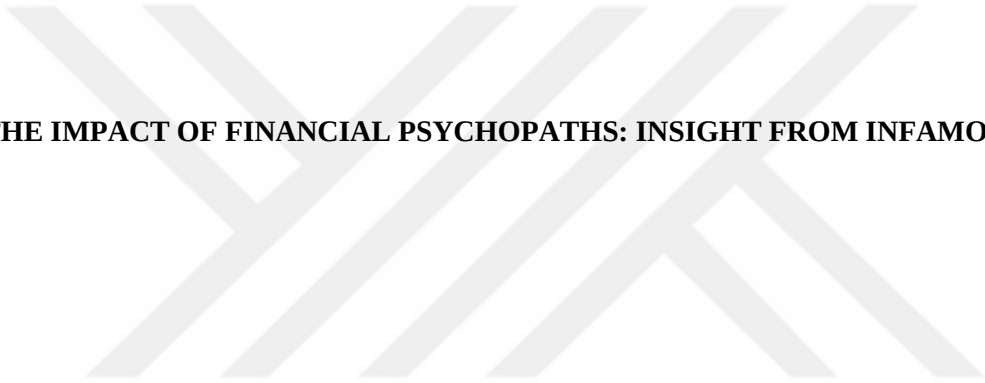


KARADENİZ TECHNICAL UNIVERSITY * THE INSTITUTE OF SOCIAL SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATION

MASTER'S PROGRAM



THE IMPACT OF FINANCIAL PSYCHOPATHS: INSIGHT FROM INFAMOUS CEOS

MASTER'S THESIS

Hanaa Omar LARDHI

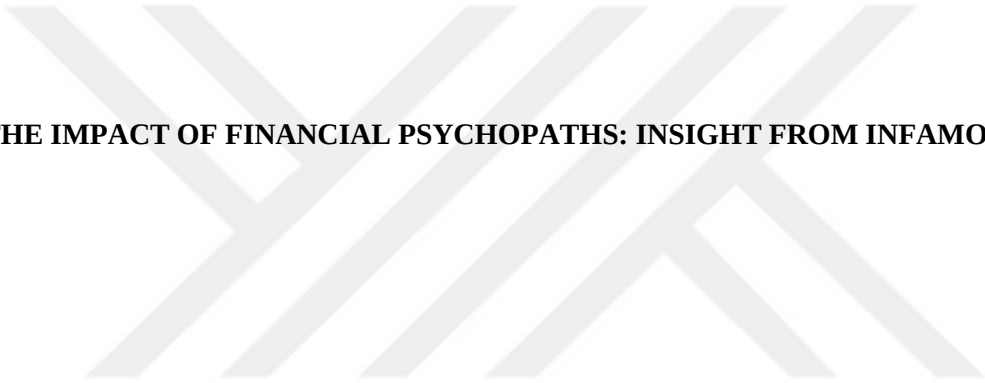
JULY-2024

TRABZON

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Supervisor: Prof. Dr. HALİL İBRAHİM BULUT

JULY-2024

TRABZON

APPROVAL

Upon the submission of the dissertation, Hanaa Omar Lardhi has defended the study “The Impact of Financial Psychopaths: Insight from Infamous CEOs” in partial fulfillment of the requirements for the degree of master’s in business administration at Karadeniz Technical University, and the study has been found fully adequate in scope and quality as a thesis by unanimous/ majority vote on 11. July.2023.

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Institute Director

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THESIS ETHICAL DECLARATION

The study titled “The impact of financial psychopaths: Insight from infamous CEO” is presented as a Master of Social Science thesis that has been completed under the supervision of Prof. Dr. Halil İbrahim Bulut from beginning to end. I declare that I have collected the data / cases myself, adequately cited and referenced the information and resources taken from other original sources. Acted in accordance with scientific research and ethical rules in the course of my work and I accept all kinds of legal consequences in case of the occurrence of accusation.



Hanaa Omar LARDHI

ÖZET

Bu çalışmanın amacı, geçmişte seçilmiş şirket yöneticilerinin özelliklerini ve davranışlarını belirleyerek kurumsal psikopatları daha iyi anlamaktır. Kuruluşların, kurumsal/finansal psikopatları tanımlamak ve tahmin etmek için kullanabilecekleri kalıpları kabul etmektir. Çalışmaya iki araştırma sorusu rehberlik etmiştir: CEO'ların psikopatik özellikleri ile şirketlerinin hisse senedi fiyatlarındaki ve gelirlerindeki artış gibi kısa vadeli finansal performansları ve uzun vadeli iflas riski arasındaki ilişki nedir? İkinci olarak, kurumsal/finansal psikopatik davranış kalıplarının belirlenmesi ve anlaşılması, firmaların CEO'larla ilgili kurumsal dolandırıcılık, iflas ve skandalları önlemesine yardımcı olabilir mi? Bu çalışmada psikopatik özelliklerin belirlenmesine yönelik kavramsal çerçeve Hare Psikopatik Kontrol Listesi'ne dayanmaktadır. Psikopatik özellikler, vaka olarak amaçlı ve teorik örnekleme yoluyla seçilen yedi CEO'dan oluşan örnekleme tespit edilmiştir. Karakteristikler, özellikler ve davranışlardaki benzerlikler ana hatlarıyla belirtilmiştir. Kurumsal psikopatik özellikler ile kurumun çöküşü arasındaki ilişki tutarlı kalıplar oluşturmuştur. Bu tez, araştırma problemine yaklaşmak için çoklu vaka çalışması tasarımını kullanan nitel bir araştırma metodolojisi kullanmış ve derinlemesine tarihsel ve arşiv araştırması elde ederek CEO'ları inceleme olanağı sağlamıştır. Yedi CEO vakasının tamamında kurumsal/finansal psikopatik özellikler tespit edilmiş; böylece önceki CEO'lar tarafından sergilenen özellikler belirlenerek ve kurumsal psikopatiye özgü tekrarlanan örüntüler oluşturularak kurumsal psikopati bilgisi geliştirilmiştir. Benzer özelliklerin tanımlanması, olası kurumsal/finansal psikopatların öngörülmesinin yolunu açarak şirketlere gelecekteki dolandırıcılık, skandal ve iflas vakalarından potansiyel olarak kaçınma fırsatı sunmaktadır. Çalışmada sunulan vakalar, kurumsal psikopatların erken teşhisinin, verdikleri zararı azaltabileceğine ve belki de ortadan kaldırılabileceğine dair ikna edici kanıtlar sunmakta ve bu tür kişilerin kurumsal ortamlardaki etkisini sınırlamada erken teşhisin önemini vurgulamaktadır.

Anahtar Kelimeler: CEO, Kurumsal/Finansal Psikopatlar, Dolandırıcılık, İflas.

ABSTRACT

The purpose of this study is to gain a better understanding of corporate psychopaths by identifying traits and behaviors of past selected corporate executives. Acknowledging patterns that organizations can utilize to identify and predict corporate/financial psychopaths. The study was guided by two research questions: What is the relationship between CEO psychopathic traits and short-term financial performance such as increase in stock prices and revenue of their respective companies, versus long-term risk of bankruptcy. Secondly, can identifying and understanding corporate/financial psychopathic behavioral patterns help firms prevent corporate fraud, bankruptcies, and scandals related to CEOs. The conceptual framework to identify the psychopathic traits in this study is based on the Hare Psychopathic Checklist. Psychopathic traits were identified in the sample of seven CEOs chosen through purposeful and theoretical sampling as cases. The similarities in characteristics, traits, and behaviors were outlined. The relationship between corporate psychopathic traits and the organization's demise established consistent patterns. This thesis uses a qualitative research methodology utilizing multiple case study design to approach the research problem and provided the ability to examine CEOs by obtaining in-depth historical and archival research. Corporate/financial psychopathic characteristics were found in all seven CEOs cases; thus, improving the knowledge of corporate psychopathy by identifying features demonstrated by previous CEOs, and establishing repeated patterns typical of corporate psychopathy. The identification of similar characteristics opens the way to predicting possible corporate/financial psychopaths, providing companies with the opportunity to potentially avoid future cases of fraud, scandal, and bankruptcy. The cases presented in the study provide persuasive evidence that early identification of corporate psychopaths can lessen and perhaps eliminate the harm they do, highlighting the significance of early detection in limiting the influence of such persons inside corporate settings.

Keywords: CEO, Corporate/Financial Psychopaths, Fraud, Bankruptcy.

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ACRONYMS & ABBREVIATIONS

ATM	: Automated Teller Machine
B-Scan	: Business-Scan 360
B.A.	: Bachelor of Arts
B.S.	: Bachelor of science
BBC	: The British Broadcasting Corporation
CAD	: Canadian Dollars
CEO	: Chief Executive Officer
CFO	: Chief Financial Officer
CIBC	: Canadian Imperial Bank of Commerce
COO	: Chief Operating Officer
CX	: Cryptocurrency Exchange
DAX	: Deutscher Aktien-Index
DeFi	: Decentralized Finance
DoD	: Department of Defense
EOL	: Enron Online
EY	: Ernst & Young
FBI	: Federal Bureau of Investigation
FDA	: Food and Drug Administration
FED	: Federal Reserve,
FinTech	: Financial Technology
HYIP	: High-Yield Investment Programs
IPO	: Initial Public Offering
IT	: Information Technology
KPMG	: Klynveld Peat Marwick Goerdeler
LLC	: Limited liability company
MBA	: Master of Business Administration.
MTM	: Mark-to-Market
NASD	: National Association of Securities Dealers
NASDAQ	: National Association of Securities Dealers Automated Quotations
OSC	: U.S. Office of Special Counsel
PCL-R	: Psychopathy Checklist Revised
PoS	: Processing Services, Including Point-Of-Sale
PRC	: Performance Review Committee

SEC : Securities and Exchange Commission

SPV : Special Purpose Vehicles

GLBA : Gramm-Leach-Bliley Act



INTRODUCTION

This first chapter presents a comprehensive overview of the concepts that provide the foundation for this thesis. It serves as a guide, highlighting the major issues that the study seeks to address, outlining its objectives, methodology and hypotheses.

After the significant rise of neoliberalism characterized by deregulation, privatization, and the promotion of free-market ideas. There is an increase in incidents of Ponzi like attitudes, embezzlement, corruption, and fraud by CEOs. These incidents were made possible by the loose regulations under neoliberalism. Corrupted CEOs often take advantage of the system to commit fraud, embezzle funds and some executives even use the classic Ponzi schemes disguised as legitimate investments. These occurrences emphasize the necessity for more research into the concept of corporate/financial psychopathy (Smith & Lilienfeld, 2013: 204-218). They emphasized the necessity for more research into how psychopathic traits manifest in business settings. Adding to this, Boddy (2015: 141) stated that corporate psychopaths, whose impact frequently goes unnoticed within corporate environments, have been repeatedly linked to earlier instances of organizational failures and scandals.

FIRST CHAPTER

1. RESEARCH FRAMEWORK

1.1. Statement of the Problem

This study focused on the ongoing concerns of corporate/investment fraud, company bankruptcies, and scandals that are primarily linked to their top-tier management, particularly CEOs. Organizations are left helpless because they lack indicators or early warning signs to identify corporate/financial psychopaths and behaviors associated with them. This leads to undesirable outcomes, including fraud and scandals. Recognizing and comprehending corporate/financial psychopathic leaders, as well as their behavioral patterns, acts as a crucial measure or early warning sign for organizations. This helps them be aware of the likelihood that their corporate executive may be a corporate/financial psychopath, and the future of the organization may be in jeopardy. Organizations can proactively avoid these problems by exploiting these early behavioral signs and traits.

Although existing studies offer valuable insights into the influence of corporate psychopaths in business, there remains a significant gap in understanding the correlation between CEO psychopathic traits and short-term financial success versus long-term risks like business failure and bankruptcy. This study aims to fill this gap by examining the traits of corporate psychopaths, drawing evidence from CEOs whose companies have faced bankruptcy and business failures. The goal is to gain a deeper understanding of how these traits contribute to both immediate financial outcomes and the sustainability of businesses over the long term. This research seeks to shed light on the complexities of psychopathic behavior in corporate leadership and its implications for organizational stability and performance.

This study also aims to delve deeply into the backgrounds and traits of selected CEOs using a case study methodology. By employing Robert Hare's psychopathy checklist, the study seeks to identify similarities to corporate psychopaths among these CEOs. The overarching goal is to explore whether firms can mitigate negative outcomes by recognizing and comprehending the behavior patterns associated with corporate psychopaths. Through this approach, the study intends to provide insights into how identifying and understanding these traits can potentially prevent or mitigate the adverse effects of psychopathic behavior in corporate leadership.

1.2. Purpose of the Study

This study of corporate/financial psychopaths can open a new line of inquiry in leadership studies. Corporate executives play distinct roles in organizations, and their personality traits and behavior affect the organizations they lead.

The purpose of this study is to identify signs of psychopathic tendencies and behaviors in former corporate CEOs to raise awareness of corporate psychopaths in the business field. The goal is to create a consistent pattern that detects the presence of a corporate/financial psychopath and, as a result, helps identify potential psychopathic leaders. This proactive strategy can enable firms to avoid future instances of fraud and the collapse of organizations.

The primary objective of this research is to acquire a better knowledge of the characteristics of corporate/financial psychopaths by evaluating chosen CEOs who exhibited Psychopathic traits. Additionally, the research aims to detect correlations between the traits and behaviors. Simultaneously, examining how these CEOs might accomplish impressive financial gains in the short term but then drive their companies towards bankruptcy. This pattern will act as an indicator or early warning sign for firms to identify and predict corporate/financial psychopaths, consequently preventing the occurrence of corporate fraud or organizational downfall.

Durand et al. (2013: 111-123) investigated the relationship between psychopathic tendencies and financial risk-taking. They found that traits like self-centered impulsivity and rebellious nonconformity are linked to risk-taking attitudes often associated with financial success. However, impulsive behavior, associated with self-centered impulsivity, may not correlate with financial success. The study provides valuable insights into how psychopathic tendencies influence financial decision-making in business, showing that corporate psychopaths' impulsive conduct leads to dangerous decisions that can harm their firms. Boddy et al. (2010) emphasized the need for corporations to recognize the presence of corporate psychopaths and their potential negative impact on ethical decision-making and company outcomes. Using a 2008 quantitative sample of 346 white-collar workers, their study found higher levels of psychopathy at senior corporate levels. Corporate psychopaths can create toxic work environments and harm organizational outcomes, highlighting the need for organizations to identify and address these individuals and promote ethical leadership. Frank S. Perri's (2022: 54-62) article emphasizes the importance of studying top-ranking individuals like CEOs and CFOs in relation to white-collar crime. The study explores the characteristics and prevalence of psychopathic leaders in business, using Jeffrey Skilling, former Enron CEO, as an example. Perri suggests using the Psychopathic Checklist Revised (PCL-R) to assess psychopathy levels in corporate leaders. The article concludes that psychopathic traits are linked to white-collar crimes, particularly in leadership roles, and calls for further research to address the global threat posed by psychopathic leaders.

1.3. Nature of the Study

This thesis uses qualitative research to investigate CEO behaviors and identify corporate/financial psychopaths within organizations. It relies on documentary data such as articles, video, text, and press release, as well as historical and archival records, due to the inability to conduct direct interviews with the CEOs.

Non-numerical data for qualitative research is collected in a variety of forms, including documentary data, incorporating video, text, and photographs (Creswell, 2014). Qualitative methods were employed in this study to examine past events and individuals by analyzing historical and archival records because the CEOs were not available to schedule appointments with. In contrast to quantitative research, which uses random samples and numbers rather than words to describe an issue, qualitative research uses a purposeful and descriptive sample (Creswell, 2013).

The goal of qualitative research on executives of organizations is to identify corporate/financial psychopaths and their behavior, which can be used to aid in preventing an organization's downfall. Case study research was chosen as a suitable option for this thesis, because it investigates a single, collective, or numerous case studies through in-depth and extensive data collection that includes reports with case descriptions, themes, and multiple sources of information.

This study employs qualitative methods to investigate the characteristics of CEOs in relation to organizational outcomes. Future research could validate these findings by applying quantitative methods, such as Trend Analysis, to assess organizational performance. Trend Analysis involves analyzing financial data over multiple periods (years, quarters) to identify patterns and trends. This approach facilitates understanding of long-term trends within companies, potentially revealing instances where studied cases initially achieved high financial success but subsequently experienced significant decline towards the end of their operational lifespan.

1.4. Research Questions

The study was guided by the following research questions:

Q1: What is the relationship between CEO psychopathic traits and short-term financial performance versus long-term risk of bankruptcy for their respective companies?

Q2: Can identifying and understanding corporate/financial psychopathic behavioral patterns help firms prevent corporate fraud and bankruptcies related to CEOs?

1.5. Conceptual Framework: Research Problem and Objective

Companies managed by psychopathic CEOs generally outperform their peers in terms of financial success in the short run. However, over time a troubling pattern emerges, showing that CEOs with psychopathic qualities are more likely to lead their firms into bankruptcy. The key question is: Can organizations prevent corporate fraud, bankruptcies, and scandals connected to CEOs by detecting and understanding the behavioral patterns associated with corporate/financial psychopathy?

To minimize the negative implications of having such CEOs, businesses must be able to detect corporate/financial psychopaths and deliberately avoid recruiting them. The primary purpose of this research is to determine the various patterns and behaviors displayed by CEOs. These patterns and behaviors are then compared to the traits of a corporate/financial psychopath, as defined by expert Robert Hare through his simplified version of Hare's Psychopathy Checklist (Hare, 1991).

