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**John Gill:** Welcome to this edition of *Fraud Talk*, the ACFE podcast and for this edition, I'm your host. I am John Gill. I am Chief Training Officer for The Association of Certified Fraud Examiners. You may have heard me on some of the other podcasts. Enjoy doing these. We have a little different thing that we're going to try today. I hope that you like it. My guest today is Michael Pocalyko. He is CEO of SI, a Washington DC-based professional services firm, and government contractor in investigations, intelligence, and cyber sectors.

Mike's a four-time corporate chair, and for 21 years was an investment banker and CEO of Monticello Capital. He has been a corporate director, audit chairman of public and private companies, and financial services, and technology industries. He's an investigator, and of course a certified fraud examiner, and was chief of staff of federal government agencies, retired commander, and was a navy pilot. Thank you for your service.

His bestselling novel, *The Navigator*, is a lit literary thriller with a fraud theme published by Macmillan, and was very entertaining. I enjoy it. Mike has degrees from Muhlenberg College, Harvard, and the Wharton School at the University of Pennsylvania. He has a very impressive resume. That is a shortened version of it. It would take up the whole time if we went into too much detail with that. I met Michael at a CV examiner review course that Bruce Doris and I were teaching. It seemed like now many years ago.

**Michael Pocalyko:** Many years. It was the first one ever John in Chicago in about 2010.

**John:** It was a while ago. Yes, I've known Michael for a long time. He came to me with this idea. He knows that I was an English major and went to law school, but still had that affinity for reading and for literature.

**Michael:** As we both do, my friend.

**John:** Exactly.

**Michael:** Two old English majors are going to talk about fraud today.

**John:** He has done a lot of work with investment frauds. At the same time, being an English major interested in literature, if you've ever studied or done a lot of reading on Shakespeare, there is theory that is circulating out there that says Shakespeare did not write the plays that have been attributed to him. It's interesting to people, I think, because they're like, "That's what they told me in school, that William Shakespeare, greatest writer in the history of the English language. You're telling me that he didn't write these plays?" That's intriguing to start with.

It's like, the theory is absolutely, he did not. He was not well-educated enough. He could not have done this by himself on his own. It was actually Edward de Vere, the 17th Earl of Oxford, that wrote those plays. They had things that they had found that they want to use to back that up. Michael, first had never heard of this before, but he had the idea of looking at the way they are trying to position their theories and their arguments is very similar to how people are selling investment opportunities, and how they're describing it, and how they're trying to convince you that their version of the facts is the correct one, and don't believe what you read, don't believe other people.

In essence, I look at, we're going to use this like an allegory, if going back to English major. For example, you may have read the *Lord of the Flies* by William Golding. It's not just a book about kids getting stranded on an island, it really is they use that scenario to examine this idea of how power corrupts people, and what a thin line it is between a big civilized and just almost complete breakdown, absolute savagery.

Same thing with Arthur Miller's play, *The Crucible*. Yes, it's set in witch hunts in Salem during the 16th century, but it really was an allegory how to take those facts, that set of circumstances, and see how it compared to McCarthyism in the '50s. I think of it, we're doing the same way. If you just look at investment, you've heard that before, but sometimes by looking at something through a different lens, at a different set of facts, you can make those parallels and things become a lot clearer.

**Michael:** John, in law, it's how you organize the facts often in a civil case or for a prosecutor as you were, in a criminal case, the organization of facts and fact patterns and dominions in which facts reside can give you an entirely different view. What I thought here is that for those of us that are in the anti-fraud fields, and I include lawyers, investigators, law enforcement officers, regulators, all the people that make up ACFE, this is going to be useful, I believe, as a template or as you put it, an allegory of a way of thinking.

That's why we've called this the Oxfraud because there is a bold group, they call themselves the Shakespeare Oxford Fellowship. They have their own self-published books. They reference each other. They have lightly-credentialed persons who are operating in deeply esoteric intellectual dominions that they are throwing around really well-meaning, well-intentioned, but absolutely wrongheaded, intellectually fraudulent ideas. To begin, let's talk about just what the Oxfraud is. Like all frauds, it starts with a body of belief, a catechetical belief, if you will.

