

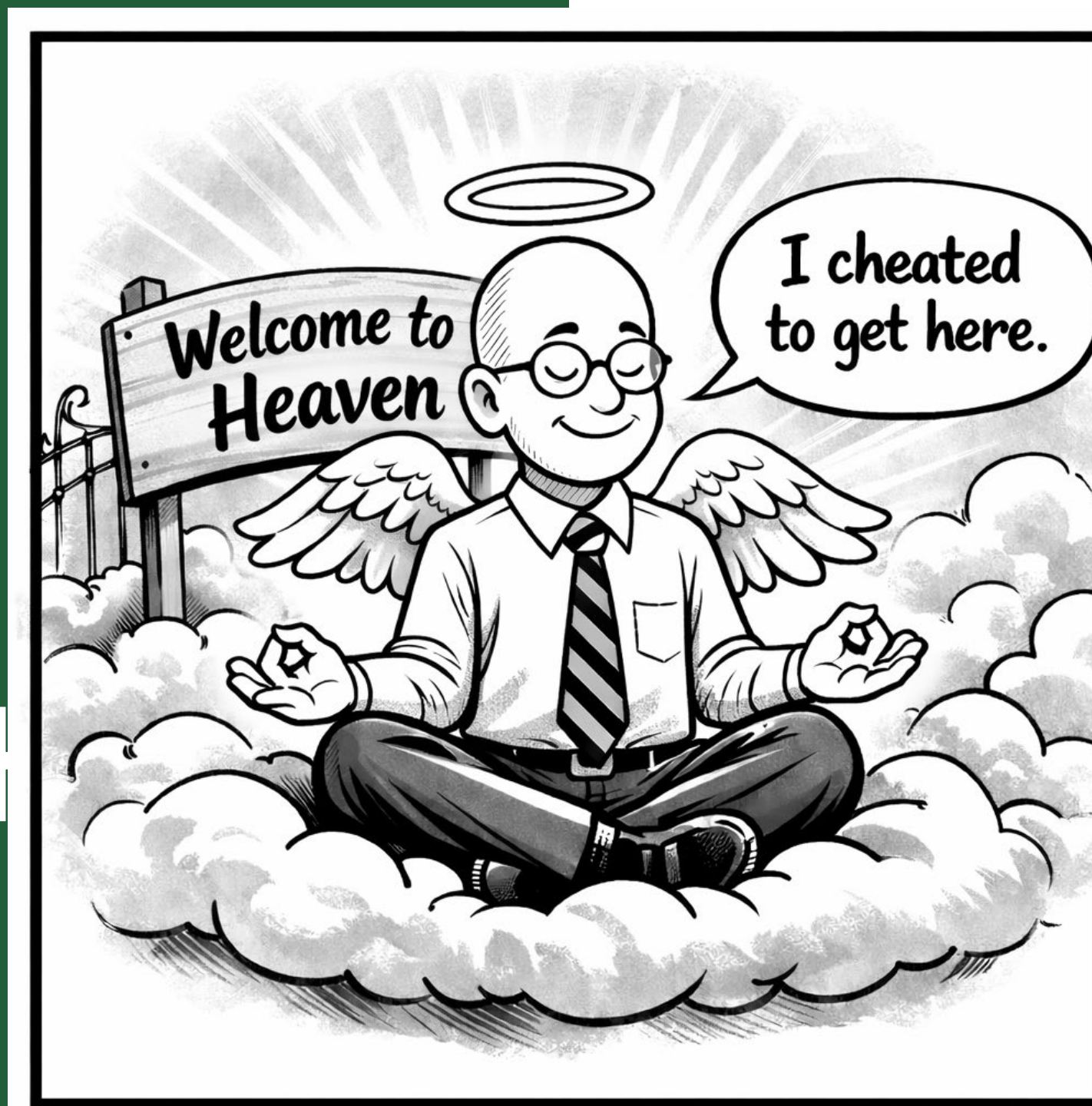


How to Cheat Your Way to the Highest Levels of PROFESSIONAL ETHICS

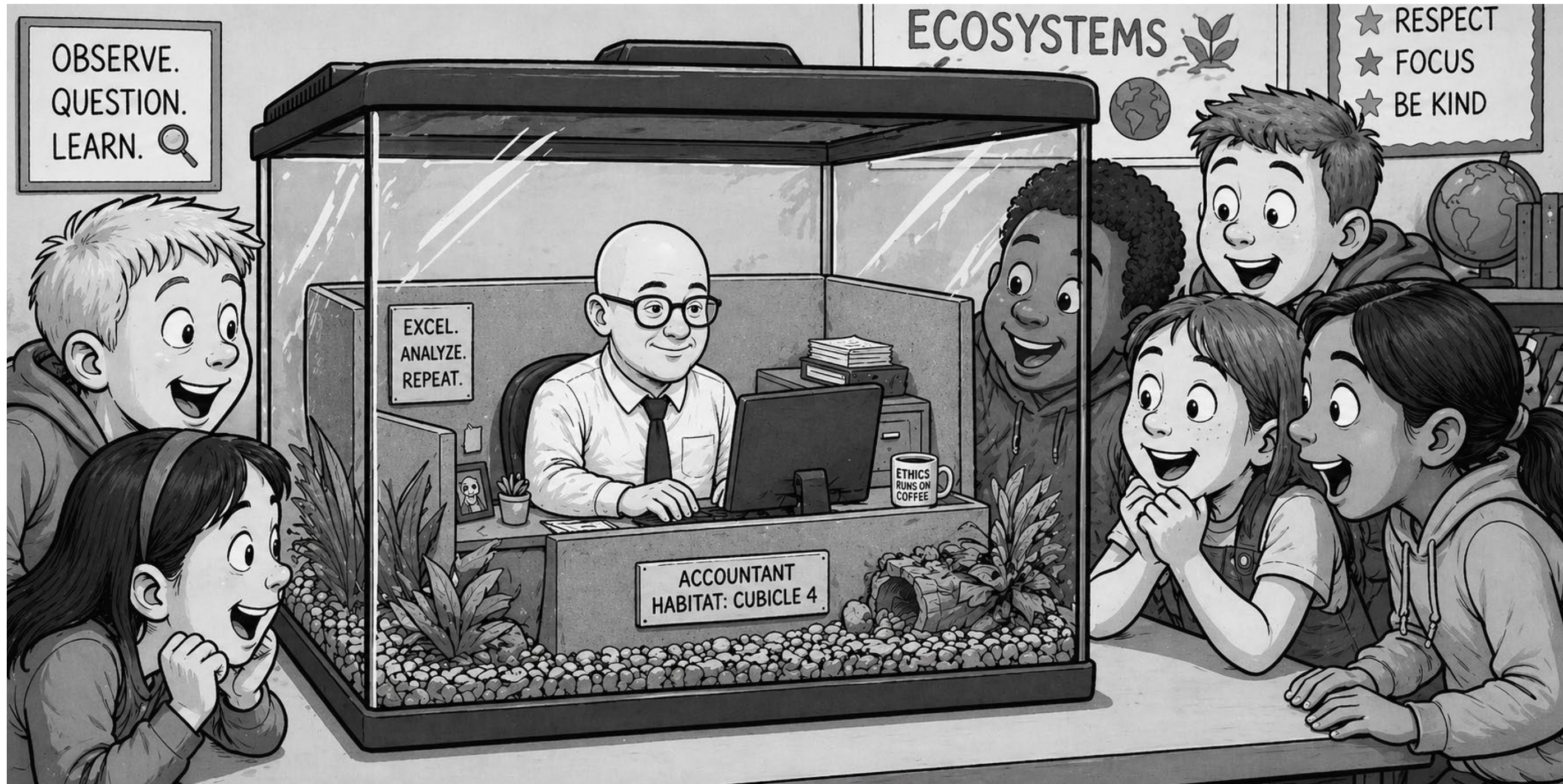
Presented by Greg Kyte, CPA

LinkedIn: Greg Kyte, CPA

Instagram: @exposedrafts



TRANSPARENCY



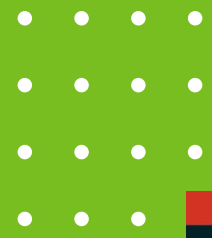
THE ULTIMATUM GAME

Player One receives ten dollars and must split it with Player Two.