1.6. Theoretical Foundations

The article "Global Financial Crisis Theory of the Corporate Psychopaths" by Boddy (2011: 255-259) provided an opportunity for further research. Based on the theory, the rise of corporate psychopaths in powerful senior positions inside modern financial institutions contributed significantly to the ethical and structural issues that ultimately led to the global financial crisis. This theory states that corporate psychopaths, particularly those positioned in financial corporations and executive level, had a significant impact on the crisis' onset. Boddy asserts that the financial crisis was not solely the result of systemic errors but also involved the significant contribution of individuals with psychopathic traits who held key positions in major institutions. These leaders' self-serving behaviors, which were driven by personal gain and lacked morality, contributed to the deterioration of the organizational basis, and may have aided the unfolding financial crisis of 2008. This theory provides insight into understanding the relationship between the behavior of corporate executives and the performance of the organization. The theory sheds light on the problems brought on by these corporate/financial psychopaths and the negative impacts of hiring one. Boddy's article highlights the significance of understanding issues related to corporate fraud, financial fraud, and Ponzi schemes, and their impact on companies. He develops a theory that helps explain how, over time, the actions of corporate/financial psychopaths can seriously damage an organization. It provides a valid reason to pay closer attention to corporate executives and their behavior.

This thesis relies on the insights from Boddy's article, "Global Financial Crisis: Theory of the Corporate Psychopaths," that centers around the impact of corporate/financial psychopathy. The aim of this thesis is to establish connections between the corporate/financial psychopaths identified in

case studies and occurrences of corporate fraud. This is crucial because, by keeping an eye out for certain behaviors, we can shield the business from significant problems in the future.

This study recognizes the role of Agency theory in the discussed cases. Developed by Jensen and Meckling (1976), Agency theory explains and addresses problems in the relationship between business principals and their agents. Typically, this refers to the relationship between shareholders (principals) and company executives or CEOs (agents).

The main idea of Agency theory is that managers and shareholders don't always have the same interests. Managers might prioritize their own goals, which can be detrimental to shareholders, especially if the managers have psychopathic tendencies. In contrast, Agency theory focuses on managing managers whose interests clash with those of the business owners or shareholders.

There are several major sources of conflict of interest between the organization and the CEO, which are summarized below (Eisenhardt, 1989: 57-74):

Information Asymmetry: Due to their experience and expertise, CEOs typically possess more knowledge about the organization's daily activities and are responsible for making strategic decisions that benefit the company. However, there are instances where actions that benefit the organization may conflict with their personal interests. In such cases, especially when the CEO lacks moral principles similar to those of a corporate psychopath, they might withhold information or act in ways that favor their interests over those of the organization.

Opportunity Cost: CEOs may use the company's resources to advance their own career goals or personal financial gains. CEO who prioritizes short-term profitability and high compensation might seek to expand into new, higher-risk markets. However, this approach can pose a risk to shareholders, who are generally more concerned with the long-term growth of earnings.

Lack of Control: Shareholders are expected to monitor CEOs' actions and follow up on their decisions, but in practice, it is difficult to oversee the CEOs' daily activities. This loss of control allows CEOs, especially those with psychopathic traits, to make unethical decisions that can harm the organization without the shareholders' knowledge.

According to Agency theory, from an ethical standpoint, it is crucial for managers to be accountable. Shareholders should be informed about managers' decisions and actions and should question them when necessary. Various mechanisms encourage managers to behave more transparently and ethically, fostering agency building. These mechanisms can be summarized as follows (Shapiro, 2005: 263-284):

Fair and Accurate Financial Disclosure (Transparency): According to Agency theory, CEOs are required to provide regular and transparent reports on the company's performance, financial condition, and strategic decisions. Transparency allows shareholders to evaluate the CEOs' decisions and actions. However, this mechanism is challenging for CEOs with psychopathic tendencies because corporate psychopaths have manipulative traits that prevent them from being honest and

open about their actions. They often end up lying about the company's status to shareholders and the organization.

Restrictions: Imposing certain restrictions or eliminating negative restrictions can significantly reduce agency loss. Setting specific limits on CEO power gives shareholders more confidence in their CEO. Conversely, removing negative restrictions fosters trust in the CEO, allowing them to make decisions freely on behalf of the company. However, CEOs with psychopathic characteristics often exhibit a grandiose sense of self-worth and a strong desire for power. This makes it challenging for shareholders to impose restrictions on their authority. Psychopathic CEOs may resist attempts to limit their powers, viewing themselves as indispensable and capable of making decisions autonomously. This dynamic can complicate governance and oversight efforts within the organization.

Audit Committee: Companies often establish independent audit committees to ensure executive accountability. These committees play a crucial role in detecting and preventing unethical behavior by auditing managers' decisions and actions. This strategy is highly effective when there is mutual trust and cooperation. However, corporate psychopaths, known for their deceitful and manipulative nature, may conceal financial reports that reflect negatively on their decisions and actions. This behavior undermines the effectiveness of audit committees in ensuring transparency and ethical conduct within the organization.

Performance Evaluation and Ethical Complaint Mechanism: Evaluating performance while considering ethical behavior is crucial. A system that incorporates ethical performance evaluation encourages managers to behave ethically. Additionally, establishing a safe and confidential complaint mechanism allows employees and stakeholders to report unethical behavior, enhancing managerial accountability and preventing ethical violations. However, corporate psychopaths are known for their poor behavioral control, bullying, intimidation, and creating environments where employees are afraid to report unethical conduct. This behavior undermines the effectiveness of ethical complaint mechanisms and can perpetuate unethical practices within the organization.

Incentive Alignment: Creating compensation packages that align managers' incentives with the long-term goals of shareholders is crucial for ensuring that CEOs prioritize the company's sustained growth and profitability. These packages often include stock options, performance bonuses tied to specific financial or operational targets, and deferred compensation plans. However, establishing effective incentive alignment can be challenging when dealing with CEOs who exhibit corporate psychopathic traits. These individuals tend to be greedy and constantly seek personal gain at the expense of long-term organizational interests. They may manipulate performance metrics or pursue short-term gains that inflate stock prices temporarily while neglecting sustainable growth strategies. This behavior undermines the integrity of incentive structures designed to align managerial actions with shareholder interests, leading to potential conflicts and ethical lapses.

1.7. Key Concepts

The case studies in this work can investigate the interplay between psychopathic traits, CEO behaviors, short-term financial gains, long-term organizational consequences. They can also explore the potential for early identification of corporate fraud, scandals, or downfall, offering insights into preventative measures within corporate environments. The key concepts and variables were selected based on the focus of the thesis and its title. The thesis centers around the impact of corporate/financial psychopaths with insights from infamous CEOs. The following basic concepts may assist companies in taking precautions and preventing these disastrous outcomes (Babiak & Hare, 2007):

A financial or corporate psychopath is an individual typically found in the finance or business sector, characterized by a lack of empathy for others' thoughts or feelings. They often exhibit a charismatic personality, intelligence, and exceptional skills in lying and manipulation. Although financial/corporate psychopaths make up a small fraction of the workforce, their presence in the workplace, particularly among top management, can do significant harm.

CEOs with Psychopathic Traits: Chief Executive Officers who exhibit psychopathic characteristics that may influence their decision-making, behavior, and interactions within their organizations. According to British psychologist Kevin Dutton (2012), the top four career choices for psychopaths are CEO, attorney, media personality and salesperson.

Correlations: The relationships or connections between specific psychopathic traits and the behavioral patterns of CEOs are key to understanding how these traits manifest in professional environments. Recognizing these links is vital for identifying how psychopathic tendencies are exhibited in the workplace.

Financial Performance: The financial outcomes and gains achieved by CEOs in the short term are often characterized by impressive financial metrics and achievements. Financial performance can be determined by companies' overall growth rate, increased stock prices and revenues.

Bankruptcy: Long-term negative results sustained by organizations as a result of CEOs with psychopathic tendencies', judgments and behaviors. This could result in financial instability and loss of reputation.

Corporate Fraud and Scandals: Organizational unethical or fraudulent behavior that can have legal, financial, and reputational consequences. These actions could be linked to the behaviors of CEOs with psychopathic tendencies.

1.8. Variables

The following variables may assist companies in taking precautions and preventing these disastrous outcomes (Babiak, & Hare, 2007):

Psychopathic Traits: Measurable indicators of psychopathic tendencies such as manipulation, lack of empathy, impulsivity, charisma, and superficial charm.

Behavioral Patterns: CEOs' observable actions, decisions, and interactions show psychopathic characteristics such as deceitful communication, risk-taking, and contempt for ethical considerations.

Financial Gains: Measurable financial successes and the success of organizations led by psychopathic CEOs in either a short term or long term.

Organizational Bankruptcy: A numerical value indicating if a company led by a psychopathic CEO faced bankruptcy or significant financial downfall. Organizational bankruptcy can result from various factors, including inadequate planning, insufficient funding, fraudulent activities such as embezzlement, and a deficiency in business ethics.

1.9. Case Selection and Justification

The CEOs chosen for evaluation were selected based on their significant influence on the organizations under their leadership and the broader economic landscape. The behavioral traits displayed by all individuals under consideration have led to negative consequences affecting individuals, corporations, and society at large.

Bernie Madoff gained fame through an extensive Ponzi scheme that lasted decades, resulting in bankruptcy and substantial financial losses for both his investors and his own family.

Jeffrey Skilling, Enron's CEO engaged in unethical business practices, which led to its bankruptcy. He also betrayed the confidence of his investors, employees, and the market. Defrauding millions of people in the process.

Richard Fuld, the CEO of Lehman Brothers, led the company to bankruptcy, and the ramifications of this event are believed to have contributed to the ripple effect that triggered the 2008 financial crisis.

Jordan Belfort, who gained notoriety for his involvement in penny stock scams in the 1990s. Who, in addition to committing fraud, trained his employees to swindle their investors. This resulted in substantial financial losses for investors.

Elizabeth Holmes, a female entrepreneur, who manipulated and misled her investors into funding her blood testing company under false pretenses. Eventually, she defrauded them of substantial sums of money.

Gerald Cotten, a young entrepreneur, who led Canada's largest crypto exchange called QuadrigaCX. He masterminded a Ponzi like scheme that defrauded customers out of millions of dollars, using his manipulation tactics for financial gain via a bitcoin exchange company. Gerald established fraudulent Quadriga accounts using fake accounts, he deposited cryptocurrency into them, and conducted trades. When clients requested withdrawals, he utilized funds from new investors to compensate old ones, resembling a Ponzi scheme in its fraudulent nature.

Marcus Braun is an Austrian digital entrepreneur and tech investor who oversaw one of Germany's largest IT companies called Wirecard. He manipulated accounts, engaged in fraudulent activity, betrayed trust, and engaged in market manipulation, all of which led to the company's bankruptcy and the layoff of hundreds of workers.

The CEOs Gerald Cotten of QuadrigaCX and Marcus Braun of Wirecard were picked because they entered an emerging industry known as Fintech. Fintech is a type of financial innovation that is driven by technology and depends on big data, artificial intelligence, cloud computing, blockchain, and other information technologies (Beck et al., 2016: 28-51; Gomber et al., 2017: 537-580).

Each of these cases was chosen due to the significant roles these CEOs played in their respective companies and industries, coupled with the negative impact their behaviors had on stakeholders and the larger societal framework. Their behavior patterns are classic examples of a corporate/financial psychopath.

1.10. Methodology

Research Methodology and Data Collection:

A multiple case study technique was adopted to acquire a better understanding of corporate/financial psychopathy in leadership. All the chosen executives held the position of CEO and were key decision-makers inside their respective firms. The study aimed to include CEOs, COOs, and members of executive teams from both privately and publicly owned companies. The CEOs were identified by a systematic analysis of public lists in business media that listed the most troublesome leaders from diverse areas such as Fintech, Energy, healthcare, banking and finance. The criteria sought CEOs who supervised companies that failed or went bankrupt as a result of fraud or scandals. This method aided in the identification of common patterns displayed by corporate/financial psychopaths across corporations. The study that followed focused on these CEOs' personal backgrounds and characteristics to identify traits indicative of corporate/financial psychopathy in each case.

Population and Sample:

The study's population consisted of top-level management, which includes powerful players, major decision makers, and the upper management tier. They were responsible for the overall welfare and health of the firm they managed. Seven CEOs from the populations of top-level management in the areas of finance, energy, healthcare, and technology were chosen using theoretical and purposeful selection methods. These businesses included Madoff Investments, Enron, Lehman Brothers, Theranos, Stratton Oakmont, Quadriga CX, and Wirecard. Information-rich cases connected to the phenomenon under study were chosen through deliberate sampling.

Research Procedures and Data Analysis:

A thorough investigation was conducted into the lives of the chosen CEOs through historical records and archival data. The historical and archival records included existing compiled information, archived surveys, and written records. It also encompassed statistical data, earlier surveys, and a variety of written published public records. These communications included news, speeches, board minutes, articles, books, movies, and newspapers. Detailed information was collected regarding each CEO, outlining their demographics, characteristics, behaviors, and the outcomes of the companies under their leadership. The effects on the organization were examined, and they included bankruptcies and legal problems.

The researcher assessed the personalities of the selected CEOs using Robert Hare's psychopathic personality checklist. Each of the 20 items on the PCL-R is graded on a three-point scale, with 0 representing no applicability, 1 representing a partial alignment, and 2 representing a reasonably close match. Skeem et al. (2011: 95-162) indicate that a psychopathy assessment score of 30 is used in the United States, whereas in the United Kingdom, a score of 25 is applied.

To facilitate data coding and documentation, sample matrices were generated. Themes and recurring patterns that emerged during the research were visually represented in a data matrix. Each case's data collection and evaluation followed the same standards and matrices. The cases were categorized as corporate/financial psychopaths, enabling a cross-case analysis that focused on commonalities and frequently occurring characteristics, behaviors, and outcomes. These patterns, which resembled warning signs, are found, and may someday be used by organizations as early indications.

1.11. Limitations and Delimitations

While the researcher believes that this study can help to improve our understanding of how corporate/financial psychopaths act and how they affect the firms for which they work, it is equally important to discuss the study's limitations. While the type of research conducted yields useful data, it has its own set of limitations.

The study focuses exclusively on seven famous CEOs from the Fintech, Banking, Investment, and Health industries in the United States, Canada, and Germany. As a result, there are limits to how much we can apply the results to different places or situations. While the main findings are consistent with previous research, a larger sample of CEOs from diverse places might produce stronger and universally applicable results. Lastly, the way the researcher looked at and understood the data might not be completely fair. Bias is a systematic inaccuracy that can affect scientific research and change the measuring process. When a study is biased, its validity reduces (Sica, 2006: 780-789).

Future study should broaden its scope to include CEOs from firms outside of these locations to see if corporate/financial psychopathic CEOs have comparable personality traits, and behaviors on a worldwide basis. This larger viewpoint may provide useful insights into the universality or regional variations of corporate/financial psychopathy in leadership roles. There are future study possibilities to widen the scope by integrating CEOs from these other areas.

This study is qualitative, and while the data strongly suggested the CEO's psychopathic traits were the reason for the short-term financial success, this has not been statistically tested. Future research has an opportunity to assess the findings of this study and apply statistical methods to compare and contrast the findings in this study statistically.

SECOND CHAPTER

2. LITERATURE REVIEW

This chapter delves into the literature concerning corporate psychopaths, exploring their presence, their influence on colleagues, their effects on organizational dynamics and how to assess psychopathy. By scrutinizing their existence and exploring the consequences they impose on the overall organizational structure. The literature review also emphasizes the necessity for additional research to deepen our understanding of this phenomenon and its implications.

2.1. Corporate/Financial Psychopathy

2.1.1. Who is a Psychopath

Throughout history psychopathy has been defined in various ways but the most common definition is that Psychopathy is a neuropsychiatric condition characterized by impaired emotional responses, a lack of empathy, and weak behavioral controls (Anderson & Kiehl, 2014: 103). This neuropsychiatric condition often leads to ongoing antisocial behavior and criminal tendencies. A leading researcher on psychopaths and psychopathy, Hare (1994), claims that psychopathy is a syndrome with a variety of traits that when combined, form the profile of a psychopath. Pathological lying, conning, and manipulating, as well as glibness and superficial charm, are a few of these traits.

According to Hare (2013), psychopaths frequently engage in a cycle known as Assessment-Manipulation-Abandonment, which involves assessing individuals, manipulating them, and then abandoning them. This pattern contributes to their tendency to have multiple short-term relationships throughout their lives. Additionally, psychopaths often lack realistic long-term goals for their careers or personal lives (Babiak & Hare, 2007). A person that shows these types of traits is considered a psychopath. However, since many of the classic traits of psychopathy are impossible to measure objectively, only a certified psychologist can diagnose a person with this disorder (Hart & Cook, 2012: 497-508). Throughout high security Canadian psychologist Robert D. Hare created a Psychopathy Checklist which is still used today to diagnose psychopathy institutionalized in the criminal justice system and high-security psychiatric units. It has since then been revised and adjusted to fit other types of environments such as workplaces and universities. The checklist was initially created to measure the degree of a person's psychopathic tendencies (Hare, 2013).

A psychiatrist Hervey Milton Cleckley (1988) in his famous book “The Mask of Sanity” describes the psychopathic person as outwardly a perfect mimic of a normally functioning person. Hervey further elaborates that a psychopath is someone who can pretend they have a personality, even though they lack a personality on the inside. Psychopaths have an internal chaos that leads to repetitive purposeful destructive actions, typically more harmful to oneself than to others.

In their research work Smith and Lilienfeld (2013: 204-218), explored the relationship between psychopathy and workplace leadership. The findings of their study suggest that psychopathy can have both positive and negative effects on leadership outcomes. Some aspects of psychopathy, such as Fearless Dominance, may be related to positive leadership styles and outcomes, while other features, such as Self-centered impulsivity, may be related to negative leadership outcomes. They claim that further research is required to fully understand the relationship between psychopathy and workplace outcomes. Smith and Lilienfeld’s article also discuss various measures that can be used to assess psychopathy in workplace settings, including the Psychopathy Checklist—Revised (PCL-R), Levenson Self-Report Psychopathy Scale (LSRP), Self-Report Psychopathy Scale—III (SRP-III), and Psychopathic Personality Inventory (PPI-R). However, the authors concluded that further research is needed to determine the effectiveness and validity of these measures in business settings. Additionally, their research highlights the need for further research to fully understand the effects of psychopathy in the workplace, including its relationship with workplace aggression, counterproductive behavior, ethical decision-making, white-collar crime, and leadership. The current state of research on workplace psychopathy is limited and methodological flaws exist in many studies. Therefore, further research is needed to fully understand the implications of psychopathy in the workplace.