That catechetical belief is that there was a man named Edward de Vere. He was a nobleman, the 17th Earl of Oxford. That's where Oxford comes from. De Vere, we know biographically, lived between 1550 and 1604. De Vere, by these persons who are the Oxfraudians, is claimed to have written all 37 plays of Shakespeare, all of Shakespeare's sonnets, and all of Shakespeare's poetry. Interestingly, there are over 80 persons that have been postulated to have been William Shakespeare. All of this began in about the mid-19th century.

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Now remember, Shakespeare only became to be enormously popular beginning in the late 17th and early 18th century, roughly 150 to 200 years after his death in 1660. William Shakespeare, by the way, Shakespeare of Stratford, the actual author of all of the Shakespeare plays, sonnets, poetry, lived between April of 1564 and April of 1616. We hold his date of birth to be April 23rd, which was also his 52nd birthday, his date of death. In Shakespeare's lifetime, his first play was produced in about 1589/1590, and his last play produced in 1613.

De Vere died in 1604, which means that you would have to believe that measure for measure, *Othello*, *King Lear*, *Macbeth*, *Cymbeline*, *The Winter's Tale*, *The Tempest*, *Henry VIII*, *Two Noble Kinsmen*, all of these plays would have to have been written and produced by de Vere after his death. The Oxfraudians, the Oxfraudians have an answer for that. "You scholars of the Elizabethan era simply have your timeline wrong, and all of you are wrong."

To illustrate, for example, how easy this Oxfraud is to bust. If you have a inquiring, intellectual, well-trained literary mind, I'm going to share with you what Shakespeare wrote about fraud in his most popular poem, *Venus and Adonis*, published under his name in 1593.

"Wonder of time,' quoth she, 'this is my spite,  
That, thou being dead, the day should yet be light.  
'Since thou art dead, lo, here I prophecy:  
Sorrow on love hereafter shall attend:  
It shall be waited on with jealousy,  
Find sweet beginning, but unsavory end,  
Ne'er settled equally, but high or low,  
That all love's pleasure shall not match this woe.  
'It shall be fickle, false, and full of fraud,  
Bud and be blasted in a breathing while;  
That bottom poison, and the top o'erstraw'd,  
With sweets that shall the truest sight beguile:  
The strongest body shall it make most weak,  
Strike the wise dumb and teach the fool to speak.

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That ought to be our poem ACFE, epigram, right, John?

**John:** Sent music had been anthem,

**Michael:** It's Incredible, Shakespeare. Remember, that's 1593. Shakespeare was 29 when he wrote that. Now I'm going to read you an authenticated poem of Edward de Vere, published in 1676. De Vere at this time would be 26 years old. This is de Vere's actual poem authenticated.

Sitting alone upon my thought in melancholy mood,  
In sight of sea, and at my back an ancient hoary wood,  
I saw a fair young lady come, her secret fears to wail,  
Clad all in color of a nun, and covered with a veil;  
Yet for the day was calm and clear, I might discern her face,  
As one might see a damask rose hid under crystal glass.  
Three time, with her soft hand, full hard on her left side she knocks,  
And sigh'd so sore as might have mov'd some pity in the rocks;  
From sighs and shedding amber tears into sweet song she brake,  
When thus the echo answered her to every word she spake.

They were writing garbage poetry in the 16th century as well. In order to believe the Oxfraud, you would have to believe that the same man who wrote *Hamlet*, who wrote *Macbeth*, or we should simply call it the Scottish play, who wrote those lines in *The Tempest*, who wrote *Twelfth Night*, is the same guy who wrote that poetry. If you look at how the Oxfraudsters ply their wares within the pseudo-intellectual or high pseudo-intellectual community, you will understand a lot about how investment fraudsters hook their victims.

In the first point, and this is one that you and I have discussed many times over the years, in the Oxfraud, the perpetrators of the fraud prey on what the victims want to hear and what they are psychologically programmed to hear, and what they desire or what they like to hear. In other words, what they're saying is, think of this as a Saturday morning at 10:30 in the Red Roof Inn in Fort Hays, Kansas, with 40 people who paid \$100 to learn how to get rich in real estate. There's a valuable secret that I'm going to let you in on, and the secret is that a great variants from whatever the establishment those people want you to hear.

