keep asking, keep looking and keep listening. The answer is there.

Also, stay in touch or else. I don't want to have to come looking for you.

Don