Various psychiatrists also came to understand that a type of psychopath exists who is not prone to outbursts of impulsive, violent, criminal behavior and who therefore lives relatively undetected and successfully in society (Babiak, & Hare, 2007). According to Board and Fritzon’s (2005: 17-32) research on psychopaths at work it showed that some people classified as “psychopaths” can operate well in society at large. Furthermore, similarities have been found between the characteristics of these supposedly “successful” psychopaths and those who are generally linked to great achievement in positions of senior management in businesses.

Cooke and his team suggested that psychopathic tendencies are not exclusive to criminals. To better understand psychopathy, they have shifted their focus towards personality traits rather than solely on violence and aggression (Cooke et al., 2004: 335-339). Levenson and his colleagues performed a study with 487 university students (Levenson et al., 1995: 151-158). They developed primary and secondary psychopathy measures to assess a prototypical psychopathic interpersonal mindset. Their results provide evidence supporting the notion that psychopathy can manifest across a diverse range of individuals.

Babiak (1995: 171) also carried out a case study that demonstrated a successful example of an industrial psychopath. These individuals have psychopathic personality features but do not follow the typical pattern of increasing antisocial conduct and leading an erratic lifestyle.

2.1.2. Who is a Corporate/Financial Psychopath

A Corporate/financial psychopath is an individual who works in the finance or business sector (Decovny, 2012: 34-35). An individual who generally lacks empathy and interest in what other people feel or think, while simultaneously displaying a charismatic personality, intelligence, unrivaled capacity for lying and manipulation. The fact that high level positions in large corporations are led by psychopathic leaders is a threat to both the companies and the economy. According to Babiak et al, (2010: 174) corporate/financial psychopaths may be creative, great strategic thinkers and have good communication skills, but tend to be poor in cooperation, management skills and overall accomplishments.

As stated by some researchers, high psychopathy is a mental health condition that affects about 1% of the general population (Babiak et al., 2010: 174). However, up to 4% of finance and economics professionals are clinically diagnosed psychopaths (Babiak and Hare, 2007). Nevertheless, there is currently no research contradicting these percentages or indicating any significant increase or decrease in psychopathy rates among finance and economics professionals in the years following these studies. According to a study conducted by Boddy (2011c), he states that the proportion of corporate psychopaths within firms may vary, with some types of corporations having larger numbers than others. Corporate psychopaths are said to be attracted to situations where they may gain power, riches, and prestige, rather than to professions that provide lesser financial incentives and emphasize caring (Boddy, 2011: 255-259). Criminology and legal studies of pyramid schemes, embezzlement, financial fraud, and other white-collar crimes provide additional evidence of the high prevalence of psychopathy in the finance/economics professions (DeCovny, 2012: 34-35). Psychopaths are typically found at higher levels of corporate organizations, and their actions frequently have a ripple effect throughout the organization (Walker, 2005).

Amos et al, (2024: 1-16) conducted a study to investigate the relationship between the Dark Triad personality traits and attitudes towards white-collar crime. The study used self-report questionnaires to obtain data from 157 individuals on their attitudes and views about white-collar crime and the Dark Triad personality traits which are psychopathy, narcissism, and Machiavellianism. The study recruited people using a crowdsourcing marketplace called Amazon Mechanical Turk (MTurk) and used multiple measures to assess psychopathy, narcissism, Machiavellianism, and attitudes toward white-collar crime. The results of the study showed that certain traits of the Dark Triad, particularly psychopathy and narcissism, are associated with attitudes

and beliefs towards white-collar crime. Psychopathy showed significant correlations with attitudes and beliefs towards white-collar crime.

Psychopathic individuals who are not institutionalized and choose to pursue higher education typically lean towards business and commerce degrees (Hassall et al., 2015: 227-231; Wilson & McCarthy, 2011: 873-876), and upon graduating join the financial industry. Previous research on financial economists has led to conclusions such as that financial economists are more inclined to free ride and do not contribute to the public good, less likely to donate to charity, less concerned with fairness, engage in selfish behavior, and are more willing to bribe an authority to benefit themselves (Shank et al., 2020: 32-49). Additionally, Shank (2018: 163-182) found that business majors at universities exhibited more psychopathic traits than non-business majors. Similarly, Kowalski et al. (2017: 43-47) discovered that narcissism and psychopathy are traits associated with people who pursue business careers, while Vedel and Thomsen (2017: 86-91) found that business students have higher levels of narcissism, Machiavellianism, and psychopathy than do psychology, law, and political science students.

Schneider and Prasso's (2002) insightful study of MBA students revealed that there was a significant shift in the students' perspectives along their academic journey. Shifting from an initial emphasis on customer satisfaction to a later focus on maximizing shareholder value. This transformation raises critical questions about the impact of business education on ethical considerations. The results suggest that moral standards could decline as MBA students advance through the program. Richards et al. (2002: 447-476) added to this issue by suggesting that students may be encouraged to act unethically by the business curriculum itself. Furthermore, Cohn et al. (2014: 86-89) have pointed out how the culture of the financial sector contributes to psychopathic conduct, indicating a significant impact on ethical issues in various professional settings, extending beyond individual behavior to systemic influences. Collectively, these findings call for a more thorough analysis of the connections between industry culture, business education, and ethical decision-making. They also highlight the need to reconsider the possible effects of these influences on the moral compass of future corporate leaders.

Boddy (2009) conducted a study to determine the presence of corporate psychopaths in Australian workplaces, analyze their effect on workplaces, and assess their impact on other employees. He used a quantitative sample of 346 Australian white-collar workers, managers, and professionals selected from various management organizations. The study used a self-administered questionnaire. According to the research, corporate psychopaths exist across organizations; however, they are more prevalent at higher levels than at lower levels. Corporate psychopaths have a large, significant, and negative effect on their workplace environments and organizational outcomes. The study also found that, when corporate psychopaths are present in a work environment, more employees are likely to withdraw from work. They are also prone to argue with one another and face frequent challenges due to insufficient equipment or supplies. Additionally, employees are less likely to agree that the organization conducts their business without harming society. He concluded that the

presence of corporate psychopaths inside businesses has a significant and dramatic impact on a range of organizational outcomes; therefore, further research on this subject is needed.

Boddy et al (2010: 300-312), also wrote an article discussing the concept of corporate psychopaths and their influence on organizations. The article presents empirical evidence that supports the view that corporate psychopaths are more commonly found at higher levels of organizations. It also discusses the ethical problems that arise from the ruthlessness and absence of empathy exhibited by corporate psychopaths. The article emphasizes the need for organizations to acknowledge the presence of corporate psychopaths and the potential negative effect they can have on ethical decision-making and companies' outcomes. It also suggests that the number of corporate psychopaths may be higher in individually oriented corporations. Boddy and colleagues' study used a quantitative sample of 346 white-collar workers in 2008, the research used a psychopathy scale that identified greater levels of psychopathy at more senior levels of corporations than at more junior levels. The presence of corporate psychopaths can create a toxic work environment and negatively impact organizational outcomes. The article emphasizes the need for organizations to identify and address the presence of corporate psychopaths and promote ethical leadership. It also discusses the ethical implications of screening for psychopathy and the potential influence of cultural factors on the manifestation of psychopathic behavior. Overall, the study highlights the importance of understanding and addressing the presence of corporate psychopaths in management and leadership roles.

2.1.3. Characteristics of Corporate Psychopath

Core characteristics that define psychopaths shed light into the influence they have on others and the environments they inhabit alongside others. These characteristics provide valuable insight into how their functioning across various domains reflects their internal dynamics, creating situations that they exploit to manipulate people around them. The psychopaths' personality can be categorized into a model made up of four key factors / Domains (Hare, 2003). These are:

1. *Interpersonal Domain* - This describes how a psychopath presents themselves to others. A psychopath will appear charming and smart but in reality, they are superficial, grandiose, and deceitful. They will possess superficial charm that will get them hired, will also strive to appear impressive and significant to the organization and its future. And they will be prone to lying, even if doing so is unnecessary or fruitless. Psychopaths are very self-righteous and feel that they are entitled to everything, therefore they have no problem taking other people's possessions (Boddy, 2006: 1461-1475).
2. *Affective Domain* - This includes what they feel or do not feel emotionally. A psychopath lacks remorse and empathy and will not accept responsibility; this may be shown in how they exploit their coworkers, taking credit for their coworkers' efforts while feeling no guilt

or remorse for the harm done, and when they make a mistake, they seldom accept responsibilities. According to forensic psychologist J. Reid Meloy (2013: 21-34), psychopaths do not have the internal psychological structure to feel and relate to other people. Sometimes they can imitate it, so they can fool other people, but there will come a point when they cannot maintain the pretense any longer.

3. *Lifestyle Domain* - This explains how they live in society. A psychopath is impulsive, lacks goals and has irresponsible behavior. It can be observed in how they conduct business deals or financial deals, usually without forethought and clear planned goals and often leading to a disastrous outcome. Psychopaths frequently lack realistic long-term jobs or personal ambitions. Therefore, their employment history is comprised of several unrelated, randomly chosen jobs (Babiak and Hare, 2007). Corporate/financial psychopaths are frequently drawn to luxury goods, for them the attraction of wealth is more than simply financial items; it represents power, prestige, and control. Whether it's a fast sports car, designer clothes, or an expensive mansion. Corporate psychopaths regard luxury as a means of manipulation and self-worth. They take pleasure in the attention and praise that comes with showing their luxurious lifestyle and using it to advance their goals and disguise their underlying lack of empathy and guilt (Babiak and Hare, 2007).
4. *Anti-Social Domain* - This explains how prone they are to engaging in antisocial behavior. A psychopath has a history of poor behavior control, adolescent antisocial behavior, and adult antisocial behavior. Many psychopaths develop a parasitic lifestyle, feeding off the kindness or naivety of others by exploiting their friends and family's trust and support. (Babiak and Hare, 2007).

Durand et al. (2013: 111-123) published a paper that investigated the relationship between psychopathic tendencies and financial risk-taking. The authors employed the Psychopathic Personality Inventory-Revised (PPI-R) to assess psychopathic characteristics and the Domain-Specific Risk-Taking (DEEP) measures to evaluate financial risk preferences. They also use age and gender as control factors in their research. The sample comprised 118 participants, 51 men and 67 females, selected from upper-level undergraduate finance and economics courses. According to the study, certain psychopathic characteristics, such as self-centered impulsivity and rebellious nonconformity, are linked to risk-taking attitudes that are often associated with financial success. However, the study concluded that impulsive behavior, which is associated with self-centered impulsivity, may not be related to financial success. This study provides valuable insights into the correlation between psychopathic tendencies and financial decision making in a business. The article presents empirical evidence that corporate psychopaths have impulsive conduct that leads them to make dangerous decisions that harm the firms for which they work.

Additionally, Frank S. Perri (2013: 331-350) wrote an article called Visionaries or False Prophets, where he effectively explores the complicated relationship between psychological characteristics and white-collar crime. The study emphasized the importance of understanding the

relationship between white-collar criminals and their characteristics to develop effective prevention strategies. Perri emphasizes the need to recognize and resolve the psychological traits of white-collar criminals, specifically qualities such as narcissism and psychopathy, which are intertwined with criminal thought. The article serves as a wakeup call for more research efforts focused on identifying individuals capable of such behaviors, especially before they attain influential positions within organizations. He concludes by stating that contemporary research supports the fact that these traits should not be ignored as unusual behaviors as they might signal a tendency for fraud.

2.1.4. Identifying a Corporate Psychopath: Hare Psychopathy Checklist

A Canadian psychologist Robert D. Hare created a Psychopathy Checklist which is still used today to diagnose psychopathy in the criminal justice system and high-security psychiatric units. It has since then been revised and adjusted to fit other types of environments such as workplaces and universities. This checklist is a psychological assessment tool that is commonly used to assess the presence of psychopathy in individuals (Hare, 2003).

Cheang and Appelbaum (2015: 165-173), researched and wrote a two-part paper about the concept of corporate psychopathy and its impact on deviant workplace behavior and toxic leadership. The purpose of their study was to provide a comprehensive review of research concerning corporate psychopathy and offer guidance for organizations to identify and manage employees exhibiting corporate psychopathy. The first part of their study examined existing knowledge of corporate psychopathy and the effectiveness of the Psychopathy Checklist (PCL) in identifying such behavior. The authors highlighted the need for organizations to identify and manage employees who exhibit corporate psychopathy tendencies. The second section of their study briefly reviews physiological measures, such as electroencephalography and galvanic skin response, which can complement the PCL. The findings suggest that deviant workplace behavior, often attributed to corporate psychopaths in leadership roles, leads to significant financial losses for organizations. While PCL is a valuable tool, its results may vary among administrators, highlighting the need for additional assessment methods. They also mentioned that the identification and mitigation of corporate psychopathy should be a priority for organizations. The article concludes by proposing guidelines for organizations to identify and mitigate the effects of corporate psychopathy. Physiological measures show promise for accurately distinguishing psychopathic individuals from others. Based on these findings, the authors propose guidelines for organizations to effectively detect and address corporate psychopaths. He proposed educating management and other employees on the nature, presence, and frequency of corporate psychopaths in organizational settings. Ensure that human resource departments remain particularly alert to these employees during the selection and training processes. Performance evaluations should be recorded systematically to create a more impartial and comprehensive record of employee performance over time. This approach helps reduce the impact of charm on performance

perception and should include both quantitative metrics and psychological assessments. Establish a welcoming environment of trust among employees, fostering a sense of comfort in reporting potential behavioral issues from peers to superiors. This step aims to promote a more ethical whistleblowing culture within the organization. Promote self-reflection among employees to help them recognize their own vulnerabilities that can be exploited by corporate psychopaths. The authors argue that the steps outlined should help reduce the impact of corporate psychopaths on the organization.

Psychopathy Checklist—revised (PCL-R) was created by Robert Hare (2003) to measure psychopathic characteristics in general and it has 20 items as shown in Table 1.1 below. The characteristics are divided into four domains and each domain has four or six identifiable traits. The first domain is called interpersonal domain, it includes traits of glibness/superficial charm, grandiose sense of self-worth, pathological lying and, conning/manipulative. The second domain is known as affective domain and it includes traits such as lack of remorse or guilt, shallow affect, callous/lack of empathy and failure to accept responsibility for own actions. The third domain is called lifestyle domain, and it includes traits such as lack of realistic long-term goals, need for stimulation/proneness to boredom, parasitic lifestyle, promiscuous sexual behavior, impulsivity, and irresponsibility. The last domain is known as anti-social domain and it includes characteristics such as poor behavioral controls, early behavior problems, many short-term marital relationships juvenile delinquency, revocation of conditional release and criminal versatility (Hare, 2003). This is ideally done through a face-to-face interview together with supporting information on lifetime behavior. Each of the 20 items in the PCL-R is scored on a three-point scale, with a rating of 0 if it does not apply at all, 1 if there is a partial match, and 2 if there is a reasonably good match. With a maximum score of 40, a psychopathy diagnosis requires a score of 30 in the United States and 25 in the United Kingdom (Skeem et al., 2011: 95-162).

Table 1: Psychopathy Checklist—Revised (PCL-R) (Hare,2003).

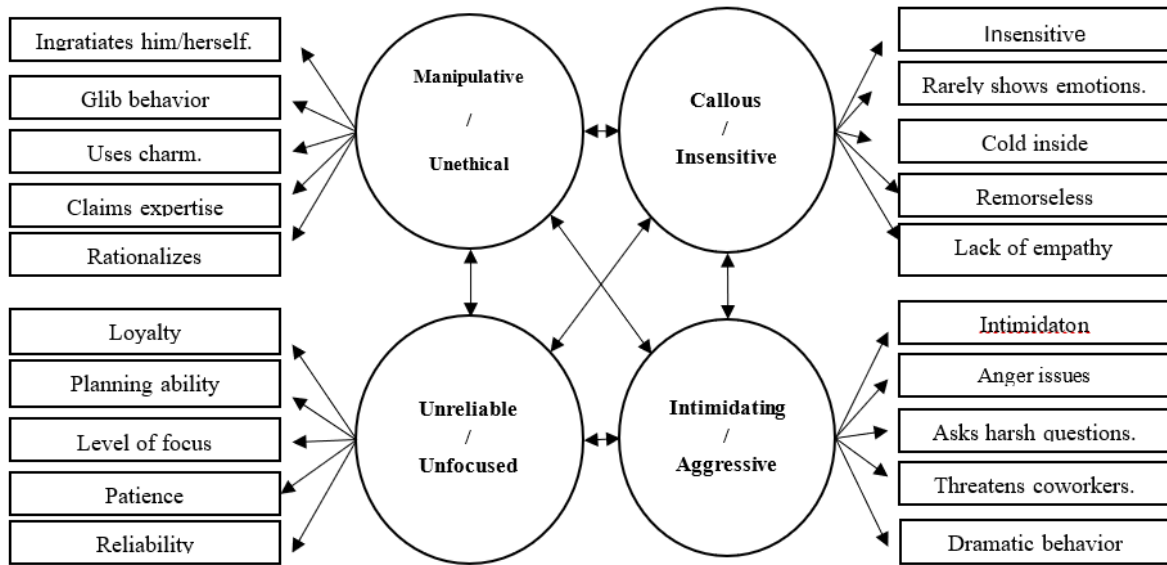
Domains	Points
Interpersonal Domain	
1. Glibness /Superficial charm	0,1 or 2
2. Grandiose sense of self- worth (Narcissist)	0,1 or 2
3. Deceitful, Conning/manipulative	0,1 or 2
4. Pathological lying	0,1 or 2
Affective Domain	
5. Lack of remorse and guilt	0,1 or 2
6. Shallow effect	0,1 or 2
7. Callous/lack of empathy	0,1 or 2
8. Failure to accept responsibility.	0,1 or 2

Table 1: (cont.)