Player Two either accepts or rejects the split.

If the split is rejected, both players get NOTHING.

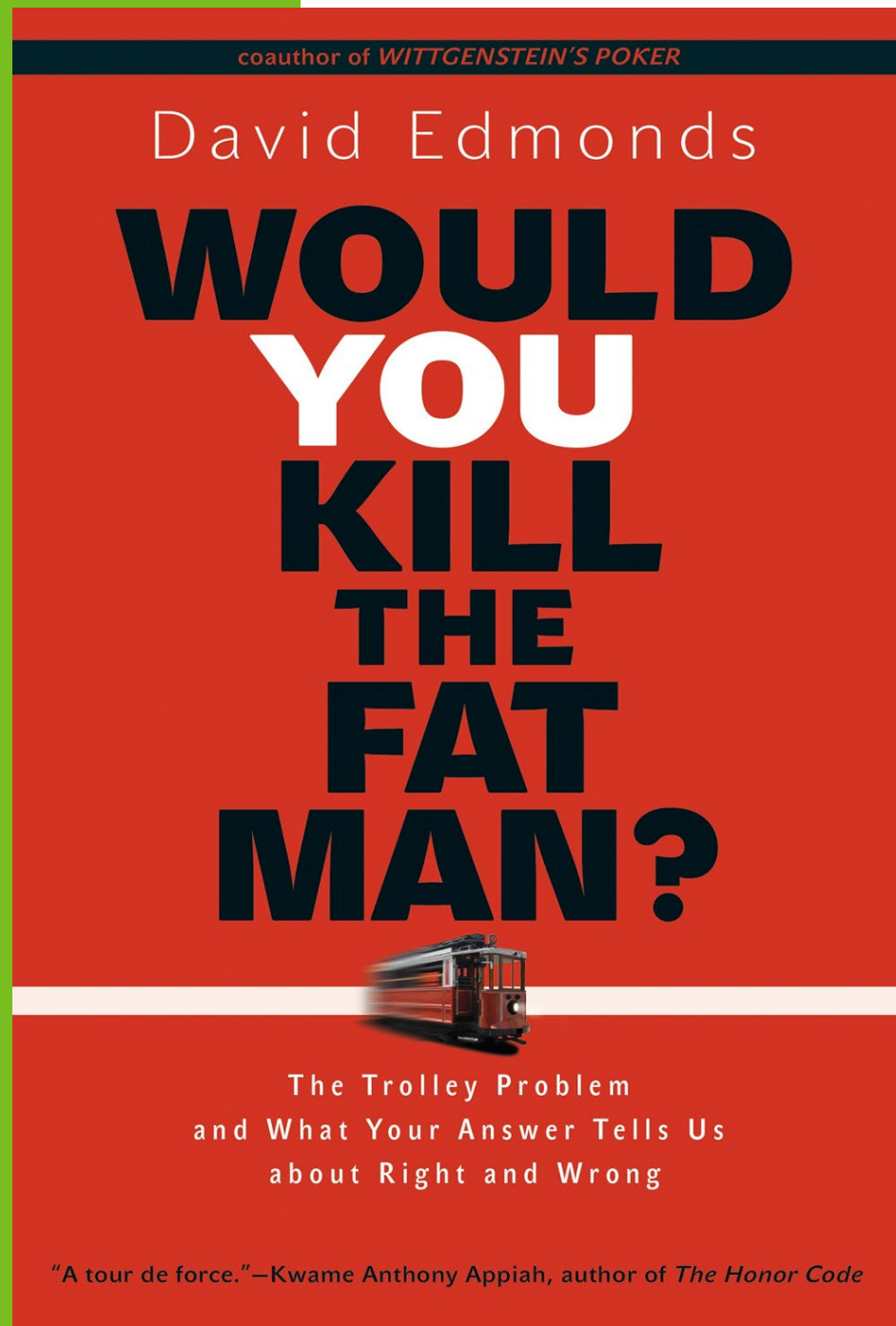




The Ultimatum Game: TRANSPARENCY

“In an experiment in which the proposers were offered complete anonymity, many more people made greedy offers, suggesting that what seems to motivate people is not altruism, but reputation.”