Because they play on a fundamental human weakness that I'm an outsider, they are insiders. These insiders know something and that's why they're successful, and you can't be successful. The Oxfraudsters tap into this innate a psychology of persons who have this desire. In other words, they're preprogrammed to want to believe conspiracy theories. The establishment wants you to believe this. Look what you've been thought. It's not true. The rush of this eye-opening experience, and again, even all other brain chemicals that rush you with, "Oh my God, this makes perfect sense."

The first time I read this, I'm an undergraduate, I'm studying British literature because it was a good way to meet cute girls, I'm thinking about what I want to do with my life, I'm reading Shakespeare. What about this? Then I read, "Wait a minute, this guy died in 1604, how could he possibly have written this?" That was it for the theory. When you study the background of the people that are the so-called Oxfraudians, every once in a while somebody will have a PhD or an MD. They are therefore incredibly smart people. One of the Oxfraudians of the year trumpets the fact that he has the first ever PhD granted for the Oxfraudian "theory", or the so-called Shakespeare authorship question.

Even framing it that way makes it sound as though there is a question about this. No, we have established all of this over a period of going on 500 years now. Shakespeare born in 1564, we're coming up on the 450th of Shakespeare's birth. There's an interesting subset of this concept, and that is credentialization. You often find that in investment frauds.

Let me use a real example from my biography. If you found out that I was an investment banker for two decades, that I've been a corporate chair in financial services, that I hold multiple certifications, I've been a public company audit chair, and I have a Wharton MBA, you'd say, "That's a great guy to invest with." We'd be wrong, because I'm not a wealth manager. I'm pretty close to those fields but I'm not a wealth manager. Just because one has a PhD in some related field in the humanities, doesn't make that person an expert in Shakespeare.

Someone like Lena Orlin in Georgetown, doctorate from Chapel Hill, an Oberlin undergraduate, Guggenheim, National Humanities Center, a fellow at the Folger in the Royal Historical Society, that's a true Shakespearean. Steve Greenblatt at Harvard, author of *Will in the World*, the recent, maybe 10 years ago, definitive recent biography of Shakespeare. The idea that somebody is credentialized, he is a doctor. He has a doctorate. Of course, therefore he has to be an expert in Shakespeare. They're not. On the Oxfraudians, doctoral committee and persons referenced in his own doctoral dissertation.

It makes it sounds incredibly authoritative, but not one of them is a Shakespearean. Therefore, he can go on and he can essentially create a mythos around himself and his own credentials. Just as if I were a financial fraudster, I would use my own actual biography to create the authority to make you invest in my scam. If you're serious

about investment, you'd check out the person, whether he or she is actually in balance portfolio theory and has a credible track record.

You'll see my track record is in building entrepreneurial companies in M&A, not in wealth management. That's the direct example of how fraudsters can convince you, and how so many of the guys that you interview for ACFE are actually pretty highly credentialed and very smart people. The same is true for the Oxfraudians, except they're not credentialed in Shakespeare.

**John:** I think that also plays into one of your points that I maybe taking out of order, and that is confirmation bias. If I want to believe what you're saying, I could look at this like, "Michael is recommending investment. He has an MBA from Wharton. He knows what he's talking about. I'm all in." If you're doing proper unbiased due diligence, it's like, "Yes, that's a well-respected institution, well-respected degree, but does he have any experience in this particular field?"

**Michael:** Sure. It's like if your child needs brain surgery, the guy is an MD, obviously he'll be able to do a simple trephination and subdural hematoma. No, he's not, he's not qualified for that. He is an MD, and so is the brain surgeon, but they-- It's easy to illustrate with medicine. Confirmation bias works importantly here. Our colleague, Bret Hood, recently did a piece for a ACFE about another piece that is related to confirmation bias, which is illusory superiority. In illusory superiority, confirmation bias is what the Oxfraudians do. They drive you down one path, and everything on that path only points to one possible conclusion, and that is that de Vere wrote these plays.

It is heavy-duty confirmation bias along with illusory superiority. Like confirmation bias, and again, this is Bret Hood's theory and proof, illusory superiority is where you overestimate your own abilities. That's key to all of these Oxfraudians. When you read their stuff, it's the most pedantic garbage writing. They don't know how to construct a simple sentence. Maybe that's the legacy of Edward de Vere, who was also an awful writer. The heavy-duty confirmation bias is what says, "Listen to me, just believe me. Your eyes will be opened."