Lifestyle Domain	
9. Lacks realistic long-term goals.	0,1 or 2
10. Stimulation seeking	0,1 or 2
11. Parasitic lifestyle	0,1 or 2
12. Promiscuous sexual behavior	0,1 or 2
13. Impulsivity	0,1 or 2
14. Irresponsible behavior	0,1 or 2
Anti-Social Domain	
15. Poor behavior control	0,1 or 2
16. Early behavior problems	0,1 or 2
17. Short-term marital relationships	0,1 or 2
18. Juvenile delinquency	0,1 or 2
19. Revocation of conditional release	0,1 or 2
20. Criminal versatility	0,1 or 2
Total Points	

There is also a relatively new method used to measure psychopathic characteristics specifically designed for managers, subordinates, and peers to assess corporate psychopathy in others, it is known as the B-Scan 360 (Hare & Babiak, 2012). It was created by well-known researchers in the field of psychopathy, Dr. Robert D. Hare and Dr. Paul Babiak. The B-Scan 360 as shown in figure 1 below is a tool designed to measure psychopathic traits in a corporate setting. It was developed as a response to the need for a tool that could be used in a business context to assess psychopathic behavior. The tool uses ratings of others to measure psychopathic features in workplace settings, providing a more refined understanding of psychopathic behavior in the workplace (Mathieu et al, 2012: 288-293)

Figure 1: The B-Scan 360 model (Hare & Babiak, 2012).



In the B-Scan 360 model, all participants assess their immediate supervisors, themselves, and their peers across 20 items using a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree) within four domains which are Manipulative/Unethical, Callous/Insensitive, Unreliable/Unfocused and Intimidating/Aggressive (Mathieu et al., 2012: 288-293). In the Manipulative/Unethical domain, individuals rate their supervisors, themselves, and peers on five distinct traits. These include evaluating whether individuals ingratiate themselves, exhibit glib behavior, utilize charm, claim expertise, and rationalize their actions.

In the Callous/Insensitive domain of the B-Scan 360 model, participants evaluate their supervisors, themselves, and peers based on five specific traits. These traits encompass aspects such as insensitivity, infrequent displays of emotion, internal coldness, remorselessness, and a lack of empathy.

Within the Unreliable/Unfocused domain of the B-Scan 360 model, participants assess their supervisors, themselves, and peers based on five traits. These encompass evaluations regarding loyalty, planning ability, level of focus, patience, and reliability.

In the Intimidating/Aggressive domain of the B-Scan 360 model, individuals provide ratings for their supervisors, themselves, and peers across five specific traits. These traits involve assessments related to intimidation tactics, displays of anger, posing harsh questions, making threats towards coworkers, and exhibiting dramatic behavior.

2.1.5. Problems Posed by Psychopaths

Corporate/financial psychopaths are good at manipulating others to achieve their personal and professional goals. They may exploit colleagues, subordinates, or even the organization itself for personal gain (Boddy, 2006: 1461-1475). The absence of concern for the well-being of others can lead to decisions that prioritize personal success over the welfare of employees or the organization. Due to their impulsive nature corporate psychopaths may engage in risky decision-making without considering the potential negative consequences (Boddy & Taplin, 2016: 965-988). This behavior can lead to financial losses and damage to the company's reputation. The presence of a corporate psychopath can contribute to a toxic workplace culture. Their manipulative tactics, deceitful behavior, and lack of regard for colleagues' well-being can create a hostile and unhealthy work environment. By turning coworkers against one another and encouraging a culture of distrust and competition rather than cooperation, corporate psychopaths can damage teamwork (Hare & Babiak, 2012). To accomplish their goals, corporate psychopaths often turn to unethical or even criminal behavior. The organization may face negative publicity and legal consequences because of this. Furthermore, the negative impact of a corporate psychopath on workplace morale and culture may lead to high employee turnover. Talented individuals may leave the organization to escape a toxic work environment (Boddy & Taplin, 2016: 965-988).

Management psychologists have written about the negative effects that managers with personality disorders can have on businesses. Through their own behavior and by influencing others' behavior within the organization (Goldman, 2006: 393-414). For instance, literature has increasingly revealed correlations between dysfunctional management and leaders with personality disorders (Morse, 2004: 20-21; Mount et al., 2006: 591-622). When a company is led by a corporate/financial psychopath, a small group of people often become extremely wealthy, while the rest of the employees are abandoned, unemployed and without their promised pension (Ullman, 2006). According to Clarke (2012), corporate psychopaths can have a negative influence on the interpersonal dynamics, mental well-being, and self-esteem of those who work with them. Psychopaths have no attachments to the company or their coworkers, making it easy for them to fire employees. Psychopaths are willing to fake financial data in order to receive promotion bonuses and other benefits, as well as to commit open fraud against the company they work for. (McCormick & Burch, 2005).

An article wrote by Frank S. Perri (2022: 54-62) called *Tyrannical Rex: Psychopathic Corporate Leadership and White-collar Crime*, the author discusses the importance of studying top-ranking individuals like CEOs and CFOs concerning white-collar crime. It delves into the characteristics and actions of leaders with psychopathic tendencies, how common they are in the business field, and how they affect organizations. The study Uses Jeffrey Skilling, the former Enron CEO to highlight the impact of psychopathic leadership. The article suggests using tools such as the

Psychopathic Checklist Revised (PCL-R) to assess psychopathy levels in corporate leaders and offenders. This stresses the need for more research to better understand psychopathic leaders and differentiate between primary and secondary psychopathy. The conclusion stresses the significance of studying high-status offenders and their link to white-collar crime, particularly in leadership roles. Psychopathic traits are associated with such crimes, especially among leaders. These leaders, also known as successful psychopaths, exhibit manipulative behavior, lack empathy, and prioritize personal gain, fostering a toxic workplace culture that rewards unethical actions. The study calls for further research to understand and address the global threat posed by psychopathic leaders.

Psychopathy is linked to predatory aggression, which is a type of aggression where emotions are toned down, and harm is inflicted to achieve a specific goal (Glein et al., 2009: 5-6). When psychopathic individuals are present in the community, they may display predatory aggression, potentially harming innocent community members. Furthermore, the study stated that psychopaths have a greater tendency to commit criminal acts like fraud, theft, and violent offenses. When psychopaths occupy positions of power or influence within community institutions such as government, businesses, or religious organizations, their unethical behavior can destroy public trust and damage the institutions' reputation (Meloy, 2003: 21-34).

Özsoy (2018: 742-756) conducted a study to determine which traits of the Dark Triad had the most negative impact on workplaces. They investigated how traits such as narcissism, Machiavellianism, and psychopathy influence counterproductive work behaviors. The research involved 244 employees working in different sectors in Sakarya Province, Turkey. The results showed that all Dark Triad traits were positively related to counterproductive work behaviors. However, only psychopathy specifically predicted such behaviors. This suggests that compared to narcissism and Machiavellianism, psychopathy could be more harmful in an organizational setting. Özsoy's study concluded by noting that its findings were in line with those of previous research, particularly a study by Miller et al. (2016), which highlighted psychopathy as the most harmful dark personality trait.

2.1.6. Factors Influencing Corporate Psychopaths to Seek Executive Roles in Major Corporations

At this point, a significant question emerges: How do psychopaths manage to have successful corporate careers in spite of their major character faults and general inability to put in an honest day's work? Kevin Dutton (2012) identified CEOs as the leading occupation among the top ten careers with the highest number of psychopaths. Most of the time psychopaths choose to work at the top management level in order to have control over more employees.

Psychopaths in positions of authority such as political leaders, managers, and CEOs often thrive due to their ability to exert control and intimidate others, manipulate situations, and deceive without easily being detected (Clark, 2012). Psychopathic leaders in top positions can seriously damage organizations, especially in terms of financial decisions. Despite the harm they cause, Robinson and Murphy (2009) found that psychopathic traits and behaviors are accepted and sometimes even appreciated among corporate wrongdoers.

Many firms are caught into the trap of employing and promoting people with psychopathic qualities because these characteristics are viewed as beneficial to corporate success. Characteristics such as lack of conscience, self-centeredness, manipulative tendencies, and charismatic social skills are frequently associated with success in corporate leadership. The ability to manipulate and charm others, together with a lack of empathy and remorse, can be viewed as advantageous in the corporate setting. These traits align with corporate goals that prioritize power and influence over ethical considerations (Robinson & Murphy, 2009).

Many criteria for filling a top executive position in big companies resemble the basic characteristics of a psychopath. For instance, the recruiters often look for high-energy, intelligent, fast-moving people, who ooze charm and the ability to influence others to fill the executive positions. Corporate/financial psychopaths can possess some of these characteristics (Babiak et al., 2010: 174). Goldman (2006: 393-414) observed that certain harmful behaviors commonly exhibited by corporate psychopaths have unfortunately become normalized within standard management practices. These traits are sometimes mistaken for leadership at first, but over time, these individuals remorselessly manipulate, charm, deceive, and frequently building highly successful careers for themselves while destroying everyone on their path.

2.1.7. Psychopaths' Path to Workplace

A psychopath moves up the organizational ladder by going through several stages: the entry stage, assessment stage, manipulation, confrontation, and ultimately, ascension as shown in figure 2 below. A psychopath can inflict harm and distraction throughout these stages, which can have an impact on the whole organization. (Babiak & Hare, 2007).

Entry stage - At the entry stage a psychopath uses his social skills and charm to get into the company. They may submit impressive CVs during the recruitment phase, but much of the accompanying material may be falsified. At this stage it is difficult for the recruiters to spot any indication of psychopathic behavior. These corporate psychopaths hide their true personalities, and they pretend to be helpful and kind. Because psychopaths learn how to mimic emotions and use this knowledge to attain trust among their coworkers.

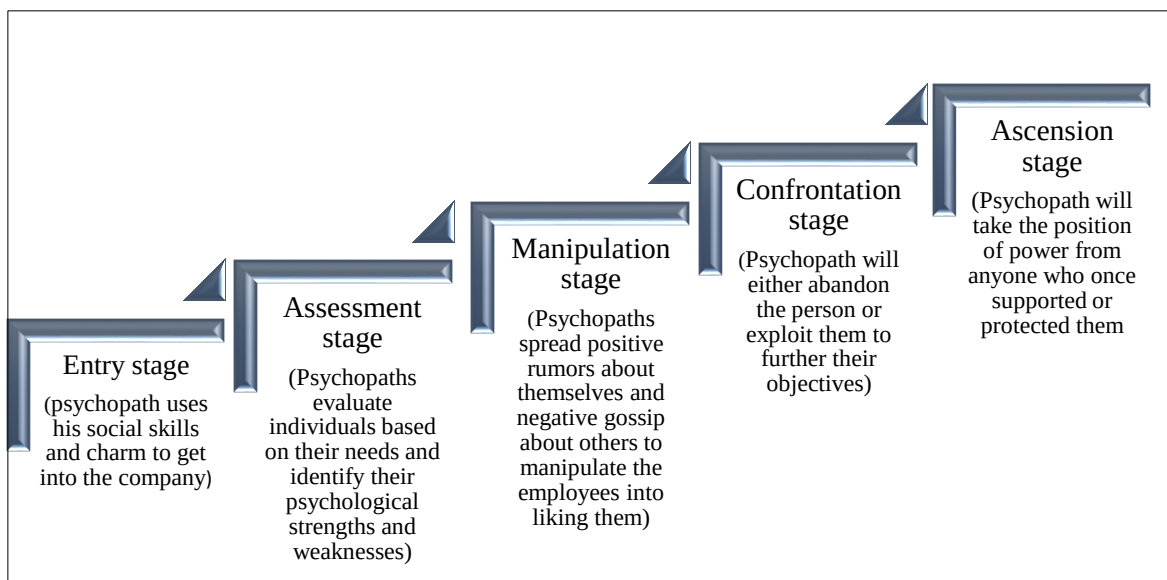
Assessment stage - After spending some time at the company, they categorize people as either pawns or patrons. They evaluate individuals based on their needs and identify their psychological strengths and weaknesses. Pawns are people they can easily manipulate, like secretaries who know their bosses' schedules or mailroom staff who know employees' addresses and contact information. Patrons are those in formal positions, such as managers, supervisors, or the CEO, who can later be used as protection if needed.

Manipulation stage - After familiarizing themselves with the environment and the employees, they start manipulating them. They spread positive rumors about themselves and negative gossip about others. In this stage they use the people they previously categorized as pawns by feeding them carefully crafted messages, while constantly using feedback from them to build and maintain control.

Confrontation stage - The psychopath will employ character assassination strategies where they will either abandon the person as a pawn or exploit them as a patron to further their objectives. They will drain all the value from a victim, and when the victim is no longer useful, they abandon that victim and move on to someone else.

Ascension stage - Finally, the psychopath will abandon the subject's role as a patron and seize power from everyone who previously supported or protected them.

Figure 2: Stages a Psychopath Goes Through to Attain Power (Babiak, P. & Hare, R. 2007).



2.2. Corporate/Financial Psychopathy and the New Financial Environment

The Corporate Psychopaths Theory of the Global Financial Crisis states that, the changes in the way people are employed have facilitated the rise of Corporate Psychopaths to senior positions and their personal greed in those positions has created the crisis (Boddy, 2011: 255-259).

Before the major organizational rapid changes in the end of the 20th century, organizational structure was more traditional and took a long time to implement any changes. Employees slowly rose through corporate ranks until they reached the highest position an individual can reach depending on his/her education, experience, and skills. In this slow but stable changing environment employees would get to know each other and it would be easier to identify a corporate psychopath and limit his/her effects on the company. Overtime the whole corporate and employment environment changed from one that would hold the Corporate Psychopath in check to one where they could flourish and advance relatively unopposed. This situation was ideal for corporate psychopaths to prey on such an environment. Cases of corporate fraud, financial misrepresentation, greed, and misbehavior increased, causing the fall of major companies, and ultimately leading to the global financial crisis experienced in 2008 (Boddy, 2011: 255-259). Considering the high frequency of psychopaths within the financial sector, it is crucial to examine the connection between psychopathic traits and financial decision-making that could lead to a company's downfall.

2.2.1. Key Changes in the Financial Environment

Companies in the past were known for their consistency, resistance to sudden change, and the concept of lifelong employment, where employees would rise through the ranks until they attained a position that suited their training, intelligence, and skills. Employees had plenty of time to get to know one another in this kind of stable and unchanging workplace. Those with psychopathic tendencies who were largely self-centered and had moral shortcomings would stand out and be identified as unfit leaders (Boddy, 2011: 255-259). Recently there have been some changes in the financial environment that altered how businesses are conducted and how employees behave. Some of the changes are 1. technological advancements, 2. regulatory changes, 3. cybersecurity threats, 4. market volatility, 5. changes in interest rates, 6. inflation, and 7. social cultural changes as shown in figure 3 below (Gambacorta et al., 2022; Igan et al., 2009; Schein, 2004). In recent years, the culture within the financial industry has undergone significant change where dedication, hard work, and genuine passion were once the foundation of professional values. The financial industry today is increasingly driven by the pursuit of incentives and bonuses. This change is not just a reflection of

individual desires but is actively encouraged by companies that offer substantial bonuses as rewards for achieving easy, short-term successes. This emphasis on bonuses has cultivated an individualistic culture, where the primary measure of success is often tied to personal financial gain rather than collective achievement or long-term stability (Stevens et al., 2012: 139-149).

With technological advancement came cyber threats, according to the 2016 Financial Industry Cybersecurity Report, cybercrime is the second most common cause of financial crimes across global financial institutions. The attacks not only put sensitive financial information and assets at risk, but they also damage customer and investor trust. As financial institutions grow more dependent on digital platforms and networked systems, protecting against cyber-attacks becomes critical to ensuring the integrity and resilience of the global financial system (SecurityScoreboard, 2016).

2.2.1.1. Technological Advancements

From online banking to digital payments and blockchain technology, advances in financial technology (FinTech) have transformed the way financial services are delivered. These changes have the potential to disrupt traditional financial institutions and create new opportunities. Customers may now access their accounts, conduct transactions, and manage their finances anytime, anywhere through online and mobile banking. Traditional cash transactions have been replaced by electronic payment systems, such as credit cards, debit cards, and digital wallets, making payments easier and more secure. But with this great advancement comes a big risk of cybersecurity vulnerabilities. Financial institutions are more vulnerable to cybersecurity attacks because of their increased reliance on digital technology and online transactions. These systems may include flaws that unethical CEOs or workers may use to commit fraud, such as hacking into accounts, stealing private consumer information, or falsifying financial reports. Also, complex financial instruments such as high-frequency trading and derivatives have been developed through technological breakthroughs. High-frequency trading technology (HFT) is the use of trading algorithms on computer systems to rapidly execute buying and selling of stocks, typically occurring within seconds or even microseconds. HFT creates new risks, such as increased market manipulation and technological flaws. According to Zhang (2010), he finds that HFT increases the extent to which the prices of stocks, bonds, or other financial assets fluctuate over time.

Derivatives are financial products that allow investors to leverage their holdings by purchasing equities via stock options rather than shares. However, derivatives contain counterparty risk, inherent risks of leverage, and because of their complicated nature, derivatives can lead to systemic risk. Stulz (2004) studied the individual risk and systemic risk of derivatives. The complexity of derivative and financial engineering products developed by investment banks contributed greatly to the severity of the 2008 financial crisis. These derivatives were so complex that even investors and the central bank struggled to understand them. Warren Buffett's 2002 annual letter to shareholders referred to

derivatives as time bombs and financial weapons of mass destruction, with possible fatal consequences. These tools may be used by CEOs who lack transparency to conceal losses or exaggerate the financial health of their companies, which might result in misleading financial reporting (Stulz, 2004). Technology innovation has clearly been used by CEOs to perpetrate fraud in some of the cases that have been researched in this study.