Would You Kill The Fat Man
by David Edmonds



Self-Imposed TRANSPARENCY

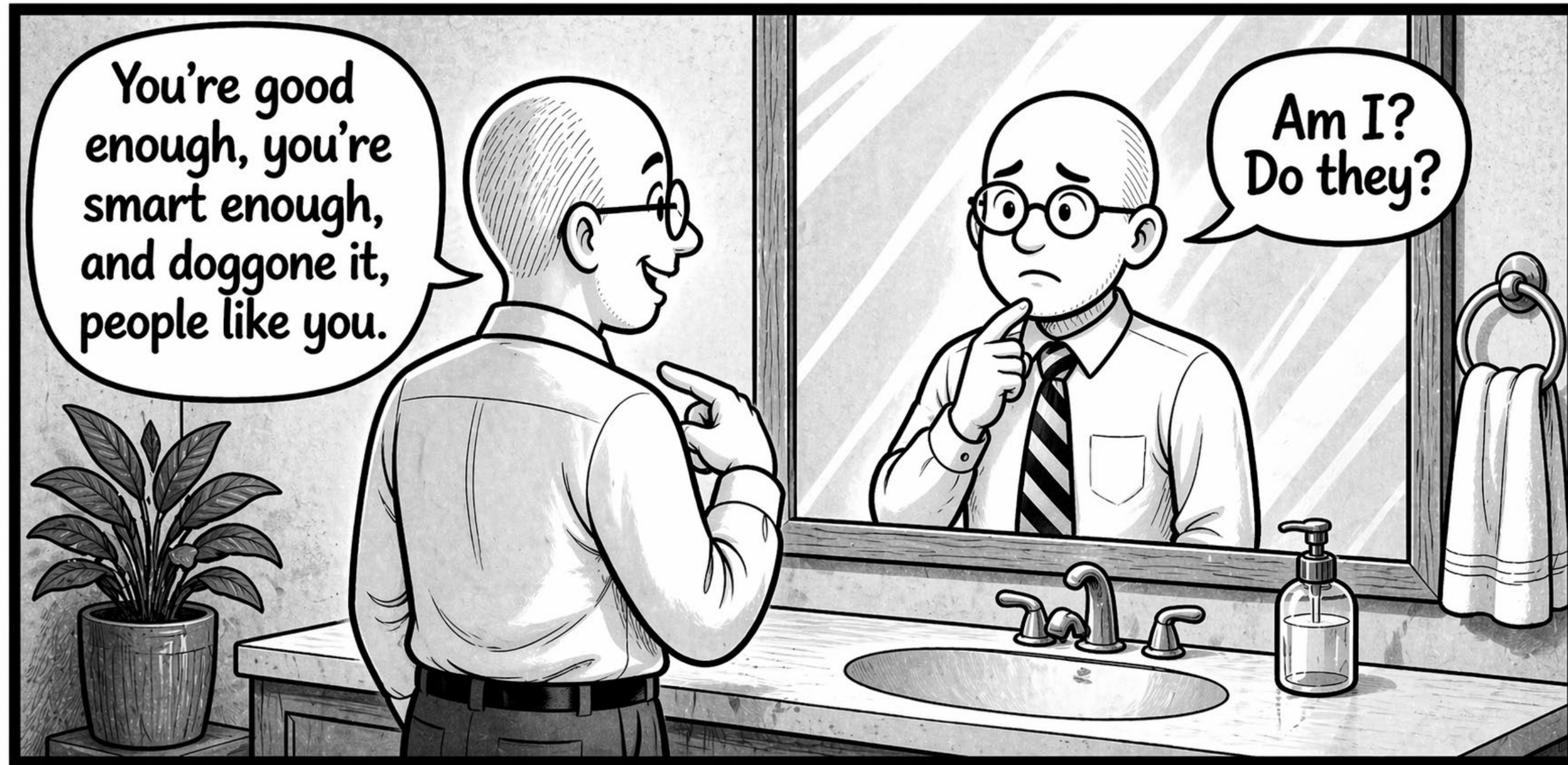
Nathan Mueller

Oh My Fraud Podcast

- Episode 4: “With Great Check Writing Power Comes Great Responsibility”
- Episode 28: “Meet the Fraudster: Nathan Mueller”



MORAL CODES



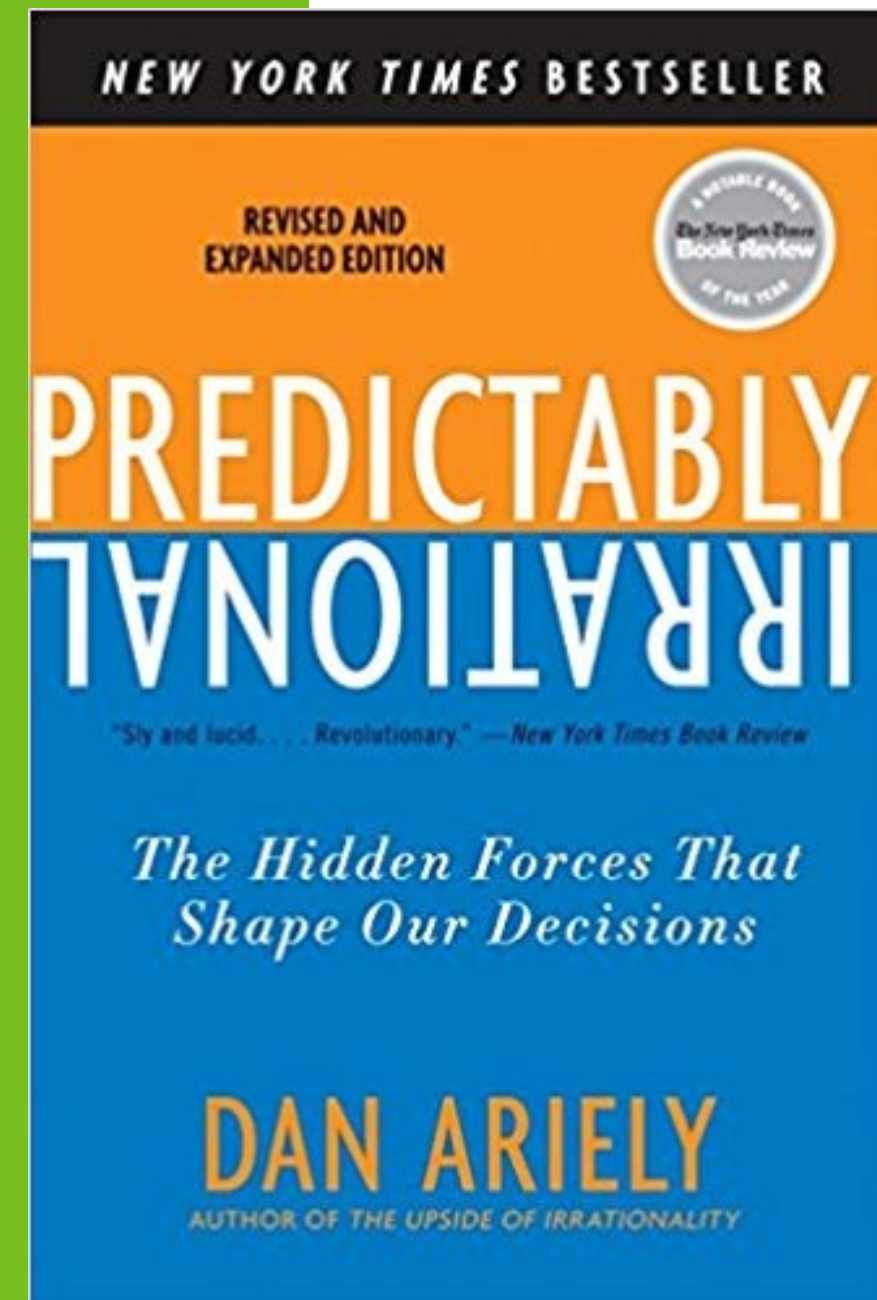
DAN ARIELY EXPLAINS.