In their formulation, any regulated authority is scorned, because in their world, regulated authority is self-interested. By that I mean, "Those Stratfordians," which is the derisive term that the Oxfraudians use for real Shakespeareans, "They only have their own club, and you people at the Red Roof Inn get ready to invest with me. You've been left out of all of these clubs. We're going to start our own club." In this case, the people in the club only listen to themselves. If you actually look at some of their so-called academic writing, it is not double-blind reviewed.

It is not subject to peer review by credentialed real university persons. Yes, some of them have actual university appointments, but when they publish they are self-publishing. It is no small coincidence that the rise of self-publishing and the diminishment of cost of self-publishing has resulted in an explosion of these kinds of

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books. They also constantly, and this is again what financial fraudsters will do, they will selectively apply partial truth. They will use unverified assertion that certainly sounds true to construct a false narrative that also includes partial verified third-party verifiable fact.

The other thing is they have a glib and perfectly perfect answer for every challenge, and they use constant repetition, constant adherence to an affirmation of whatever it is, is the false core of the fraud. Let me use a fraudulent example recently. A lot of our biggest frauds now are in cryptocurrency, non fungible token valuation, blockchain-related frauds, executable contracts on the blockchain, and those matters. They're frequently victimizing persons who are smart but don't want to admit that they're stupid about one thing, which is cryptocurrency.

I'm a smart guy, I'm an investor. I'm pretty wealthy, therefore I know what I'm doing, but if you ask them to explain, for example, the difference between proof of work and proof of stake, and can you tell me what's in the white paper for Ethereum, they wouldn't be able to do it. By the way, a lot of blood of people selling this stuff couldn't do that. It's the same with the Oxfraudsters. They give constant repetition of their own mantra, their own semi-religious catechism. Their assertion of things like Shakespeare's father was a fraud and made up his coat of arms. Shakespeare was uneducated.

What you find is an absolute amazing autodidact, not an uneducated man. You and I have discussed, for example, how the Oxfraudsters will say, "Shakespeare never traveled to Italy. Look at all he knew about Italy, but when you actually parse the Shakespearean plays about how precise was he about Venice, he get a lot of things wrong and the reason is, he made them up." As a novelist, I can tell you, sometimes you got to make things up to make the story work.

You can't do that in law. You can't do that in science, but you can certainly do that if you have an unregulated, non-peer-reviewed body where everybody's talking to themselves, and the persons that they're talking about, because that psychodynamic of "well, of course, this is the way it is", and again, when you read the Oxfraudsters which I've unfortunately had to do in preparation here, you find this attitude throughout everything they write. Again, the writing is pedantic, it is dense. We see this constantly.

All of it has a special appeal to the kind of people who are loath ever to admit that they lack technical knowledge. It's that lack of being able to admit, both to themselves and to others, that they lack that knowledge, it makes them excellent marks for fraudsters. Interestingly, John, we see this factor playing out recently in '22 in the cryptocurrency frauds like PlusToken, OneCoin, and Bitconnect. It's the same way with newly converted fraudsters. In every Ponzi scheme, you got to convert somebody who's going to convert the next time.

The beauty and danger of what Bernie Madoff did was franchising his fraud to the fund to fund feeders in France and England, and throughout New York and Connecticut of course, and layering it with an affinity fraud. The guy was one of the most brilliant fraudsters, we're going to be talking about him 100 years from now. Unfortunately, we're going to be talking about this Oxfraud garbage for another 100 years, because the first time you hear it, you go, "Wow. Boy, isn't that interesting? Gee, Mark Twain wrote something about this," and, "Boy, that makes sense."

Until somebody steps you back and say, just as I did, "Have you read the poems that this guy actually wrote? Have you thought that those magnificent plays would have to have been written after his date of death?" If you don't believe that, you have to completely reorder a timeline that has been assembled from true disinterested third-party evidence," which is, of course, as we all know, as anti-fraud professionals, is the best and most authoritative kind of that [crosstalk]

**John:** You make an excellent point. You do have to be careful to stop and look behind the curtain, because again, the first time I heard that I was out of college, and I think I saw a documentary or something where they said, "Shakespeare didn't really write these plays, and how could someone who grew up in a small town, Stratford-upon-Avon in middle of England, how would he have this much knowledge about how history and court, life, and everything else?" I thought, I always wondered that. How did he have such as knowledge? Maybe they're on to something here.