2.2.1.2. Regulatory Changes

To address changing economic conditions or to protect the stability of financial markets, governments frequently pass new financial rules or change existing ones. Regulatory adjustments may influence how financial institutions and other businesses operate. Establishing central banks and regulatory organizations like the Federal Reserve in the US has been essential for managing monetary policy, preserving financial stability, and safeguarding consumers. Unethical CEOs may engage in actions that appear to comply with the content of the law but violate its essence by taking advantage of regulatory gaps or inconsistencies. They could design financial instruments or transactions to profit from regulatory loopholes or ambiguities, enabling them to accomplish their goals while avoiding penalties. Furthermore, CEOs who act unethically and have financial resources might persuade legislators and use their power to change rules to their advantage. They could push for adjustments that offer tax incentives, lessen compliance requirements, or give their business or sector preferential status. In 1999, the US Government enacted the “Gramm-Leach-Bliley Act (GLBA)”, allowing commercial banks to participate in brokerage activities and expanding the range of financial services provided by the industry. This legislation contradicted the Glass-Steagall Act of 1933, which aimed to shield bank depositors from the risks associated with stock market volatility by prohibiting commercial banks from acting as brokers (Gramm-Leach-Bliley Act, 1999). The GLBA permitted banks like Lehman Brothers to sell high-risk financial products such as mortgage-backed securities and other complex instruments, which were often unregulated. These risky ventures contributed to the downfall of the bank during the 2007-2008 financial crisis. Companies often employ lobbying and lobbyists to influence laws and regulations in ways that prioritize their interests over the public good, undermine democratic processes, and exacerbate inequality and social harm. Igan et al. (2009) conducted the first empirical investigation into the connection between the lobbying activities of U.S. financial institutions and their lending policies leading up to the 2009 financial crisis.

2.2.1.3. Social Cultural Changes

Cleckley’s (1988) assessment on corporate psychopaths showed how the business environment had changed significantly since then. Historically, companies were seen as stable, unchanging

organizations where employees who ascended to leadership roles were often long-term, well-known people who had a history of loyalty to the firm. his traditional culture prioritized familiarity, trust, and loyalty (Schein, 2004). However, when society's culture changed, businesses started to value other traits in their employees. They started looking for people who were energetic, charismatic, and fast-moving, a marked change from the earlier emphasis on long-term stability. This cultural change made it easier for corporate/financial psychopaths to flourish when they entered organizations. Corporate/financial psychopaths were so good at making a strong first impression. In the fast-paced, modern business climate, their capacity to exude charm, confidence, and flexibility helped them navigate recruiting procedures more successfully. The shifting of corporate cultures produced a setting where the characteristics displayed by corporate psychopaths may be mistaken for positive attributes, making it easier for them to enter businesses. This change emphasizes the significance of striking a balance between appreciating conventional qualities like loyalty and being aware of the possible dangers of placing an excessive emphasis on charm and short-term creativity in leadership roles.

2.2.1.4. Fintech Ecosystem and Evolution.

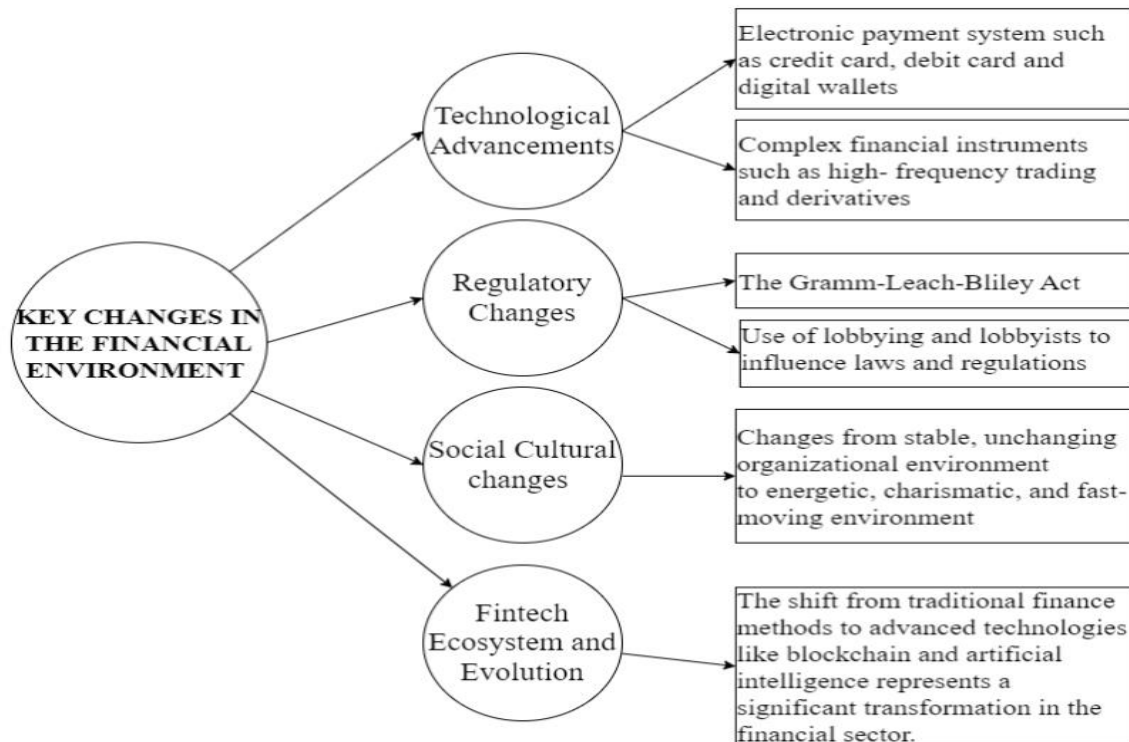
The merging of technology and finance has resulted in significant changes in the business model (Gambacorta et al., 2022). These developments are heavily influenced by the expansion of financial markets and institutions. In addition, market resource allocation has improved significantly. Fintech has improved corporate information acquisition and information ecosystems (Murinde et al., 2022: 102-103). However, the rise of Fintech may have had some psychological implications at the corporate level. The rapid pace of technological innovation and the competitive nature of the fintech ecosystem may contribute to heightened stress levels, increased pressure to perform, and potentially unethical behavior among corporate executives (Wang et al., 2022).

The network of companies, organizations, and technological advancements within the financial technology sector is referred to as the fintech ecosystem. It includes several sectors, such as lending, payments, insurance, banking, investing, and more. Fintech enterprises use cutting-edge technology such as blockchain, artificial intelligence, and data analytics to deliver financial services that are both user-friendly and efficient (Lee & Shin, 2018: 35-46). Within this ecosystem, entrepreneurs and financial institutions are bringing new goods and services to the market, while conventional financial institutions are adopting digital solutions. The fintech ecosystem is dynamic and has the power to completely change the way we handle and engage with money (Byrne, 2022).

In this context, the emergence of corporate psychopathy could potentially be linked to the competitive and high-pressure environment created by the fintech ecosystem. The pursuit of technological advancement and market dominance may encourage individuals to prioritize personal gain over ethical considerations, resulting in the emergency of corporate psychopathy. While fintech

growth provides several benefits and possibilities, it is also important to consider the possible psychological impact within corporate setting (Wang et al., 2022).

Figure 3: Key Changes in the Financial Environment (Gambacorta et al., 2022; Igan et al., 2009; Schein, 2004)



2.2.2. Emergence of Psychopathy and the Impact of New Financial Architecture on CEOs in Financial Institutions

The need for firms to acquire employees who display attributes like enthusiasm, charisma, and a fast-moving mindset frequently facilitates the recruitment of corporate psychopaths. Psychopaths are skilled at portraying themselves favorably by creating captivating stories about their personal and professional life. Their ability to make a good first impression might make them appeal to businesses looking for energetic personnel (Babiak et al., 2010: 174). But by emphasizing these qualities throughout the recruiting process, employers may unintentionally increase the number of psychopathic people working in business settings (Cleckley, 1988). However, the idea that financial capitalism always benefits all parties involved is increasingly being challenged. Since the global financial crisis of 2007- 2008 and continuing into the present, financial markets have been plagued by scandals and crises, with several major cases occurring since the beginning of the decade.

Numerous research has shown that these financial crises have had a significant effect on financial consumer attitude and behavior (West, 2018). Although financial capitalism is sometimes praised as an incubator for economic progress, these ongoing crises highlight the potential drawbacks and the need for a more critical assessment of its effects on both people and society at large. The high rate of psychopathic conduct in financial institutions, where the chase of profit occasionally overcomes moral concerns and long-term stability, can be made worse by such dynamics (West, 2018).

The world believes in meritocracy and its effect on fair and equal opportunity to all. The concept of meritocracy indicates that everyone has an equal opportunity of success, which is gained via hard work, talent, and determination. The concept of meritocracy is based under the assumption that every success and failure is seen as a reflection of an individual's intrinsic worth and moral character. This belief, which holds individuals' achievements and setbacks to their own efforts and abilities, gained popularity due to the implementation of neoliberal policies in the Western world since the 1980s (Hall & Lamont, 2013).

However, in certain circumstances, the desire for success in meritocratic systems can foster a culture of competition and ruthlessness. Individuals with psychopathic tendencies such as aggression and a lack of guilt may be unfairly rewarded and promoted in a financial environment, where there is often a focus on maximizing profits and outperforming competitors. This can set off a chain reaction in which psychopathic behavior is not just accepted, but actively promoted inside the business (Robinson & Murphy, 2009).

Individualism is actively promoted and celebrated in modern society (Santos, et al., 2017: 1228-1239). Individualism may encourage the formation of actions that are less socially focused and more self-centered. This setting fosters a mindset where putting one's personal interests and fulfillment first is in complete accordance with widely accepted social norms. In these cultures, the pursuit of personal advancement and self-realization is not only valued but also considered honorable and desirable.

There are several reasons why corporate/financial psychopaths are so common in modern culture. Foremost among these is the nature of the financial industry itself, which not only promotes but actively encourages behaviors that prioritize personal gain over empathy and ethical considerations. Within this competitive arena, traits such as manipulation and a disregard for others are often rewarded, creating an environment where individuals may feel forced to use unethical means to achieve corporate success. Additionally, the intense pressures in the financial sector can intensify these tendencies, pushing individuals to resort to shortcuts and unethical tactics in pursuit of their goals. Consequently, since 1941, there has been an increase in studies examining the causes, symptoms, and consequences of psychopathic conduct in the workplace (Boddy, 2011: 255-259). Psychopaths are skilled at establishing good first impressions because they frequently display attributes that are viewed as desirable, such as steady self-confidence, outstanding social skills, and attractiveness to others (Babiak & Hare, 2007). According to some scholars, Machiavellianism and

psychopathic tendencies are encouraged by the increasingly materialistic and competitive western society of today. This tolerance for psychopathic conduct may be attributed to changing social goals and values, where the expression of these qualities is frequently hidden within the framework of social norms and ambitions (Jakobwitz & Egan, 2005).

There has been an increased awareness and understanding of psychopathy in recent years, including its prevalence and implications on organizations and society (Babiak & Hare, 2007). This growing awareness has resulted in more concentrated research and reporting on psychopathic conduct in a variety of situations, including finance. One of the main aspects that might draw people who display characteristics frequently linked with psychopathy, such as a strong drive for personal wealth and power, is the possibility of enormous financial gain in the financial sector (Babiak & Hare, 2007).

The financial industry is well-known for its great earning potential, with attractive incentive packages, bonuses, and commissions. Individuals who are mainly driven by personal wealth may find the attraction of big cash benefits appealing. Psychopathic qualities such as self-interest and a lack of empathy can be associated with the pursuit of financial gain at any cost. Furthermore, professionals in the financial business compete fiercely for top positions and incentives. Psychopathic individuals flourish in competitive circumstances, where their boldness, charisma, and willingness to take risks offer them an advantage. Their desire to surpass others and earn a fortune might turn them into powerful competitors in this sector (Stevens et al., 2012: 139-149).

Because of the complexity of today's financial markets and transactions, there is potential for manipulation and exploitation. Psychopathic individuals may be able to identify and capitalize on these opportunities, use their charm and manipulative techniques to deceive clients, investors, or the company itself for personal benefit. Psychopathy is often associated with a focus on short-term gratification and immediate rewards. In the financial sector today, where profits and bonuses are important, individuals with psychopathic traits may prioritize short-term gains over long-term stability or ethical considerations, potentially leading to risky and harmful financial decisions (West, 2018). Corporate psychopaths are attracted to the modern financial industry by the culture that governs the industry. The culture that gives them a favorable environment in which to use their abilities for personal benefit. For those with psychopathic tendencies, the current culture of the financial industry, which is characterized by strong competition, an emphasis on instant gratification, and a focus on individual performance, might be especially appealing. This society values qualities such as charm, risk-taking, and the pursuit of material gain, which are often associated with psychopathy (Stevens et al., 2012: 139-149).

The new financial architecture, characterized by technological innovations, regulatory changes, and evolving market dynamics, has a significant impact on CEOs of financial institutions. Financial systems' increasing complexity and digitization may provide psychopathic CEOs with greater opportunities for manipulation and exploitation. Using sophisticated financial tools and digital

platforms, they could be more likely to commit fraud or act unethically. Furthermore, CEOs may adapt to a moving or uncertain financial environment by being more short-term focused (Babiak & Hare, 2007). Corporate psychopaths could place more emphasis on short-term financial performance and stock price performance than on long-term strategic planning. This could lead to choices that put short-term benefits and cost-cutting ahead of sustainability and long-term growth. Some CEOs may participate in earnings management activities, which can entail falsifying financial statements or accounting procedures, to fulfill Wall Street expectations and maintain stock values. This conduct may raise moral and legal concerns, as well as destroy investor confidence (Babiak & Hare, 2007).

CEOs may face additional pressure from shareholders and the board of directors to provide short-term results in a volatile financial environment. This pressure can lead to unethical activity, such as falsifying financial statistics or utilizing aggressive tax planning tactics to increase revenues. This new financial environment which is filled with innovative technology, new regulations and evolving market dynamics might tempt CEOs to engage in illegal and unethical actions. Psychopathic CEOs may be required to navigate complicated legal frameworks and ethical issues, which might reveal their personality characteristics and decision-making processes (Schnatterly, 2018: 2405-2432).

Psychopathic CEOs may use financial sector technical developments to commit cybercrime or falsify data for personal gain. Their lack of moral restraint can lead to unethical uses of technology. Also, the changing of regulations as a result of the new financial architecture may provide opportunities for psychopathic CEOs. However increased regulatory scrutiny and transparency requirements may expose their unethical behavior, resulting in legal consequences.

2.2.3. Corporate psychopaths in relation to financial crises

The rising of Corporate Psychopaths within modern financial corporations in which they hold key senior positions, allowing them to influence the moral climate of the whole organization and yield considerable power, has largely been a causal factor to the financial crisis (Boddy, 2011: 255-259). After the 2007- 2008 global financial crisis there was a lot of confusion and people had raised many ethical questions on who is to blame and what had caused the crisis. Boddy (2011: 255-259), argues that corporate psychopaths working in corporations particularly in financial sectors have had a major part in causing the crisis. The actions of some of the major players in the financial industry came under investigation during the crisis. Leading up to the global financial crisis, many large

corporations in the West collapsed due to poor leadership. Managers with psychopathic traits acted selfishly for their own benefit (Boddy, 2011: 255-259).

Joris Luyendijk (2015) argues that a small number of individuals with psychopathic and pathologically narcissistic traits exist within the dysfunctional environment of financial institutions. These individuals have the potential to inflict significant and extensive harm on the financial industry. Furthermore Andrews, et al., (2015) claims that the crisis exposed corporate psychopaths, by highlighting the role of toxic leaders in fostering negative practices within firms.

Additionally, corporate psychopaths do not appear to be impacted by the corporate collapses they have caused. They give the impression that they are uninterested in the chaos all around them, unconcerned about individuals who have lost their jobs, savings, and assets. Lacking any remorse about what they have done. Many of these Leaders display several of the characteristics of psychopaths and some of them are undoubtedly true psychopaths (Boddy, 2011).

Hare (1999) has often brought up the potential harm that corporate psychopaths in powerful financial and other enterprises could do. In addition, there is some evidence to suggest that psychopaths may favor working at certain organizations over others. For instance, huge financial institutions may appeal to them due to the possible advantages they offer (Hare, 1999) as cited in (Boddy, 2011: 255-259).

2.3. Corporate Psychopathy and Neoliberalism

Neoliberalism is a political and economic theory that promotes free trade, deregulation, globalization, and minimizing government spending (Smith, 2024). During the 1938's Colloque Walter Lippmann meeting, a group of people attempted to create a phrase to characterize a certain collection of economic concepts. They chose the term "neoliberalism" to designate a certain school of economic thought. During the discussion, several significant topics were covered, including the necessity of a strong and just government, the value of pricing, and the necessity of promoting free enterprise and a competitive market. Basically, the definition of neoliberalism emphasized the role of government in ensuring economic justice, fostering competition, and depending on market forces. According to Mirowski and Plehwe (2009), this formulation laid the groundwork for later adoption and spread of neoliberal ideas and practices. Politicians and conservatives such as the British prime minister, Margaret Thatcher, US 40th President Ronald Reagan and organizations like the World Bank and the International Monetary Fund supported neoliberalism (Kammas, 2022).

The most recent institutional form of capitalism is neoliberalism, which marks a dramatic shift from the period of state-regulated capitalism that predominated before the early 1980s (Mudge, 2008: 703-731). This change is often seen as a turning point in political and economic history. Before neoliberalism the governments were essential in governing markets, supervising economic activity,

and providing social safety nets throughout the period of state-regulated capitalism. The relationship between the state and the market, however, underwent a fundamental restructuring with the rise of neoliberalism. Deregulation, privatization, and the promotion of free-market ideas are key components of neoliberalism (Mudge, 2008: 703-731). This shift had a significant impact on world economies, it changed how societies thought about social welfare and economic policy and came in a time when the focus was on market-driven solutions and individualism.