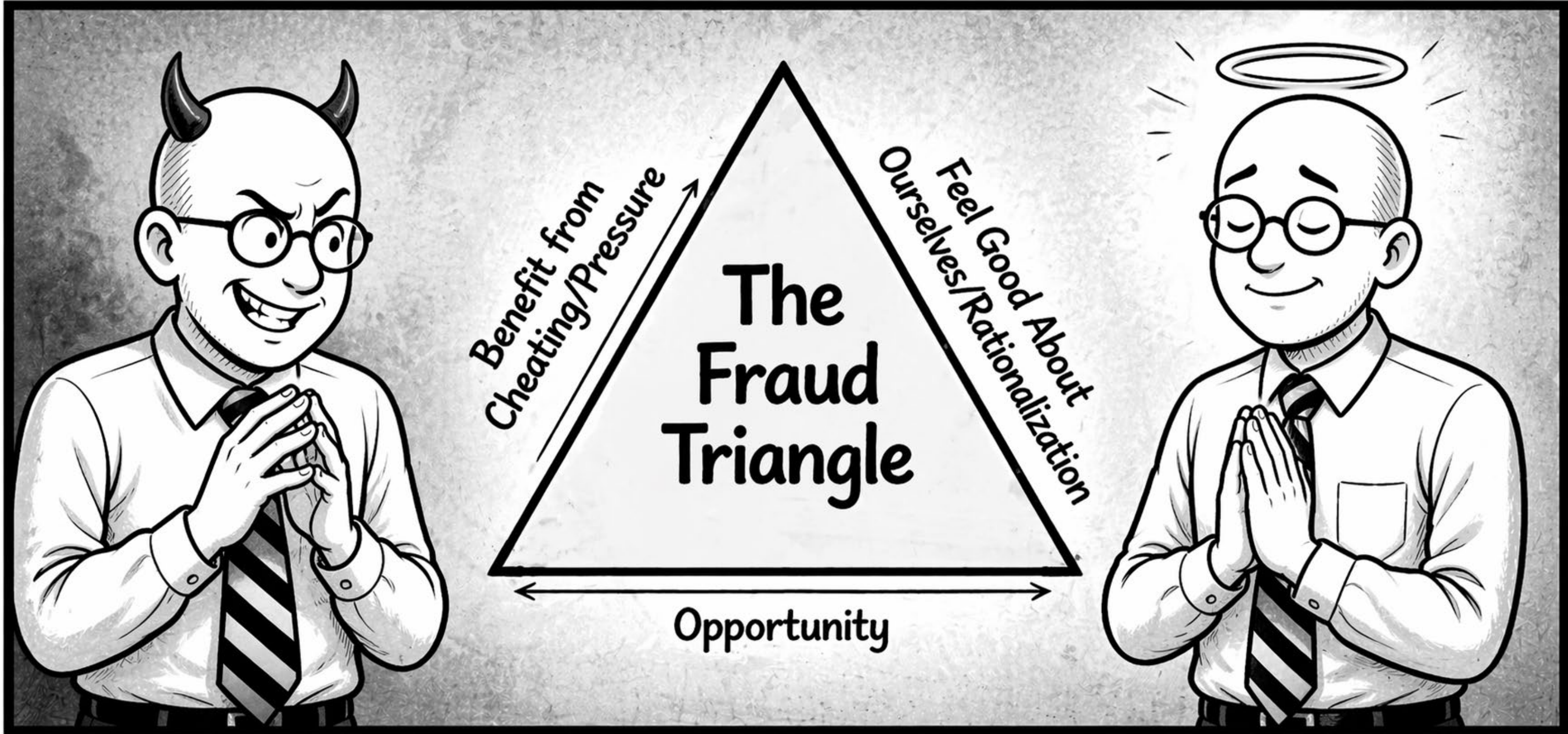
Our behavior is driven by two opposing forces.

On one hand, we want to benefit from cheating and get as much money as possible.

On the other hand, we want to view ourselves as honest, honorable people. We want to be able to look ourselves in the mirror and feel good about ourselves.

Predictably Irrational
by Dan Ariely





How do you test ETHICAL BEHAVIOR?

The Matrix Task

- Find two numbers that add up to 10
- Get 50¢ for each correct answer
- Ten-minute time limit

Figure 1: Matrix Task

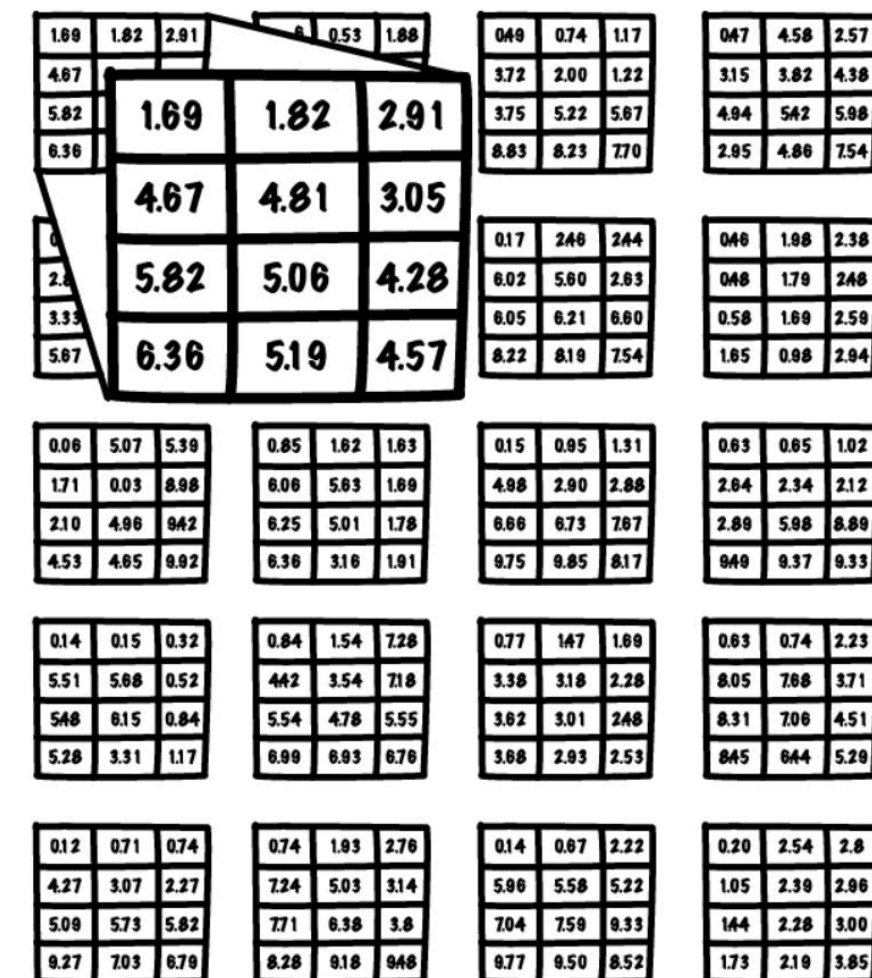
The figure displays a grid of 40 3x3 matrices. Each matrix contains nine numbers. One matrix, located in the top-left area, is highlighted with a thick black border and a white pointer pointing to it. The numbers in this highlighted matrix are: 1.69, 1.82, 2.91 in the top row; 4.67, 4.81, 3.05 in the middle row; and 5.82, 5.06, 4.28 in the bottom row. The other 39 matrices are arranged in a grid around it, each containing a different set of numbers.

How do you test ETHICAL BEHAVIOR?