It is interesting, you start going down this road, but you're correct in that if you stop and really look at the evidence they're putting forth, it doesn't hold water. It just doesn't stand up under scrutiny. There's enough of that at the beginning, that doubt of, "Yes, I always wondered how did that work." It's the investment frauds are the same way. You say, "I always wonder how did they make so much money in real estate. It just seemed so easy." You're like, "I know the secret to this, and I'm going to tell you this." When you really start to peel away the onion, you realize there's nothing here. The problem is most people just will take it and run with it, and never want to examine any of the details.

**Michael:** Of course that's exactly hard science. In social science, in any human discourse where a postulate is being challenged, the burden of proof is on the person challenging. In science when there is an established science and someone attempts to challenge that, the burden of proof is on the person who is trying to rebut the presumption. I want to read you from an actual Oxfraudian's. "Those in authority rely on the force of tradition to buttress their power." There's that power thing again. "Not surprisingly, explicit or implicit appeals to tradition are fundamental to the Stratfrdian case.

For example Stratfordians," like you and me, "illogically maintain that the burden of proof is on those who dispute their theory. Whimsically, I consider this to be an appeal to an intellectual version of 'squatters rights'. We still suffer from what seems



to be a profound misconception about just what lessons we should learn from the enlightenment.

Evangelical atheists take it to mean that belief in God is not only wrongheaded but that religion is all bad, and conversely science is all good. Unconsciously, it is one of their many regressions to a Manichean worldview with its either/or mindset.

I believe it would be more accurate to conclude that the enlightenment proved the corrupting influence of excessive power, authority, and prestige." How many times have we seen investment fraudsters and even occupational fraudsters who flip-flop the regulatory environment? This is precisely what Donald Cressey and Joseph Wells wrote about when they constructed the psychology around which we base the fraud triangle. It is exactly the type of ratiocination that you find in every one of the fraudsters that you interviewed.

I would respect the fraudster if he just stood up once and said, "I stole it because I was greedy. I thought I deserved it. I am a criminal. I know that I'm bad." None of them do that. They come up with a rationalization, a ratiocination, a moral authority that they take on this mantle. Cressey really did believe that was the most important leg of the triangle because that's the one that gives them permission. What you heard right there from one of the primary Oxfraudsters is, "I don't have to prove. You have to prove." It is the heightened intellectual version of, "I'm rubber, you're glue. Whatever you say bounces off me and sticks to you."

It is intellectually dishonest, and it's also intellectually immature when you start parsing their actual words and their actual arguments about this guy, de Vere. The reason I point this out, and that's why this is so interesting, is it's precisely the way financial fraudsters work. When you say, "That can't possibly work. No, your math is wrong." When Harry Markopolos went to the Boston office of the Securities and Exchange Commission, and says, "Look, here's the math. It can't work," they said, "Markopolos, you're nuts, because this is Bernie Madoff and he was the chair of NASDAQ."

There's the authority, there's the power. All of the fraudsters that we see, whether they're in financial fraud or whether they are in literary and intellectual fraud, are using the same psychological levers to pull people into their false narrative that, as I showed, is constructed from partial truth and assertion. Remember what they taught to you in law school, John, assertion is not argument. All of the Oxfraudsters love assertion. I encountered a whole body of scholarship about how Shakespeare, the dark lady of the sonnets, the troubled marriage and romance with Anne Hathaway.

For those of you who aren't familiar with Shakespearean biography, Shakespeare, born 1564, was married at the age of 18 to a woman who was then eight years older than he and was pregnant with the first child at a time in which a premarital pregnancy was certainly frowned upon, and was not sanctioned by the church which had immense authority in Elizabethan England. This whole body of scholarship was

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revolving around, was Shakespeare gay? Serious Shakespearean scholarship examining using Freud's work, using the father dynamic in *Hamlet*, using *Othello* certainly, and remember, in the civil rights era we saw a lot of scholarship about *Othello* and miscegenation.