According to David Harvey (2017), neoliberalism is fundamentally based on a view in how economic and political systems should work. Neoliberalism argues for increasing people's freedom and ability to pursue entrepreneurship as the primary way to improve human welfare. To achieve the intended goals of neoliberalism there should be a well-established system that has strong private property rights protection, free markets, and unrestricted trade.

Financial Neoliberalism / Financial Capitalism is a form of capitalism where the accumulation of financial gains becomes the main goal of the economy (Scott & Marshall, 2005). This economic system conforms to a framework that places a significant emphasis on private property rights and permits private enterprises to set pricing. With few constraints, people are mainly free to exchange products and services according to their mutually agreed-upon terms (Scott & Marshall, 2005). Financial capitalism is a form of capitalism in which financial institutions control economic and political power rather than industrial capitalists.

According to Naomi Klein (2014), there are three important policies that define neoliberalism. First, there is a focus on liberalization, which entails limiting government involvement in markets and encouraging the free flow of products through trade. Second, there is an emphasis on privatization, which entails shifting public assets and services into private hands and relying on market forces to regulate them. Finally, there is the issue of stability, which is concerned with government monetary policies focused largely at limiting inflation and preserving balanced budgets. All these policies affect the financial system and how it operates and hence gives CEOs enough power to manipulate the market in their favor.

2.3.1. Neoliberalism Effects in the Financial System

Neoliberalism transformed society by prioritizing the market, recognizing market transactions as beneficial, and encouraging individuals to prioritize companies and the economy, as stated by Arnold Harberger (2004). Since the 1980s, banks started making money from consumers and engaging in risky and complicated investment activities, which are known as investment banking (Mason, 2016). This advancement went hand in hand with principles of neoliberalism which favored self-interest.

Neoliberalism principles significantly influence the financial system by shaping its structure and operations, emphasizing market efficiency and individual responsibility. These principles have also impacted policies governing banking, investment, and monetary affairs (Major, 2012: 536–561). Private firms and investment banks, such as Lehman Brothers, JPMorgan Chase, and Merrill Lynch, took advantage of the effects of neoliberalism to their benefit, contributing to the financial crises of 2008. These institutions took advantage of deregulation and insufficient monitoring to participate in risky financial activities. This included the production and trading of complex and murky financial products like mortgage-backed securities and collateralized debt obligations. They sought short-term gains without fully considering the long-term consequences or systemic problems they were putting into the financial system. Despite experiencing short-term success, Lehman Brothers filed for bankruptcy in 2008, and Merrill Lynch was acquired by Bank of America in 2009.

The following principles of neoliberalism that can be misused and can cause major negative consequences include: (Igan et al, 2009; Zhao, 2014: 449-468 & Lim, 2016: 17-21).

Deregulation: Deregulation is a key aspect of neoliberal policies, particularly in industries like finance. Neoliberalism aimed to let the market operate freely based on supply and demand, determining prices naturally. However, powerful firms have occasionally abused this system by manipulating supply and demand to raise prices and obtain market domination. The removal of the Glass-Steagall Act in 1999 was a major deregulatory step. Previously, this law separated commercial banking activities from investment banking activities to avoid conflicts of interest and limit the risk of speculative trading with depositors' cash (Calabria, 2009). The removal of this law permitted commercial banks to participate in investment banking operations more freely and that was speculated to be one of the factors that caused the 2008 financial crisis (Calabria, 2009). Enron exploited the effects of deregulation to manipulate the power supply in California, resulting in a significant energy crisis in California state (Sweeney, 2002).

The "too big to fail" policy refers to the notion that certain financial institutions are so large and interconnected that their failure would have severe consequences for the whole economy, prompting government intervention to prevent their collapse. The "Too Big To Fail" policy prevents large financial firms from collapsing and damaging the financial system, but it also creates a moral hazard by incentivizing risky behavior with the expectation of government bailouts (Sorkin, 2009). This means that when institutions are protected from the consequences of their poor economic decisions, they may view their actions as risk-free, as they expect to be bailed out. This protection from negative outcomes encourages risky behavior, as they stand to gain from favorable outcomes while being shielded from losses. Consequently, the "Too Big To Fail" policy encourages banking institutions to take on greater risks, increasing the likelihood of bank failures (Burton & Brown, 2006).

Companies also use lobbying and lobbyists to change laws and regulations to prioritize their own interests over the public good, undermine democratic processes, and contribute to inequality

and social harm. Igan, Mishra, and Tressel (2009) performed the first empirical study of the relationship between US financial institutions' lobbying activities and their lending policies prior to the 2009 financial crisis. While deregulation itself isn't necessarily problematic, it can be a tool that unfit leaders use for their own benefit, sometimes enabling fraudulent activities to occur more easily.

Financialization: Investment banks and similar companies have created complex, high-risk financial products that are difficult for most of the investors to understand. The financialization of products by major investment banks in the US contributed significantly to the 2008 financial crisis. The US government passed the Gramm-Leach-Bliley Act (GLBA) in 1999, which allowed financial institutions to provide a variety of financial services to their customers. (Gramm-Leach-Bliley Act, 1999). The GLBA allowed the largest U.S. bank holding companies to expand into more market-sensitive business activities, which contributed to a significant increase in their market, operating and accounting risks. Under the Gramm-Leach-Bliley Act (GLBA), the Securities and Exchange Commission (SEC) obtained authority to regulate investment bank broker-dealer operations. Furthermore, in 2000, the Commodity Futures Modernization Act reduced regulatory control of complex securities, promoting the spread of financialization (Zhao, 2014: 449-468). Neoliberalism is frequently related with the development of financialization, a word that describes the financial sector's expanding influence in the economy. In a financialized economy, making money through financial activities becomes more important than making and selling real products, like goods and services. So, the focus shifts from producing goods to generating money through financial transactions. This shift can lead to some major problems. One big problem is that rainmakers¹ and businesses might start to prioritize making money through risky bets and speculation rather than through the more stable process of producing and selling goods and services. This focus on risky money-making activities can make the economy less stable and more prone to financial problems. This transition may result in a higher reliance on speculation and risk-taking, which may lead to financial instability in the economy (Zhao, 2014: 449-468).

Inequality: Neoliberalism has been associated with growing inequality in both wealth and income (Lim, 2016: 17-21). Skilled employees such as CEOs and high-ranking managers frequently have the leverage to bargain for higher wages, while those with fewer skills tend to experience stagnant income levels. According to David Harvey (2017), this inequality is primarily a result of a process he calls "accumulation by dispossession." This process is seen in acts such as privatizing public assets and turning the economy into a financial-centric system. Harvey's argument states that neoliberalism encourages inequality by fostering uneven development among states and favoring the capitalist class over the working class. It essentially expands the wealth and income gap among workers. Those occupying higher positions typically experience significantly larger increases in salaries compared to skilled workers in lower managerial positions (Harvey, 2017). Neoliberalism

¹ Rainmaker is a person who generates income for a business or organization by brokering deals or attracting clients or funds.

has a negative impact on equality within the financial system and it increases the income gap between employees and executives (Lim, 2016: 17-21).

Monopoly and Oligopoly: Monopolies form when a single business gets surplus market power. An oligopoly emerges when a limited number of companies dominate a market. A defining feature of an oligopoly is that the companies cannot prevent others from having significant influence on the market (Onozaki & Yanagita, 2003). Both monopoly and oligopoly are encouraged under neoliberalism. When a single large firm dominates a market, customers may face higher costs and fewer options. These monopolies may abuse their market power to restrict competition, raise prices, and lower quality of service without fear of competition from other providers. Enron utilized their powerful monopoly positions to engage in dishonest behaviors such as manipulation and fraud. This demonstrates that monopolies not only inhibit fair competition but also pose enormous risks to the economy and consumers. It can lead to market inefficiencies and unethical behavior, both of which are harmful to society. Monopolies and oligopolies can have a significant impact on the financial market by affecting prices, competition, innovation, and investment. These effects can lead to market inefficiencies, higher costs for consumers and investors, and regulatory concerns.

Neoliberalism's impact on the financial system is broad, having both positive and negative implications. Arnold Harberger (2004) claims that neoliberalism has fundamentally impacted society by emphasizing the market and pushing individuals to prioritize firms and the economy. However, when used incorrectly, neoliberal concepts can have negative consequences. Deregulation is a crucial component of neoliberal policies, it has been visible in areas such as banking, permitting market manipulation and leading to financial insecurity (Dell'Ariccia et al., 2008). Monopolies, which are encouraged by neoliberalism, can lead to greater costs, less alternatives, and unethical behavior by dominating corporations. Growing wealth and income inequality is connected to neoliberal practices that favor the executive over the rest of the employees (Lim, 2016). Furthermore, financialization, a crucial feature of neoliberalism, characterizes the financial sector's growing power, moving the emphasis from creating products to generating money via risky financial transactions. Because of the dependence on speculation and risk-taking, this transition may lead to economic instability. Overall, neoliberalism's influence on the financial sector emphasizes the significance of combining market freedom with protections against exploitation. But when misused it can easily be a weapon corporate/financial psychopaths use against their companies and employees.

2.3.2. Neoliberalism Effects on the CEOs

A neoliberal perspective on the workplace can weaken both respect and morality. Organizational structures, including employee relations, are mainly influenced by their impact on cash flow, with a focus on maximizing profits and increasing shareholder value. This approach often overlooks the expectations and concerns of all stakeholders. Neoliberal states have supported

corporate development through a variety of initiatives, including subsidies, tax cuts, and other types of business assistance, which CEOs fully exploit for their benefit (Learmonth & Morrell, 2021).

Neoliberalism is an economic ideology that promotes free markets, capitalism, and limited government intervention in the economy (CFI Team, 2020). It has a significant impact on various aspects of society, including the characteristics and behavior of CEOs in organizations. Here are some factors of how neoliberalism has influenced CEO's characteristics (Kammas, 2022):

Prioritizing Profit Maximization: Neoliberalism places a significant focus on maximizing profits and enhancing shareholder value. Financial metrics and quick profitability are typically the driving forces behind CEOs' decisions in this neoliberal environment (Kammas, 2022). The core concept of neoliberalism is maximizing companies' profits. Within this structure, the CEOs have a strong interest in increasing profits and satisfying shareholders. The CEOs are highly engaged in financial data that demonstrate the company's performance. They frequently base their judgments on what would drive up the company's stock price, sometimes at the expense of other stakeholders like employees or the local community (Ho, 2023). In a neoliberal economy, CEOs serve as shareholders' advocates. They put in a lot of effort to raise the share price of the firm and guarantee that the owners of those shares receive a healthy return. There are situations where this extreme concentration on satisfying shareholders results in less attention being paid to other significant groups, like employees, investors, or the local community. Neoliberalism has also pushed CEOs to embrace short-term plans and give priority to quarterly earnings in the search of quick financial advantages (Ho, 2023). This may result in choices that favor immediate profit over long-term sustainability. Their decision-making processes and behavior are frequently influenced by their focus on revenue. Some of the CEOs examined in this thesis have experienced significant short-term success, evidenced by substantial increases in stock prices and doubling of their revenues. This suggests a strong focus on profit maximization among these CEOs.

Competitive Drive: Neoliberalism fosters a highly competitive environment in which CEOs are pressured to consistently beat competitors. CEOs may emphasize profit maximization over ethical issues because of the intense rivalry. Martin Lukacs (2021) argues that neoliberalism has contributed to the destruction of our social bonds by promoting competitive self-interest and excessive individualism, while also stigmatizing traits like compassion and solidarity. The system encourages CEOs to compete fiercely, which frequently results in costs that outweigh the short-term rewards. A good example is Lehman Brothers, where the CEO's obsessive pursuit of winning in the competitive arena led to the bank's financial downfall. CEOs in this system are always under pressure to beat competitors, and the desire to win can sometimes blind them to the consequences of their decisions. Lehman Brothers serves as a clear reminder that an obsessive focus on competitiveness at the cost of larger concerns may have severe and long-term consequences, forcing firms to fail and leaving a trail of financial crisis in its wake.

Efforts to Cut Costs and Increase Efficiency: CEOs that are influenced by neoliberalism usually emphasize the necessity of operational efficiency while introducing steps to cut costs (Hathaway, 2020: 315-337). These efforts may lead to labor reductions and a strong focus on cost-cutting, which isn't necessarily in the best interests of workers or the local community. This can occasionally result in circumstances where CEOs may take advantage of their staff, as was the case with Theranos, when Elizabeth Holmes demanded more productivity at the expense of employee well-being and compelled her staff to work overtime (Carreyrou, 2018a). Another example is Boeing (an aircraft company) and its efforts to cut costs and increase efficiency, particularly in the development of the 737 MAX model, which led to an airplane malfunction that killed more than 300 people (Cassidy, 2020). Efforts to cut costs and increase efficiency, coupled with a shift in corporate culture towards profit-making at the expense of safety and engineering excellence, led to the disaster. This got worse by regulatory supervision that failed to effectively address Boeing's concerns as well as leadership shortcomings that emphasized short-term financial benefits above long-term operational and safety integrity (Cassidy, 2020).

Reduced Government Regulation: According to the CFI Team (2020), neoliberalism advocates reducing government oversight of the economy and regulation. This may encourage an environment in which CEOs have more freedom to manage their companies' affairs and make choices with little supervision or restraint. They frequently have greater independence and flexibility in choosing the strategies and approaches that their firms use consequently. This decreased government participation can be seen as both a positive and a negative since it offers more entrepreneurial flexibility while also posing a danger, because it can weaken protections against unethical or fraudulent acts (Hathaway, 2020: 315-337).

THIRD CHAPTER

3. CASE STUDIES

This chapter will explore the evaluation of seven CEOs using Hare's Psychopathy Checklist (PCL-R) to identify any signs of corporate/financial psychopathy. Each CEO's case will be thoroughly examined, evaluating whether they exhibit traits commonly associated with psychopathy in a corporate setting. By applying this checklist, we aim to uncover any indications of superficial charm, grandiosity, deceitfulness, manipulation, lack of empathy, and impulsivity in their behavior and decision-making. This analysis seeks to shed light on how such traits, if present, may impact corporate outcomes.

The first case under evaluation is that of Bernard Madoff, selected for the infamous nature of his actions, Madoff is known to have orchestrated the largest Ponzi scheme in history. The second case under evaluation is that of Jeffrey Skilling, the former CEO of Enron. This case was chosen due to the significant impact of Skilling's unethical practices on Enron and its widespread ramifications. The third case under examination is that of Richard Fuld, the former CEO of Lehman Brothers. Fuld led one of the largest investment banks in history, and under his unethical leadership, Lehman Brothers fell into bankruptcy, which then facilitated the economic crises of 2008. The fourth case under evaluation is that of Jordan Belfort, the former founder of Stratton Oakmont. Jordan gained notoriety for his involvement in penny stock scams in the 1990s. He went on to write books and became a famous motivational speaker after his release from prison. The fifth case involves Elizabeth Holmes, the former CEO of Theranos, a health technology company. Elizabeth gained fame for her charm and enthusiasm, which propelled the company's rapid growth and attracted a powerful and influential board of directors. However, she ultimately deceived and defrauded them, leading to the fall of Theranos. The sixth case is that of Gerald Cotten, the former co-founder and CEO of a fintech company known as QuadrigaCX, Gerald was conducting a Ponzi like scam that used cryptocurrency to deceive his customers. The last case under evaluation is that of Markus Braun, a former CEO of a Germany company known as Wirecard. Marcus Braun who used the company to manipulate accounts, engaged in fraudulent activity, betrayed trust, and engaged in market manipulation, all of which led to the company's bankruptcy and the layoff of hundreds of workers.

3.1. Case of Bernard L Madoff

This portion of the chapter will provide a concise overview of Bernard L. Madoff Investment Securities, it delves into Bernard Madoff's background, and assess his character using Hare's Psychopathy Checklist (PCL-R).

3.1.1. Brief History of Bernard L Madoff Investment Securities.

In 1963, Bernard Madoff established a brokerage for penny stocks that eventually evolved into Bernard L. Madoff Investment Securities. From 1963 to 2008, he was the chairman of the corporation (Henriques, 2009). The company had two separate sections: the stock brokerage business and the asset management business. The asset management section of the business was low key and extremely exclusive, on the other hand the stock brokerage section had a public presence (De la Merced, 2008).

Bernard Madoff constructed a ponzi scheme with the asset management section of his business. Although he did not register it as an investment advisory or hedge fund business, he claimed to be a money manager and invested his clients' money, and he got them a very promising return. But instead of investing his clients' money, he perpetuated a ponzi scheme in which he took funds from new investors and used it to provide apparent returns to existing investors. According to Hedgehog review writer Jackall (2010: 8-20), 40 different countries were involved in his fraud, demonstrating the global impact of his scheme.

By promising to produce significant and consistent profits using the lawful trading practice known as split-strike conversion. Madoff attracted an enormous number of investors. However, Madoff deposited client money into a single bank account, which he used to pay initial investors. According to Oppenheimer (2009: 61-65), for him to raise money to repay his early investors, he used a number of small feeder funds to generate cash. Madoff had four very influential and rich clients he referred to as "The Big Four", Carl Shapiro, Jeffry Picower, Stanley Chais, and Norm Levy; it has been reported that these four individuals may have benefited the most from Madoff's scheme (Larson, 2017). Some speculate that these four investors knew that Madoff was involved in a Ponzi scheme.