Normal testing protocol
Cheating possible protocol

Average score: 7
Average score: 12

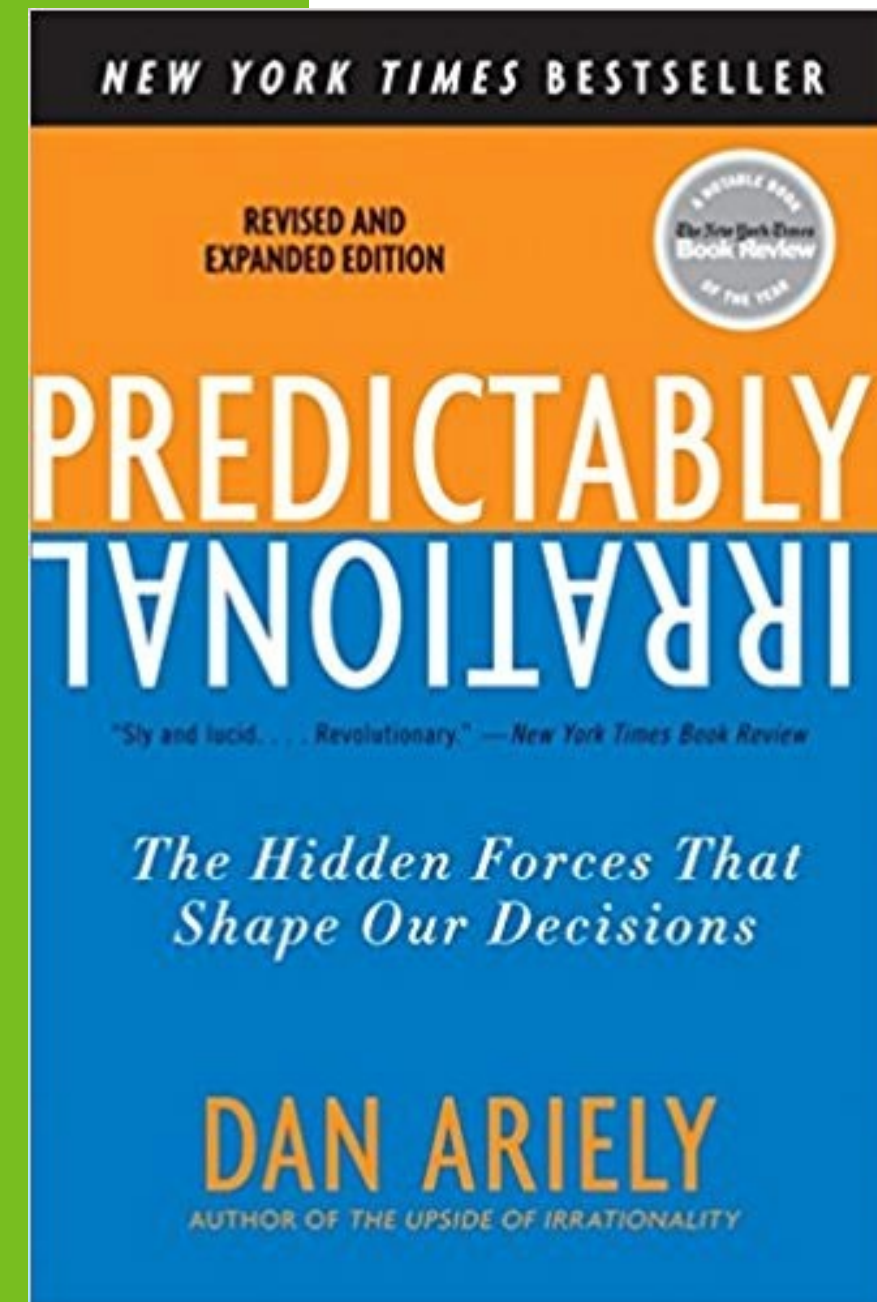
Figure 1: Matrix Task



DAN ARIELY EXPLAINS.

We've tested thousands of people, and from time to time we did see aggressive cheaters. We have never seen anyone claim to solve 18 or 19 of the 20 matrices. But once in awhile, a participant claimed to have solved all 20 correctly.

At the same time, we had thousands and thousands of participants who cheated by just a few problems. We lost thousands and thousands of dollars to them — much, much more than we lost to the aggressive cheaters.

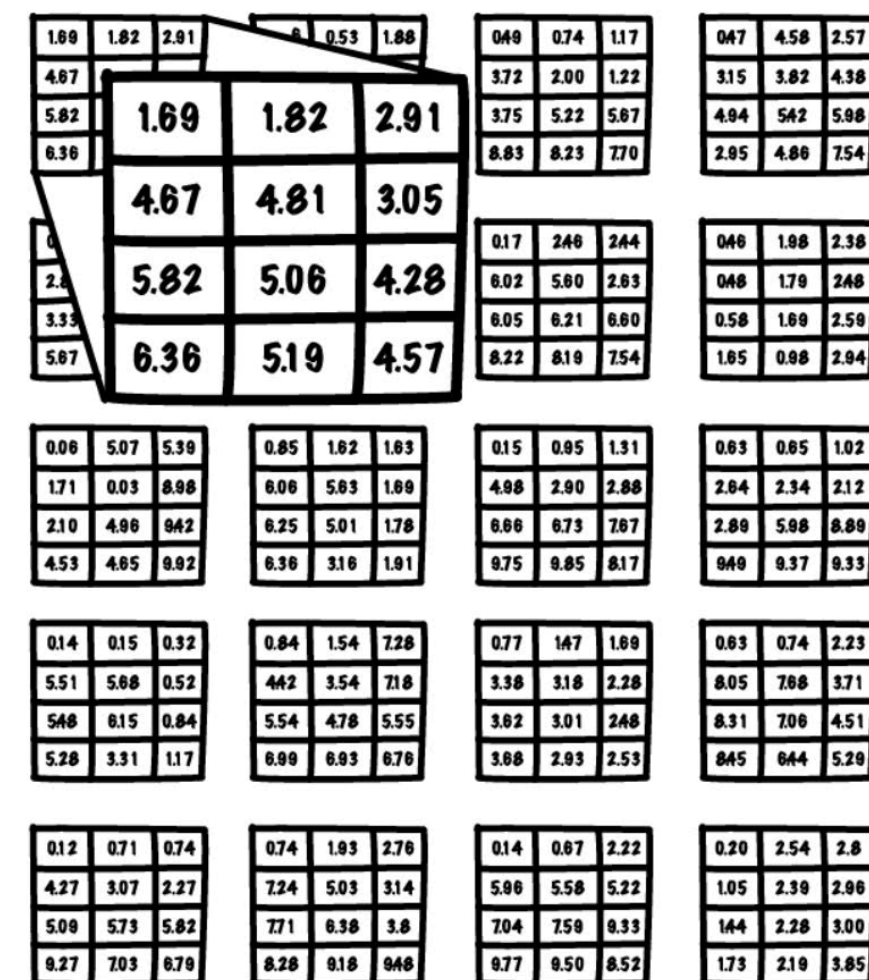


How do you test ETHICAL BEHAVIOR?