Shakespearean scholarship also tends to follow societal trends in culture, and in a progressive advance of society. Recently, in June of 2019 in *The Atlantic*, a very trusted publication, a woman named Elizabeth Winkler, Ms Winkler, a very respected journalist, not a Shakespearean, posited a new Shakespeare authorship question where she documented a woman who I had never heard of, Amelia Bassano, born in London in 1569, says, "Wasn't Shakespeare a woman?" Actually her essay is titled, Was Shakespeare a Woman?

She has an elegant case how Amelia Bassano was a Shakespeare authorship candidate. In order to believe that Amelia Bassano was the author of Shakespeare's plays you would have to believe that a 20 year old woman wrote to gentlemen of Verona, *The Taming of the Shrew* and *Romeo and Juliet*, which are contemporaneous with her 20th and 21st birthday. Not going to happen. Isn't true. Some authors in 2019 wondered whether all she was doing is trolling the Oxfraudians, who of course rushed to the defense of their candidate, Edward de Vere, the 17th Earl of Oxford and the so-called real author of the Shakespearean cannon.

It's just like the fraudsters when a likewise fraud is brought forth to them, every Ponzi schemer I have ever known, and I've only had a couple because Ponzi schemes are actually still pretty rare, every one of them will start out by saying, "I'm not a Ponzi scheme. Here's how I differ from Gaetano Ponzi in what he said. Here's why what I'm selling is not what he was selling. That's why you can believe me and you can't believe with them."

That's exactly what the Oxfraudians do. That's a key characteristic here. Most forms of financially related fraud, and in this instance I actually do mean occupational fraud and all the small business frauds that we've all uncovered, at their core, they're slightly believable. When you repeat it and when you decredentialize and disestablish likewise frauds, your fraud can get bigger, you can gain more adherence to the fraud.

Why do we not believe Francis Bacon is the real author of Shakespeare anymore? Because Bacon is right now out of favor. Why did we start to believe the 17th Earl of Oxford is really--? We didn't, but why do vulnerable persons start to believe that? The reason is just like in Bernie Madoff who was an incredibly charismatic guy, I never met him John, and I don't think you have either, but I know people who knew him well, they are charismatic people that put this forward. Guys like Charlton Ogburn, an incredible lecturer, a storyteller, used emotion in his voice. BM Ward, another excellent lecturer. A guy named Thomas Looney, which by the way, the Oxfraudsters will tell you every time, his name, is not pronounced loony, it's loney. I

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don't know how L-O-O-N-E-Y is pronounced anyway other than loony, but without attribution, you keep hearing that from the Oxfraudsters that it's not loony like crazy, or like the Canadian dollar, it's loney, therefore ending lending an air of authority and gravitas to this absolutely loony theorist. In addition in the concept of "believe mine, not his", there are also proofs of Oxford's authorship in the so-called authorship question that are rejected by the so-called Oxfordians 40th.

For example, there's a book in which a guy took a red pen through all of the sonnets in the first folio as they are organized, found a cryptographic clue that spells out the word Oxford throughout, using cryptographic tendencies. Of course, this is rejected by the Oxfordians by, "Wait a minute, that guy's a fraud, because that's so clearly not true, but my non-truth is really true." You see that constantly in financial fraud, "That's a fraud, and I can show you mathematically why it is, but mine is good. I'll show you all the people I've made wealthy."

As we've spoken about, if a guy's really wealthy, would he be teaching a real estate seminar to people paying \$100 ahead to be drinking bad coffee at a Red Roof Inn in a airport destination city on a Saturday morning? Ask yourself, does this make sense, and you can stay out of an awful lot of financial frauds. What we do both in law and in real literature is that we prove by consensus and we prove by common sense. Keep in mind always, fraud may be prevented by consensus and by common sense. It's interesting, when you look at fraud, I think it's always important to ask, what is the etiology and causality of the fraud? In other words, where did it begin?

What was the origin of this kind of fraud? Or what was the origin of the new emolument in fraud? Or what did this guy do that invented something new? Madoff clearly invented something new. The cryptocurrency fraudsters really didn't invent something new. They're doing what your derivative example guy did. The original "Shakespeare wasn't Shakespeare, Shakespeare didn't write the Shakespeare plays" conspiracy, I tried to track it down. I found an almost incomprehensible pamphlet known as *The Romance of Yachting*, which was published in 1848.