Madoff may have run the largest Ponzi scheme in history, defrauding investors out of more than \$18 billion. Initial estimates put client assets at a high level of \$65 billion. (Monaghan & O'Flynn, 2012: 869-887). The scheme collapsed during the 2008 financial crisis when clients demanded large withdrawals, and Madoff was unable to provide them. The scheme's overall projected damage was billions of dollars, affecting various people, charities, and financial institutions. He was arrested in December 2008; at that time, the business was the sixth-largest market

maker in the S&P 500 stock (Lieberman et al., 2008). Madoff pled guilty to 11 federal charges and received a 150-year jail term, while his wife Ruth Alpehn was compelled to refund 7.2 billion USD (Rothfeld & Bray, 2010). According to The Wall Street Journal (2009), his brother, Peter Madoff, and his son Andrew were still the subjects of a federal tax fraud investigation.

The Key Events in Bernard L. Madoff Investment Securities History are displayed below.

Table 2: The Key Events in Madoff and Bernard L. Madoff Investment Securities History

Year	Description
1938	Bernard Madoff was born
1959	Bernard Madoff married Ruth Alpem
1960	Bernard Madoff graduated from Hofstra University (bachelor's in political science)
1984	Madoff joined the Board of Governors of the National Association of Securities Dealers (NASD).
1986	Madoff was listed among the 100 highest-paid executives on Wall Street by Financial World.
1980s	The Ponzi scheme was initiated in the late 1980's, according to Madoff's account. Some speculate that it might have started with the stock market crash of 1987.
1990	Madoff became chair of NASDAQ
1999	Harry Markopolos wrote a detailed document to the SEC explaining why he believed Madoff's returns had to be fraudulent.
2006	The SEC investigated Madoff's business, but no charges were filed against him.
2008	The company was the sixth-largest market maker in S&P 500 stocks
2008	Madoff confessed his scam to his wife and sons, who promptly reported him to the FBI the following day.
2008	Liquidation Proceeding for Bernard L. Madoff Investment Securities LLC
2009	Madoff admitted his guilt to federal charges, encompassing 11 felonies such as securities fraud, money laundering, and perjury. These accusations led to a life imprisonment sentence for him.
2021	Bernard Madoff died in prison at the age of 82

3.1.2. Bernard L. Madoff Investment Securities' CEO Bernard Madoff Background

Bernard Madoff was born in Queens, New York City in 1938. His parents were Sylvia Muntner and Ralph Madoff. His father was a plumber and a stockbroker who later founded Gibraltar Securities, where he worked with his wife but was ultimately forced to close by the security and exchange commission (SEC) (PBS, 2014). Madoff's grandparents were Jewish immigrants from Poland, Romania, and Austria (Bandler & Varchaver, 2009a). He had two siblings, Sondra Weiner, and Peter Madoff (New York Post 2010). He received high school education in the queen's public high schools called Far Rockaway High School, where he met Ruth Alpern (his wife) and graduated in 1956. He worked as a lifeguard and sprinkler installer during the summer after high school (Oppenheimer, 2009: 61-65).

Bernard Madoff attended the University of Alabama for one year and then transferred to Hofstra University, where he graduated with a Bachelor of Art in political science in 1960 (Salkin, 2009). He attended Brooklyn Law School briefly before he dropped out and began his career in finance in 1960 as a stockbroker for a small firm. In 1963, he founded his own investment firm, which eventually grew into Bernard L. Madoff Investment Securities LLC. Initially, he traded penny stocks with \$5,000 he earned by installing sprinklers and working as a lifeguard (Creswell & Thomas, 2009).

Madoff married Ruth Alpern in November 1959, while Madoff was still in college. She later worked at Madoff's firm and founded the Madoff Charitable Foundation (Oppenheimer, 2009: 61-65). They had two sons, Mark, and Andrew. Madoff has a reputation as a competent and successful investor, and his business grew to become a major market maker for Wall Street. Bernard Madoff became Chairman of Nasdaq, a rival organization of the New York Stock Exchange in 1990, and served in 1991 and 1993 (Henriques, 2012: 92-97).

Madoff's firm had two separate sections: the stock trading section, which had a public profile, and the asset management section, which was private and exclusive. All Madoff's family members work with the stock-trading part of the company, which was transparent and legal. Peter Madoff, Bernard Madoff's younger brother, and attorney was a senior managing director and chief compliance officer in the firm (Kotz, 2009). Peter's daughter, Shana Madoff, also an attorney, was the firm's compliance attorney (Oppenheimer, 2009: 61-65). Both of his sons worked with him, so the stock trading part of the company consisted mostly of family and close friends, as Bernard Madoff was known to be a family man. While the Stock trading section of the company was operating legally, Bernard Madoff used the company's asset management section to construct one of the biggest Ponzi schemes in the business world (Hare & Gerken, 2021). All of this was very secretive, and his family and friends did not suspect anything. He Gained a lot of money through a scheme that enabled him to buy ranch houses in Roslyn, New York, where he resides through the 1970s, ocean-front residence in Montauk, New York and an apartment in Manhattan's Upper East Side (Paynter, 2021). He also

owned a home in France and in Palm Beach Florida (Gross, 2009). He even joined the Palm Beach Country Club, which is selective and exclusive. This is where he got most of his victims who gave him their money to invest. He also owned sport fishing yacht named Bull (Blair et al., 2008: 149-157)

Over the years, Madoff gave a huge loan from the Ponzi scheme to his sons to purchase homes and other properties. Mark Madoff owed his parents \$22 million, and Andrew Madoff owed them \$9.5 million. Andrew owned a Manhattan apartment and a home in Greenwich, Connecticut, as did his brother, Mark (Mark, 2009). This would later become so stressful for his son Mark that he commits suicide by hanging at his New York City apartment two years after his father's arrest (Candiotti, 2010). His son Andrew died of mantle cell lymphoma on September 3, 2014 (McCoy, 2014).

In 2008, Bernard Madoff admitted to his sons that he was running a Ponzi scheme. They reported him to the FBI, leading to his arrest on December 11, 2008. A year later, at the age of 71, he was sentenced to 150 years in prison.

Madoff died on April 14, 2021, of hypertension, atherosclerotic cardiovascular disease, and chronic kidney disease at the age of 82 in Federal Medical Center, Butner (The New York Times, 2021). According to top leadership writers Madoff, Maxwell, and Lay are leaders who went above and beyond the law and are among the "major villains" of corporate history (Nicholson, 2013).

3.1.3. Does Bernard Madoff Possess Psychopathic Characteristics

With the help of the short version of Hare's Psychopathic Checklist, which uses four domains, we will try to determine whether Madoff could possibly have psychopathic personality traits. The first domain relates to interpersonal traits and considers whether the person is superficial, grandiose, pathologically liar, conning, and manipulative and/or deceitful. Madoff was known for his charm and ability to manipulate both his investors and regulators. A reporter who interviewed him described him as innovative, having a magnetic personality, and possessing a sense of integrity (Courtenay, 2018). He was viewed as calm and charismatic by leading members of US society (Van de Bunt, 2010: 435-453). He even impressed members of the royal family in Europe, who ended up giving him money to invest (Jackall, 2010: 8-20). It has even been reported that his reputation of integrity and charm protected him from scrutiny by regulators such as the SEC (Van de Bunt, 2010: 435-453). He used his manipulative ability and pretend integrity to lure his victims into a false sense of security (Creswell & Thomas, 2009).

People with psychopathic traits know what people want and they give it to them. Madoff was a Jew, and he used his identity to gain trust in the Jewish community and later defrauded them. Madoff lived a very grandiose lifestyle with his family; he owned multiple properties in different

states, and a house in France he also had a luxurious yacht (Creswell & Thomas, 2009). The fact that he lied to his entire family and close friends for more than a decade shows that he might have been a pathological liar. Madoff was also portrayed as a person with narcissistic traits and an unreasonably high sense of self-importance (Berkowitz, 2012: 189). Investors had to be "accepted" as deserving of having their assets managed by Madoff (Berkowitz, 2012:189). In these aspects Bernard Madoff fits the Pathological liar, manipulative and deceitful, narcissism, superficial charm, and traits of grandiosity.

The second domain relates to the affective domain (lacking remorse, empathy, shallowness, and failure to accept responsibility). Madoff was described as a great salesman and a very influential leader in financial circles and was also reported to show no remorse or regret when confronted with his crimes (Creswell & Thomas, 2009). Although his scheme caused a lot of harm to both his investors and his family, he showed no remorse for what he had done. He only confessed because he had no way out. The 2008 crisis forced him to confess to his sons and ultimately accept his downfall because he had no other way to continue the fraud. He was also reported to blame the victims who pushed him to commit fraud. According to his fellow inmates, Madoff remained unrepentant, resentful of his victims, and even believed that he was the true victim of what had transpired (Sheridan, 2010). During Madoff's trial, the judge stated that he had no remorse (Sheridan, 2010). Although Madoff admitted guilt for his acts during his trial (Hurt, 2009), this did not appear to be heartfelt or sincere. Witnesses and the court commented that Madoff demonstrated little sorrow (Sheridan, 2010). Madoff was emotionally shallow, as seen by his heartlessness and insensitivity when dealing with other people's money (Berkowitz, 2012: 189). Madoff showed no remorse or empathy, he was shallow, and didn't take responsibility for his actions.

The third domain on Hare's checklist is Lifestyle and it considers whether the person is impulsive and a risk taker, lacks goals, and is irresponsible. In the case of Madoff, he sought to inspire confidence and integrity in his financial advice and many people believed in him. However, he acted irresponsible with his investors' money (Berkowitz, 2012: 189). He also took risks with regulators and his company; he placed his company in a dangerous situation where, if he was searched, he would have been found committing fraud and his company would have been damaged. He also took risks with his family and how he exposed them to the mercy of media scrutiny and FED investigation. According to Sheridan (2010), Madoff had multiple affairs and was a serial Casanova who paid off at least one female employee to keep her quiet. He used investors' money to fund his lifestyle. In this aspect, it can be concluded that Bernard Madoff was a risk-taker, irresponsible, had promiscuous sexual behavior, and was living a parasitic lifestyle.

The final domain on Hare's checklist covers antisocial behavior. When auditors wanted the companies' records and Bernard Madoff did not want to submit the records during his company audit, he used a variety of tactics to intimidate them. One such strategy was to display anger and use it as a weapon to make auditors feel unwelcome. Madoff wanted to establish authority and discourage further investigation of his business practices, so he displayed his wrath.

Overall, Madoff's use of hostility, intimidation, and hints of powerful connections, together with his evasive and inconsistent conduct, made the auditors' job difficult. These strategies were used to prevent them from probing too deeply into his company's operations and to defend the intricate ponzi scheme that ultimately resulted in his demise (Perri & Brody, 2011: 208-221). Madoff was reportedly feared by many, including his sons, because of his temper and he reportedly ruled by fear (Sheridan, 2010).

Using Hare's psychopathic personality checklist, the researcher analyzed Madoff character. Each of the 20 items in the PCL-R is scored on a three-point scale, with a rating of 0 if it does not apply at all, 1 if there is a partial match, and 2 if there is a reasonably good match. Out of a maximum score of 40, the cut-off for the label of psychopathy is 30 in the United States and 25 in the United Kingdom (Skeem.J et al., 2011: 95-162).

Table 3: Madoff and the Assessment of Hare's Psychopathic Personality Checklist (PCL-R) Items

Interpersonal Domain		Points
1. Glibness /Superficial charm	Yes, he was described as having a magnetic effect. Even though it was all a fake, Madoff was said to have a charismatic trait that he used to attract clients and manipulate his employees (Schwartz, 2009).	2
2. Grandiose sense of self- worth (Narcissist)	Yes, self-important, expensively attired. Madoff was a well-dressed man who ooze confidence and class, he was often spotted in nice outfits and visiting expensive and grand places (Lewis, 2011: 70-76).	2
3. Deceitful, Conning/manipulative	Madoff used his close associates, who had connections to wealthy individuals, to further his own agenda and exploit the financial well-being of others through personal betrayals (Lewis, 2010: 70-76). Madoff's greedy desire for wealth pushed him to deceive and exploit others without regard for the harm he inflicted on them (Creswell & Thomas, 2009).	2
4. Pathological lying	Yes, he lied to his investors and family for more than a decade. Madoff never had any issues with lying. (Baker, 2014). Bernie Madoff was dishonest both with his clients and the SEC. He lied about investing in stocks that he never did (Bandler, 2009b).	2
Affective Domain		
5. Lack of remorse and guilt	Yes, no remorse for his victims. Investigators portrayed Madoff as heartless, with no sorrow or remorse for his actions (Baker, 2014). Madoff showed no remorse or compassion for his victims (Schwartz, 2009).	2
6. Shallow effect	Yes, displayed heartlessness and insensitivity. Madoff used both his family and employees to further his scheme and conduct one of the largest Ponzi schemes in the history (Baker, 2014).	2
7. Callous/lack of empathy	Yes, didn't have any empathy for his victims. Even after his plea deal Madoff continued to blame his victims for the fraud, he claimed that his client's greed pushed him to commit the fraud. But Madoff was profiting from the scheme more than his customers (Henriques, 2021).	2

Table 3: (cont.)

8. Failure to accept responsibility.	Yes, blamed everyone else. At Madoff's trial, he did not accept any responsibility for his actions (Schwartz, 2009).	2
Lifestyle Domain		
9. Lacks realistic long-term goals.	Yes, he lacked long term goals for his Ponzi scheme, which eventually failed (Baker, 2014).	2
10. Stimulation seeking	Yes, he had a legal business but went on to construct a Ponzi scheme under the nose of his employees. Indicating that he sought the adrenaline rush from the fear of being discovered (Baker, 2014)	2
11. Parasitic lifestyle	Yes, he used his investors' money to fund his lifestyle. Madoff took advantage of his Jewish status to attract clients from the Jewish community for his investment firms (Heydenburg, 2015: 27-34).	
12. Promiscuous sexual behavior	Yes, serial adulterous. Madoff was said to have multiple superficial sexual encounters (Baker, 2014). Madoff was romantically involved with multiple female employees at his firm (Government alleges, 2013).	2
13. Impulsivity	Yes, Madoff was a risk taker, he used to hire candidates based on their appearance rather than skill and knowledge without reviewing their backgrounds (Baker, 2014). Madoff struggled with obsessive-compulsive disorder and displayed meticulous and perfectionist tendencies. He once removed a video camera from an office wall because he couldn't tolerate its round shape (Seal, 2009).	2
14. Irresponsible behavior	Yes, irresponsible with his investors' money. Madoff continued to receive funds from his clients until the last minute, he knew that his fraud was about to be discovered but still kept taking his clients' money (Madoff Says, 2011). This indicated that he was irresponsible with his clients funds.	2
Anti-Social Domain		
15. Poor behavior control	Yes, bullying, controlling, micromanaging. Madoff dealt with stress by projecting it onto others, saying things such, "you're stupid," "you're gaining weight," or "you look terrible" (Bernie Madoff, 2009).	2
16. Early behavior problems	Madoff was said to be ambitious as a child, all he wanted was riches and fame (Baker, 2014).	2
17. Short-term marital relationships	No, married to his wife for more than 50 years	0
18. Juvenile delinquency	No evidence to support this	0
19. Revocation of conditional release	No evidence to support this	0
20. Criminal versatility	Yes, convicted of the fraud and sentenced to prison for 150 years	2
Total Points		36

Bernard Madoff would score a 36/40 and he scores high in the Interpersonal, Affective, and Lifestyle categories, which are indicative of certain behavioral qualities, based on the information

above. These categories evaluate traits, including lack of regret, denial of responsibility, superficiality, grandiosity, dishonesty, impulsivity, risk-taking behavior, lack of long-term objectives, and irresponsibility. Interviews of Madoff and publicly accessible information indicate that he displayed traits that fit into these areas. He presented himself with a grandiose persona, portraying himself as extremely accomplished and powerful. Additionally, Madoff is well known for being dishonest, which adds to the impression of deceitfulness. Given these elements, Madoff scored well in each of the three categories related to the above areas. This suggests that he exhibited characteristics often found in people with psychopathic tendencies in finance.

3.2. Case of Jeffery Skilling

This portion of the chapter will provide a concise overview of Enron, it delves into Jeffery Skilling's background, and assess his character using Hare's Psychopathy Checklist (PCL-R).

3.2.1. Brief History of Enron

Enron was founded in 1985 due to a merger between Houston Natural Gas Company and Omaha-based InterNorth Incorporated. It was led by Kenneth Lay, the CEO of Houston Natural Gas, prior to the merger. Throughout this period, the company faced challenges in staying solvent. In 1987, Enron employed a consultant named Jeffery Skilling from a company called McKinsey & Company to help Enron create a forward natural gas market. With Skilling's innovative ideas and the deregulation of electrical power markets in 1988, which permitted companies to place bets on future prices, Enron redefined its business from energy delivery to acting as an energy broker. This transformation quickly changed Enron from a struggling company to a thriving enterprise in a short span of time.

In 1990 Kenneth Lay hired Jeffery Skilling after being impressed by Skilling's capacity as a consultant. In 1991, Enron Gas Marketing merged with Enron Finance Corp, and Skilling was named CEO and Managing Director of Enron Capital and Trade Resources (McLean & Elkind, 2003: 28). One of Skilling's early contributions was to transition Enron's accounting from a traditional historical cost accounting method to a mark-to-market (MTM) accounting method, which allowed the organization to log estimated profits as actual profits. The use of MTM was approved by the Securities and Exchange Commission (SEC) in 1992 (U.S. Senate Committee on Governmental Affairs, 2002).

With the arrival of Jeffery Skilling at Enron, the company transitioned from a traditional utility company to an asset-light Gas Bank, a brilliant financial innovation that functioned as a new market mechanism between gas producers and consumers. The Gas Bank was a significant turning point for Enron (Bryce, 2002). In 1999, Enron created Enron Online (EOL), which started trading different

energy utilities, such as metals, plastic, coal, pulp, paper, weather derivatives, and bandwidth capacity through the Enron Online unit (Fusaro & Wilcox, 2000). Enron offered its reputation, creditworthiness, and extensive experience in the energy sector by being the counterparty to every transaction on EOL. In every transaction, Enron played the role of either the buyer or the seller, as outlined by the U.S. Commodity Futures Trading Commission (2003). Enron was praised for its expansions and ambitious projects, and it was named “America’s Most Innovative Company” by Fortune for six consecutive years:1996–2001.