Normal testing protocol
 Cheating possible protocol
 Super-cheater variant
 Questioner variant
 Rival school variant
 Ten commandments quiz
 Atheists & Bibles variant
 MIT code of conduct variant

Average score: 7
 Average score: 12
 Average score: 15
 Average score: 10
 Average score: 9
 Average score: 7
 Average score: 7
 Average score: 7

Figure 1: Matrix Task

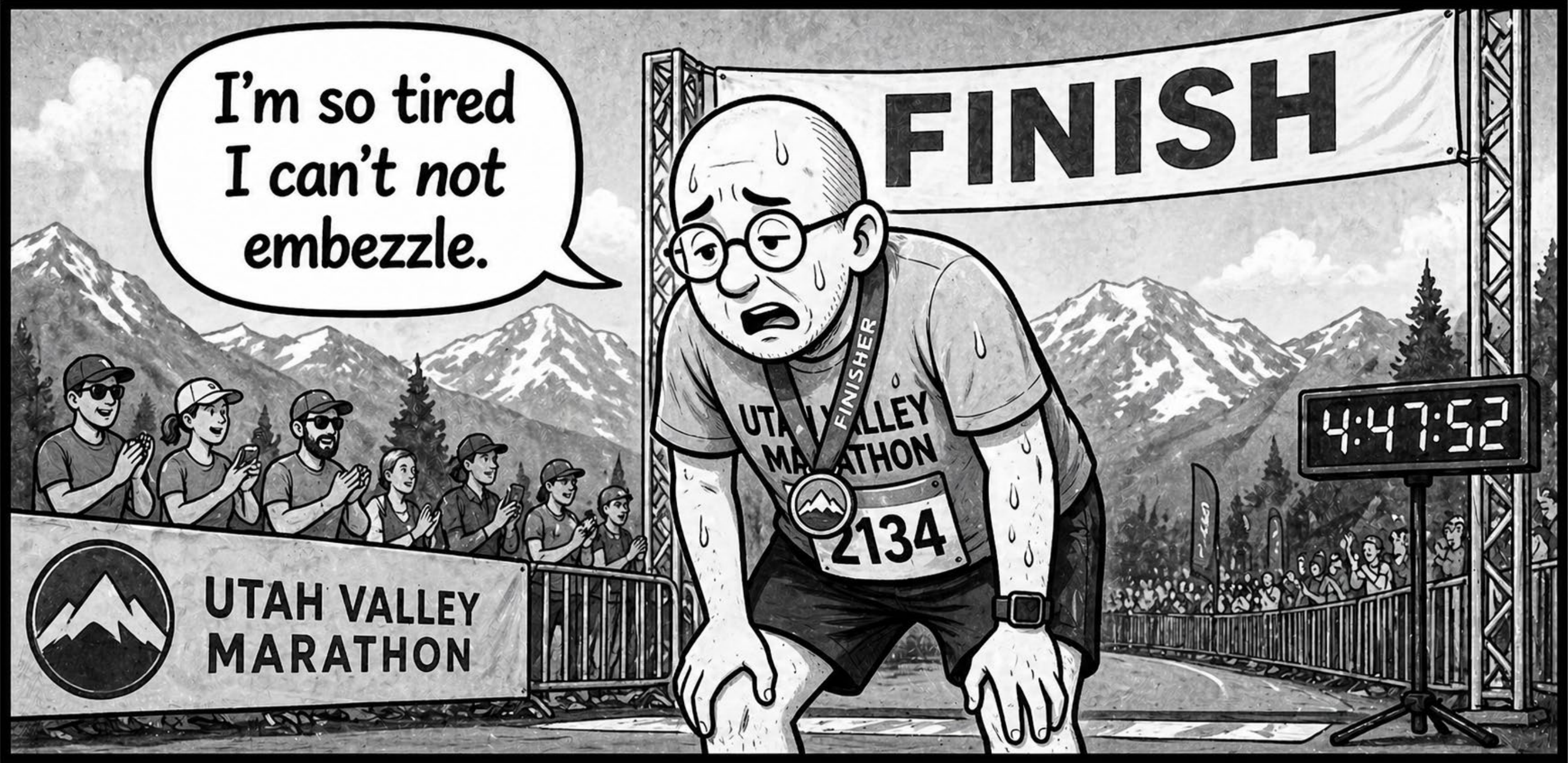




From The AICPA Code of Professional Conduct.

“[CPAs are to] perform professional duties with the **HIGHEST SENSE OF INTEGRITY.**”

EGO DEPLETION

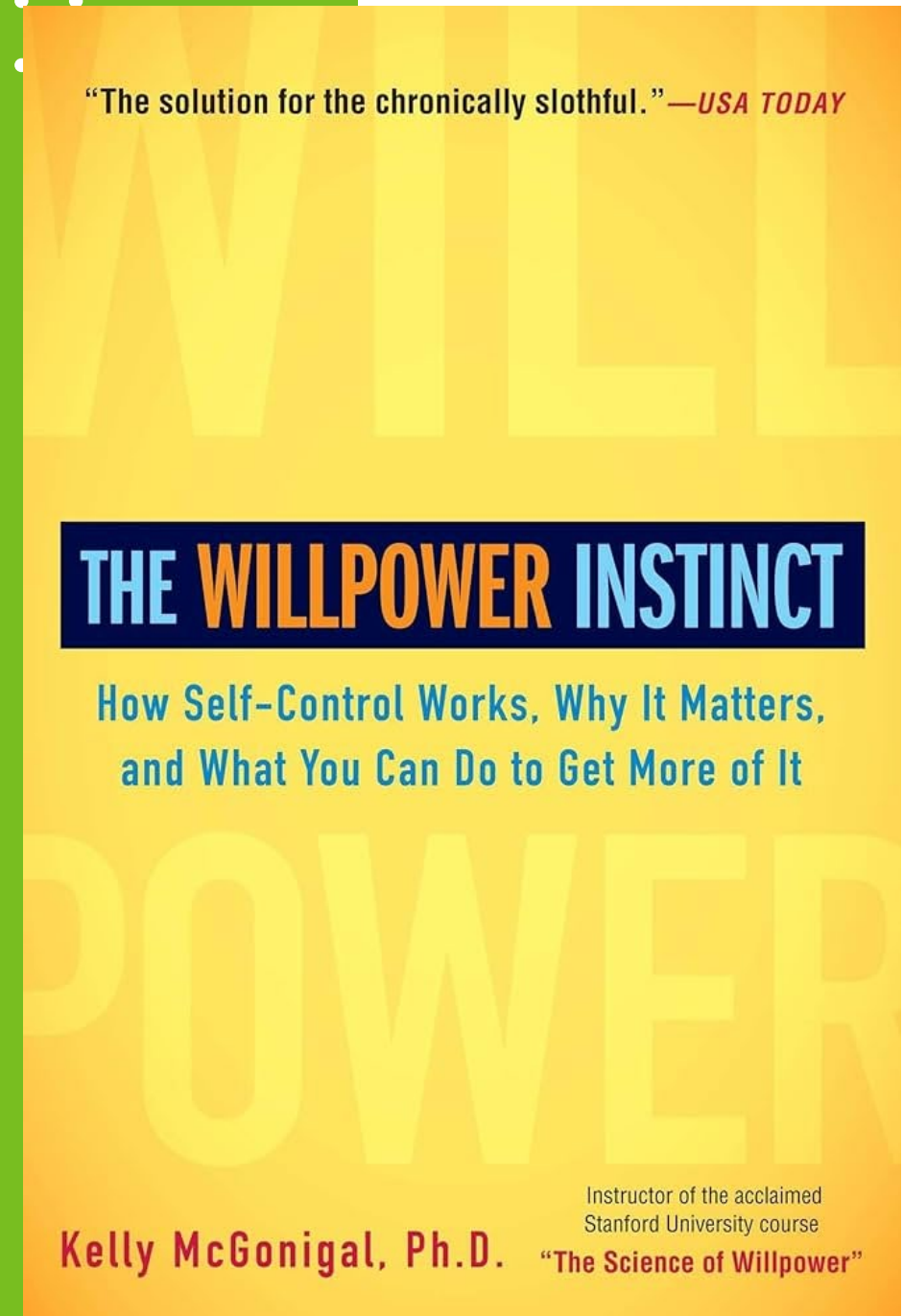




What is EGO DEPLETION?