It actually debuts the technique that you find in the Oxfraudsters. They arrogantly demand that the mid-19th century Shakespearean community, which was admittedly pretty small in the mid-19th century, when a lot was going on more than the advance of humanities, they arrogantly demand that the community has to prove what we already know to be ground truth. It's precisely the opposite of the scientific method, just as fraudsters are precisely the opposite of common sense and due diligence. How many times have we told people, if it's too good to be true, it is not true?

It's the same way where they establish challenges that should never been established in the first place. They continue it because frankly it doesn't cost anybody anything to believe the falsity of this Oxfraud. Most people who entertain it, they spend a little time reading about it, thinking about it, arguing about it at the bar or in some internet chat room. I often wonder, would this exist to this extent if we didn't have the availability of social media, because you can be pretty famous in your

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own little world in any narrow, narrow, narrow domain. That's what feeds the egos of these guys.

That's also what feeds the egos of fraudsters. An oddity of fraudsters that I've encountered is that when you look at, for example, Gene Soltes' book, *Why They Do It*, and the people he interviewed, and those whom you've interviewed, what you find is some of these fraudsters are really operating out of ego, out of an unfulfilled need. Neither of us are psychologists or therapists, but I work with a great anti-fraud therapist whom you've met, Dr Mike Grylls, and he sensitized me to the fact that some of these guys don't steal because they're greedy, they steal because they have what they believe a need to take.

I've never once heard a fraudster say, "I've had enough. I'm wealthy enough. I'm going to quit." They keep going, they keep doing it, they never stop. That's exactly the case of the Oxfraudsters. When you see this behavior, when you see this kind of fervor, when you see this passion, when you see this shift of responsibility, when you see this shift of challenge and shift of the rebuttable presumption, when you try to make the established wisdom prove its own self to me, the challenger, that's where your antenna should be up, and you should be saying, this is fundamentally a fraud. It's an indicator of fraud, whether it's literary or financial.

**John:** Michael, that was a good statement to end the podcast on. I've really enjoyed this. I really do enjoy the exercise in both ways, because I do think fraud is fraud, and trying to convince people that Shakespeare did not write the plays even though there's this mountain of evidence that he did, and the evidence on the other side is almost nonexistent, but still the techniques that they use to get people on their side are interesting.

Then to take that and compare that to investment fraud is something I never really thought about doing. I do think it shows you how these same techniques can be used for almost any type of fraud that involves manipulating people's thoughts and beliefs, and bringing them to the fold, whatever that belief is. I thought this has been a real interesting exercise. We couldn't, in any discussion on Shakespeare, without at least a good Shakespearean quote.

**Michael:** John, I've got one for it. It's, again, I said earlier how *Hamlet* was my favorite Shakespearean play. It's interesting, *Hamlet*, dealt with a lot of binary and gray matters, and he dealt with apparitions, ghosts, delusions, were the ghosts devils in disguise? That's the way I think of the Oxfraudians, as they are really pernicious intellectual fraudsters in disguise. Early in *Hamlet*, in the first act, he declares that he's actually seen an honest ghost, and that the ghost told him something honestly, of course about the death of his father. Then his confidence starts to wane. He starts to not believe what he knows to be true. Of course, there you get the conflict of Hamlet.

He then says to himself, "The spirit that I have seen may be the devil, and the devil hath power to assume a pleasing shape. Yea, and perhaps, out of my weakness and my melancholy, as he's very potent with such spirits, abuses me to damn me." I think we should close with that thought from Hamlet that sometimes fraudsters can really make us damn ourselves. It's been a pleasure to visit with you, with our audience, and with all of my, call them brothers and sisters, in the cause of anti-fraud, and in the great organization that you and Bruce lead in Austin. From Washington and from our offices here at SI, I thank you for having me.

[music]

**John:** Michael, thank you very much for being our guest today. I'll say it was very interesting, enjoyed it very much. Thank you all for listening. On behalf of the ACFE, this has been John Gill. Thank you for listening to another episode of *Fraud Talk*.