“Willpower is not just a virtue — it’s a biological function that can be exhausted.”

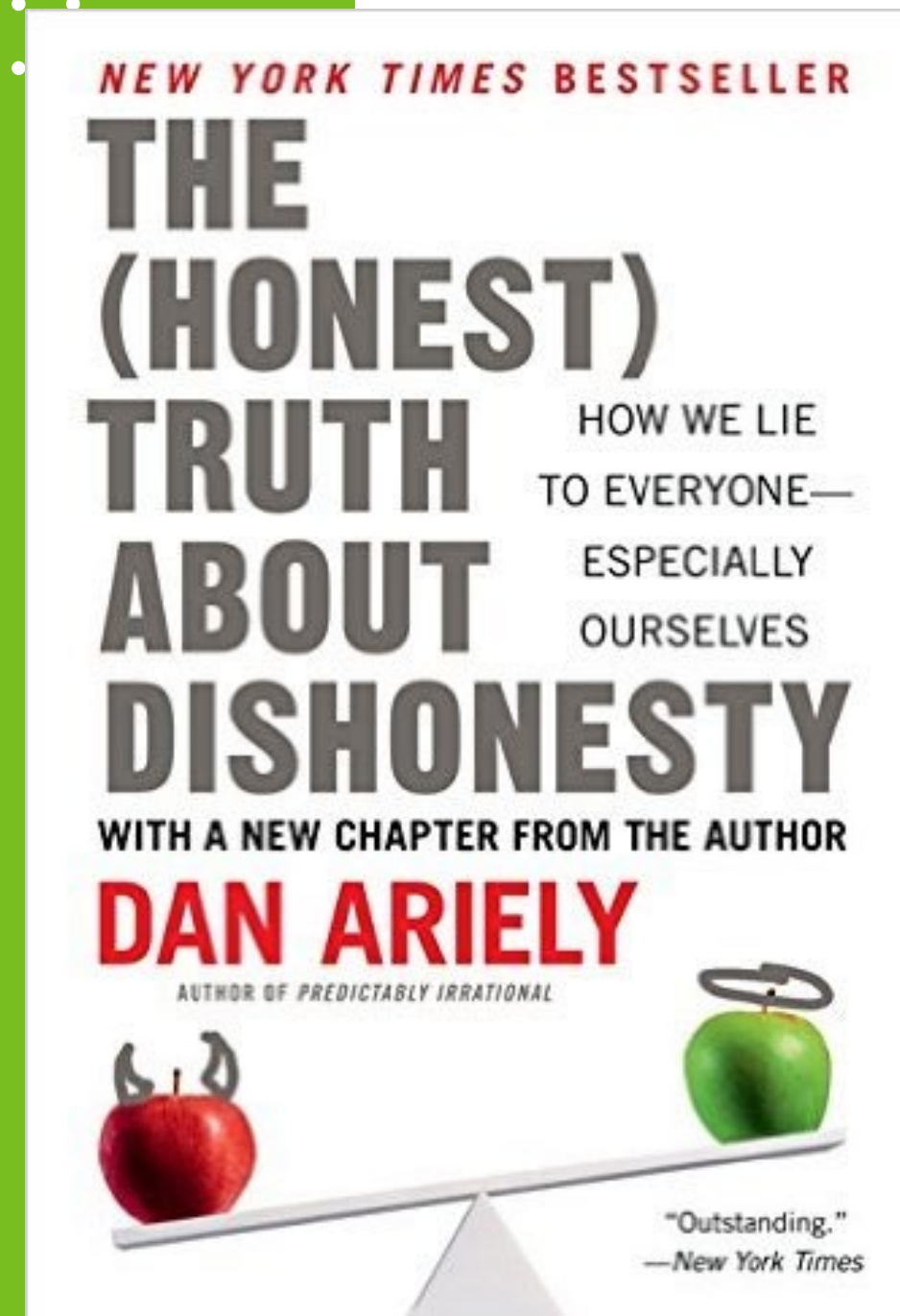
The Willpower Instinct
by Kelly McGonigal

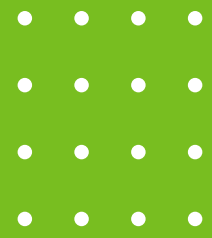


What is EGO DEPLETION?

“If you wear down your willpower, you will have considerably more trouble regulating your desires, and that difficulty can wear down your honesty as well. We are continually tempted throughout the day, and our ability to fight this temptation weakens with time and accumulated resistance.”

The Honest Truth About Dishonesty
by Dan Ariely

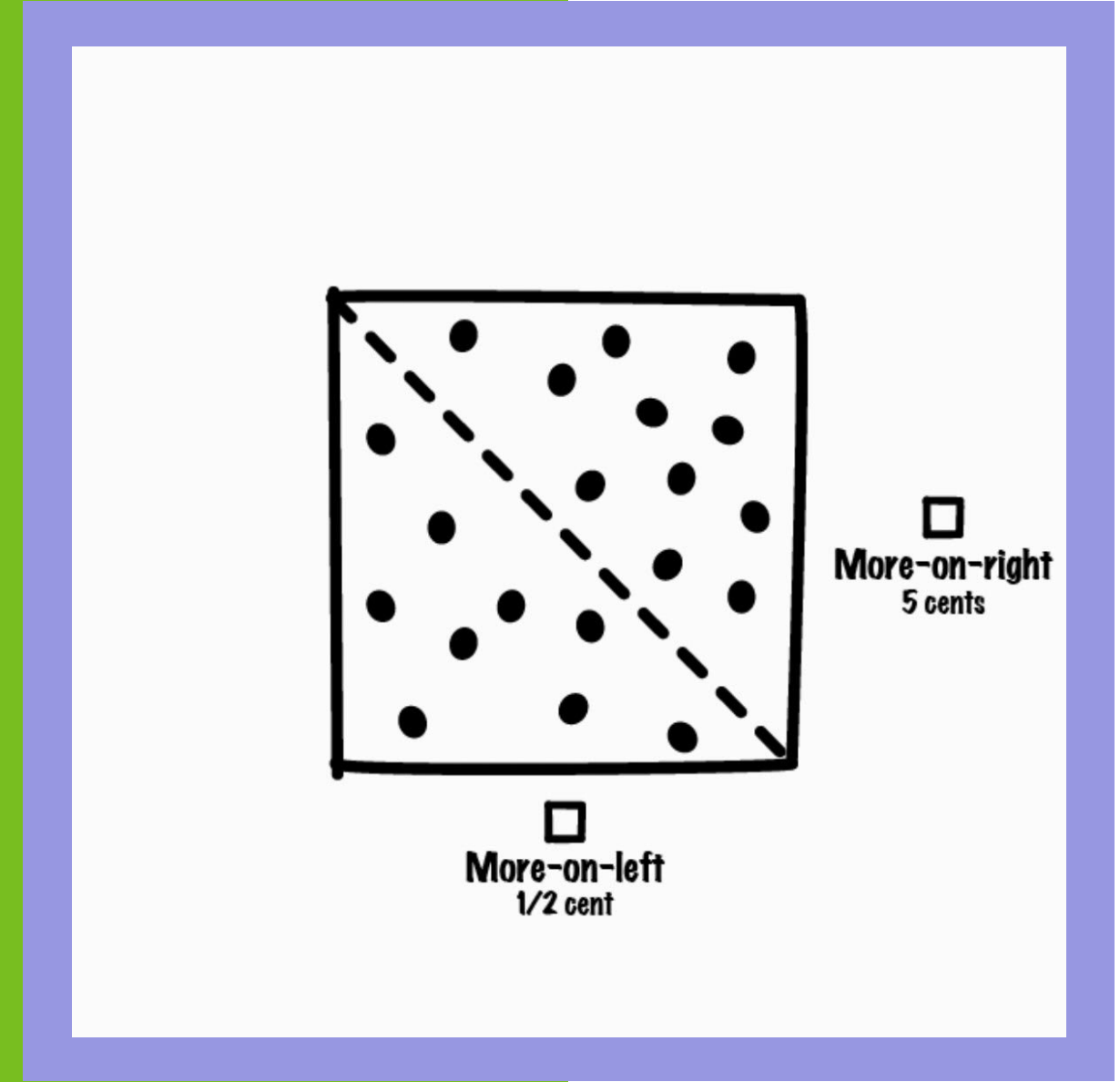




Testing EGO DEPLETION

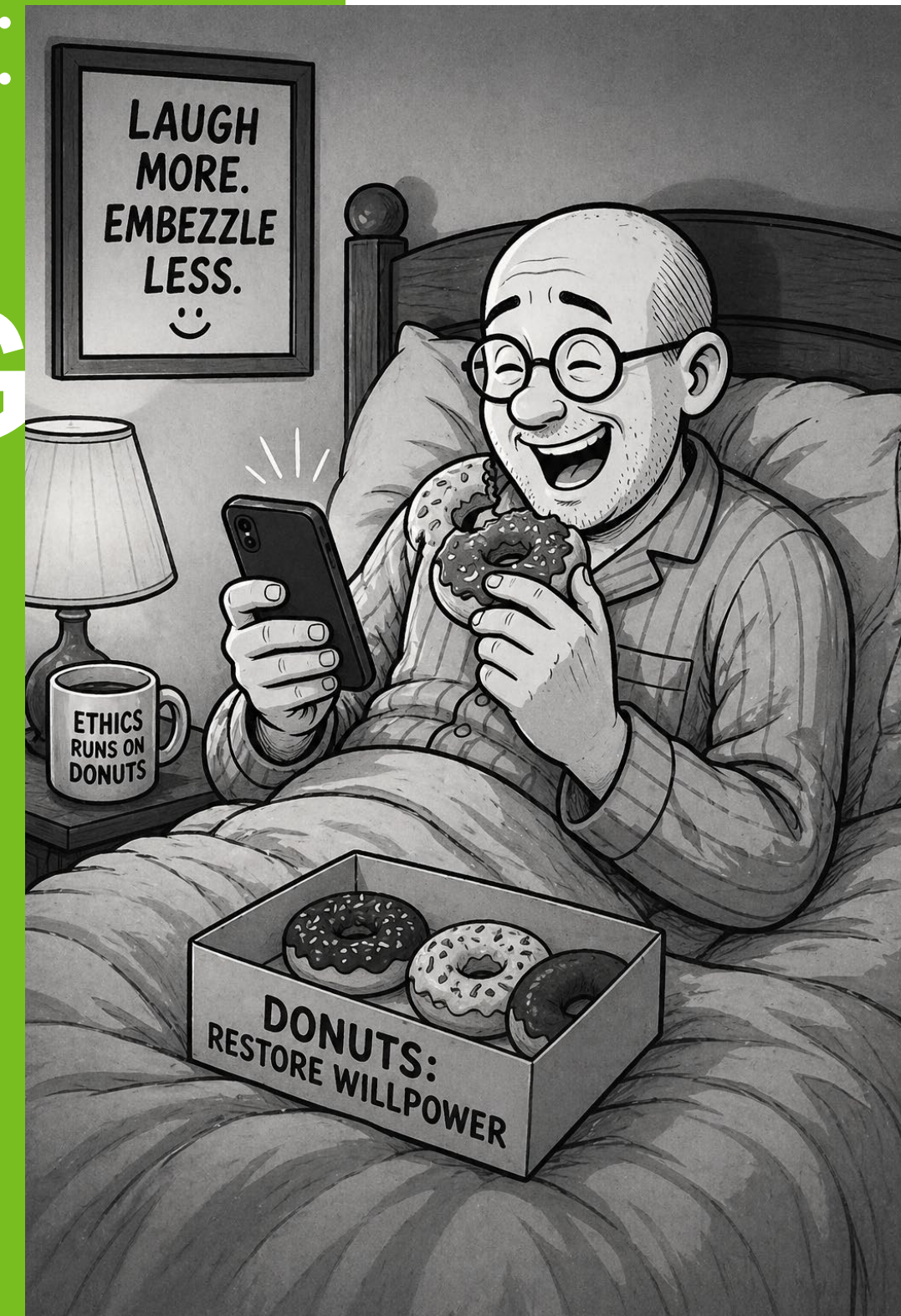
The Dots Task

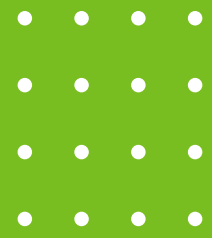
- An image appears with 20 dots
- It stays on screen for ONE SECOND
- After it disappears, you must choose ...
 - “more on right” or
 - “more on left”
- If you choose “more on right” you get 5¢
- If you choose “more on left” you get ½¢



How to UNDEplete your EG

- Rest/Nap/Sleep
 - The prefrontal cortex needs sleep
 - Ethical behavior needs the prefrontal cortex
- Sugar
- Slow/Deep Breathing
- Pause and do nothing for a minute
- Induce a positive mood
 - Funny video
 - Surprise gift





EGO DEPLETION

Claudia Viles —

- 33 years as tax collector in Anson, Maine
- 33 years with no internal controls
- Stole \$500,948 in her last 6 years



Nathan Mueller —

- One year resisting temptation
- Stole \$8 million in the next four years





THANK YOU