Enron Broadband Services and Blockbuster collaborated in July 2000 to enter the expanding video on demand (VOD) market. The VOD market was a reasonable choice, but Enron began recording predicted earnings based on VOD market growth, which dramatically inflated the figures (U.S. Department of Justice, 2003). Enron, a significant player in electricity, natural gas, communications, pulp, and paper, reported revenues of almost \$101 billion while also employing approximately 20,600 individuals (U.S. Securities and Exchange Commission, 2001).

Enron's CFO Andrew Fastow, with the approval of Jeffery Skilling, organized a plot to conceal Enron's debt and poor assets from investors by using special purpose vehicles SPV (U.S. Securities and Exchange Commission, 2002). Enron created an estimate of 3000 SPV between 1990’s and 2001 (Rimkus, 2016). The primary aim of these SPVs was to hide accounting realities rather than the operating results. These SPV helped Enron conceal the actual financial situation from the investors. Enron became one of the world's most profitable firms using special purpose vehicles (SPV), mark-to-market accounting, and financial reporting loopholes. Enron began to fall apart in 2000. Using MTM accounting, Skilling concealed the financial losses of the company's trading business and other operations (U.S. Securities and Exchange Commission, 2004).

Kenneth Lay stepped down as CEO of Enron in February 2001, and Jeffrey Skilling took over. Skilling quit six months later, claiming personal reasons. Analysts became suspicious because of these incidents and Enron's stock rating was downgraded. Enron's financial situation deteriorated during the summer of 2001, and the Securities and Exchange Commission (SEC) initiated an inquiry into Enron and the Special Purpose Vehicles (SPVs) founded by Andrew Fastow shortly thereafter. Enron lost \$591 million and accumulated a \$690 million debt by the end of 2000. Enron also stated a loss of \$618 million for the third quarter in 2000 (Enron Fast, 2019). Finally, Enron declared bankruptcy on December 2, 2001 (US Securities and Exchange Commission, 2004).

Kenneth Lay, Jeffery Skilling, Andrew Fastow and other executives of Enron were charged with Wire fraud and other criminal charges and were convicted.

Key Events in Enron’s and Skilling’s history are displayed.

Table 4: Key Events in Enron's and Skilling's History

Year	Description
1985	Enron was formed by the merge between Houston Natural Gas and InterNorth
1990	Kenneth Lay the CEO hires McKinsey & Co. Partner Jeffery Skilling was appointed to head Enron Finance Corp., the company's financial services subsidiary.
1997	Skilling was named the President and COO of Enron Corporation by Kenneth Lay
2000	Enron's stock peaked at \$90.75 per share
2001	Enron's traders were manipulating the market, and drastically increasing prices of energy in California
2001 Feb	Skilling is promoted to CEO in February and resigns in August
2001 April	Enron reports a Q1 2001 profit of \$536 million.
2001 Oct	Enron disclosed an accounting restatement covering earlier quarters dating back to 1997, along with reporting a third-quarter loss amounting to \$618 million.
2001 Dec	Chapter 11 bankruptcy protection was filed by Enron
2002	Following the collapse of Enron, the U.S. Department of Justice initiated a criminal investigation.
2004	Skilling faces 35 charges related to fraud and insider trading.
2006	Skilling was found guilty of fraud which resulted in a sentence of 24 years in prison.
2019	Skilling was released from federal prison after completing 12 years of his sentence.

3.2.2. Background of Jeffrey Skilling, the Former CEO of Enron

Jeffrey Keith Skilling was born on November 25, 1953, in Pittsburgh, Pennsylvania, as the second of four children to Betty (née Clarke) and Thomas Ethelbert Skilling, Jr. His father worked for the Illinois Valve Company as a sales manager (McLean & Elkind, 2003: 28). Because of his father's job Skilling grew up between New Jersey and Aurora, Illinois. During his high school years,

Jeffrey Skilling was known to be reserved and to not actively engage with his peers. When he was 16 years old, he started working at a television station called WLXT-TV (Channel 60) in Aurora (McLean & Elkind, 2003: 28). He graduated from West Aurora High School with distinction and received a full scholarship from Southern Methodist University in Dallas, Texas. He enrolled as an engineering student, but later changed to business (McLean & Elkind, 2003: 28). In 1977, he enrolled at Harvard Business School, earned an MBA, and graduated in the top 5% of his class as Baker Scholar in 1979. Skilling was described as brilliant by his professor. After graduation, Skilling became a consultant at McKinsey & Company in terms of energy and chemical consulting practices. He eventually became one of the youngest partners in McKinsey's history (McLean & Elkind, 2003).

When Skilling started working as a consultant for McKinsey and Company in 1987, he became involved with Enron. His knowledge and assistance were crucial in helping Enron create a natural gas forward market. Because of Skilling's outstanding performance, Kenneth Lay decided to name him the chairman and CEO of Enron Finance Corp in 1990. Following the merger of Enron Gas Marketing and Enron Finance Corp., he was appointed chairman of the Enron Gas Services Co. in 1991. When Skilling was appointed CEO and managing director of Enron Capital and Trade Resources, a division devoted to energy trading and marketing, his responsibilities expanded further. Skilling's career developed, and in 1997 he was second only to Lay as president and COO of Enron. He continued to serve in managerial capacity at Trade Resources and Enron Capital during this time (McLean & Elkind, 2003: 28). He was married to Susan Long and had one daughter and two sons with her, but the marriage ended by divorce in 1997 (Ahrens, 2006).

He established the Performance Review Committee (PRC) at Enron shortly after starting work. This was a twice-yearly process in which management panels publicly rated employees on a scale of one to five, with five being the lowest. The highest scores were often given to those bringing in the most money for the company and those with internal connections, even though ratings were supposed to be based on job performance and input from coworkers and supervisors (McLean & Elkind, 2003: 28). High-ranking employees were rewarded with bonuses and promotions, while low-ranking employees were fired. The scheme came to be known as "rank and yank". Skilling emphasized that the PRC process was the most important procedure conducted by the company. He believed that the only way to motivate his employees was money and fear (McLean & Elkind, 2003: 28). Jeffrey Skilling actively created a culture of pushing boundaries - "Do it right, do it now, and do it better" was his mantra. He pushed his staff to be self-sufficient, innovative, and aggressive (Bartlett & Glinska, 2001). CEO Jeffrey Skilling was recognized as the top CEO nationwide and was regarded as another of Enron's visionaries (Zellner, 2002).

Skilling was known to be very materialistic and driven by riches. A former executive of Enron described Jeffrey Skilling as a leader driven primarily by financial gain. He thought money is all that matters, and suggested loyalty could be bought with money (Zellner, 2002).

Jeff Skilling was focused on short-term transactional goals, and he would surround himself with individuals who had similar values, by hiring employees who shared his values of aggressiveness, greed, a will to win at all costs, and an appreciation for breaking the rules (Sims & Brinkmann, 2003: 243-256).

Skilling led with an intimidating style that successfully deterred people from asking questions or voicing opposition. He would use strategies to frighten and degrade people when they were forced to respond to a series of questions, leaving them feeling inadequate about their intellectual ability (Beenen & Pinto, 2009: 275-289). Skilling succeeded Lay as CEO of Enron in February 2001, but abruptly left his position six months later in August 2001. Skilling abruptly announced his resignation, citing personal reasons. Shortly thereafter, he sold a substantial amount of his shares of company stock (Oppel, 2001). In March 2002, Skilling married Rebecca Carter, a former vice president for board communication, and a board secretary at Enron (CNN, 2002).

Skilling was charged with 35 felonies, including fraud, insider trading, and other crimes in relation to the Enron scandal. He handed himself to the Federal Bureau of Investigation on February 19, 2004, and entered a not-guilty plea to all charges. Skilling claimed that he was unaware of the complex controversy that ultimately caused Enron's financial downfall in his appearances before congressional committees (Forbes, 2002).

Despite his wrongdoings, Skilling boldly maintained his innocence and portrayed himself as the victim. As a high-ranking executive at Enron, he was aware of the company's illegal practices and had the authority to intervene in or report them. However, he became so engrossed in his illegal activities that he was unable to stop them. Skilling continued to fabricate falsehoods during court proceedings, resulting in conviction and prison time. Skilling was given a sentence of 24 years, 4 months in prison, and 45 million fines on October 23, 2006. His sentence was put into effect on December 13, 2006 (Teather, 2006). From 2006 to 2018 Skilling was housed at the Maxwell Air Force Base's Montgomery Federal Prison Camp in Montgomery, Alabama. The Federal Bureau of Prisons set its release date on February 21, 2019. However, on August 30, 2018, Skilling was granted freedom and sent to a halfway house in Texas where he served the rest of his sentence.

Jeffery Skilling was released from custody on February 21, 2019. According to a June 2020 Reuters report, Skilling was involved in fundraising efforts for the establishment of Veld LLC, an online oil and gas trading platform (Hampton, 2020). Following that, Veld LLC officially registered as a business entity in the state of Texas in August 2021, with Rebecca Carter, Skilling's wife, named as the company's manager (Hampton, 2020).

3.2.3. Does Jeffery Skilling Possess Psychopathic Characteristics

Using a condensed version of Hare's Psychopathy Checklist, the researcher assessed whether Jeffrey Skilling exhibits traits associated with psychopathic personality. The first domain focused on interpersonal characteristics, including superficial charm, pathological lying, grandiosity, narcissism, and manipulation. Skilling was described as a very smart and charming leader, yet George (2003) in his book about authentic leadership described him as a false pretender, despite appearing authentic. George continued by stating that, on the surface Skilling may look like a true leader but in reality, he is a deceitful pretender who sacrificed his inner core values in the quest for personal gain. He was also described as hypersmart and hyperconfident and named the American second-best CEO (McLean & Elkind, 2003: 28). Furthermore, Skilling engaged in deceptive behavior when attempting to launch a broadband business. He made exaggerated claims about the company's potential value, attracting the attention of investors and Wall Street analysts who were invited to Enron's Texas headquarters. Skilling went so far as to renovate office spaces to impress external parties who would later publish their observations in financial periodicals (Farrell, 2006). Skilling exhibits narcissistic behavior during his interview at Harvard Business School, he was asked about his intelligence, Skilling boldly responds that he is extremely smart (McLean & Elkind, 2003: 28). In another interview, he even declared himself to be the embodiment of Enron, saying, "I am Enron." Skilling's confidence and belief that he was the driving force behind the company's success are highlighted in these statements (McLean & Elkind, 2003: 28). Furthermore, Skilling was unwilling to admit any flaws or negative developments within the company. Skilling's overconfidence, both in himself and in Enron, ultimately played a significant role in the company's demise. In these aspects, Jeffery Skilling fits the deceitful feature of narcissism and displays traits of grandiosity.

The second domain relates to the affective domain (lacks remorse, empathy, shallow effect, does not accept responsibility). Skilling displays callousness and a lack of empathy, coupled with the worldview that only money matters. While Jeff Skilling was a student at Harvard, Professor John LeBoutillier posed a hypothetical question to him. The question inquired about what Skilling would do if his company manufactured a product that could potentially harm or even kill customers. Skilling later denied this statement, but his reported response suggested that he would prioritize profit generation and maximizing shareholder returns. This indicated that he viewed his primary role as a businessman as acting as a profit center (Hoyk & Hersey, 2008). Furthermore, Skilling was quoted by CNN (2019) saying, "If he knew then what he knows now – he still would not do anything differently" (Sims & Brinkmann, 2003: 243-256). He publicly made a hypocritical joke during a press conference after orchestrating manipulative tactics in the energy markets and intentionally causing an energy crisis in California, resulting in widespread rolling blackouts and immense difficulties for residents. He compared the situation to the sinking of the Titanic, remarking sarcastically that, unlike California, the lights were still on when the Titanic went down (McLean & Elkind 2003: 28). Portraying lack of remorse for the citizens of California who were suffering from

blackouts. During the Enron trials, Skilling maintained his position and denied all claims and responsibilities. He even went far as telling Congress that he was unaware of any accounting deals made instead of Enron. Although his actions affected millions of investors and employees of Enron, he denied any involvement and never expressed remorse. Skilling fits this aspect as well, showing a lack of remorse and empathy as well as shallowness and inability to take any responsibility for these actions.

The third domain on Hare's checklist is lifestyle and considers whether the person is impulsive and a risk taker, lacks goals, is irresponsible, seeks stimulation, has a parasitic lifestyle, and promiscuous sexual behavior. Skilling encouraged a focus on short-term deals from the beginning by hiring employees who shared his beliefs: being aggressive, greedy, willing to win at any cost, and the willingness to break the rules (Sims & Brinkmann, 2003: 243-256). Jeffrey Skilling and Andrew Fastow implemented a mark-to-market strategy to inflate stock prices, hide losses, and attract more investment. However, this approach is neither sustainable nor ethical in the long run (Li, 2010). The implementation of this strategy implies that Skilling had no long-term goals for Enron. Skilling was reported by saying, 'We like risk because you make money by taking risks' in an interview with a professor at the University of Virginia Business School (Behr & Witt, 2002: 28). Skilling was not only taking huge risks in business, but also in his personal life; he was an impulsive person and took life-threatening risks. He hosted extreme adventure activities, such as bungee jumping, rock climbing, and Jeep races, through the desert for Enron executives (Swartz & Watkins, 2003). According to Ken Rice, the goal was to find adventure that could potentially kill someone (McLean & Elkind, 2003: 28). His actions exhibit someone who is impulsive and seeks stimulation by taking high risks. Skilling together with his fellow Enron executives was reported by Fox (2003) as engaging in extramarital relationships with their women co-workers. Fox (2003) reported that even married traders and executives boasted womanizing. In this aspect, it can be concluded that Jeffery Skilling was a huge risk-taker, an impulsive individual, aimed for very short-term goals, and might possess promiscuous sexual behaviors.

The final domain on Hare's checklist covers antisocial behavior, such as poor behavioral control, early behavioral problems, short-term marital relationships, juvenile delinquency, relocation of conditional release, and criminal versatility. Skilling used bullying and intimidation tactics to ensure that his vision of Enron was accurately portrayed to the public. For example, when Bethany McLean, a Fortune magazine writer, interviewed Skilling about accounting and financial irregularities she had noticed at Enron, he became enraged and called her ignorant and unethical to raise concerns about the company's practices (Fersch, 2006). Skilling leadership style was bullying and intimidating, this strategy discouraged questioning and disobedience from the employees. If anyone attempted to ask a series of questions, he would intimidate them and make them feel inadequate and incapable of understanding (Beenen & Pinto, 2009: 275-289). Jeffrey Skilling was convicted on multiple counts stemming from his involvement in the Enron scandal. He was convicted of several counts in 2006, including conspiracy, securities fraud, insider trading, and making false

statements to auditors. Skilling received a federal prison sentence of 24 years and four months. In this aspect Skilling fits only with criminal versatility and behavioral control.

Table 5: Skilling and the Assessment of Hare's Psychopathic Personality Checklist (PCL-R) Items.

Interpersonal Domain		Points
1. Glibness /Superficial charm	Yes, Attracted a lot of investors and media. Skilling was an extremely intelligent man who was portrait confidence and charm. He was charismatic and persuasive among his peers (Baker, 2014).	2
2. Grandiose sense of self- worth (Narcissist)	Yes, self-important, lived luxuriously and viewed himself as the smartest guy in the room. Skilling claimed that he was the reason for the success of Enron by saying that he was Enron (The Dark, 2006).	2
3. Deceitful, Conning/manipulative	Yes, manipulated his employees and used illegal accounting tactics for his own advantage. He also took advantage of deregulation of the electric power markets. Skilling would pay large salaries, incentives, and stock options to financial, legal, and accounting experts and executives if they agreed to work with suspicious accounting methods (Carozza, 2007).	2
4. Pathological lying	Yes, he lied about the value of the company with the help of MTM strategy. Skilling lied to the banks about Enron's financial status, which in turn caused Enron to continue business without any caution (Baker, 2014).	2
Affective Domain		
5. Lack of remorse and guilt	Yes, no remorse for his employees who lost their jobs, pensions, and life savings. Skilling claimed that he was not guilty and showed no remorse or guilt over his action that caused millions of people their jobs and savings (Carozza, 2007).	2
6. Shallow effect	Yes, displayed heartlessness and insensitivity example: To the people of California who struggled with blackout caused by Enron (Baker, 2014). Skilling and his employees maintained high energy prices in California even after the occurrence of blackouts (Jeffery, 2019).	2
7. Callous/lack of empathy	Yes, did not have any empathy for employees, investors, and customers. Skilling casually remarked about the California energy crisis to an employee, drawing a comparison to the sinking of the Titanic: He said "What's the difference between California and the Titanic? At least when the Titanic went down, the lights were on" (Jeffery, 2019).	2
8. Failure to accept responsibility.	Yes, denied all responsibilities for the fraud that he took part in. Skilling has been known to be the kind of a person that would die before admitting his guilt and claiming responsibilities for his part of the fraud (Burden off, 2006).	2

Table 5: (cont.)

Interpersonal Domain		Points
Lifestyle Domain		
9. Lacks realistic long-term goals.	Yes, he focused on short-term goals that was for his advantage and had no Long-term goals for the company.	2
10. Stimulation seeking	Yes, he engaged in risky and stimulating activities with his fellow executives. When he was younger, Skilling took risks with his body and health overall (Baker, 2014). Skilling was fond of traveling and embraced adventure. As part of this, he would organize trips for his favorite workers, known as "Skilling's Boys," to exotic destinations. These vacations often involved high-risk activities, such as a spontaneous journey to Mexico to take part in the famous Baja 1000 motorcycle race	2
11. Parasitic lifestyle	Yes, he used the company's name, money, and reputation to fund his lifestyle. A former employee comments that Enron's executives were ambitious and wanted power and money and did not care if they must destroy anyone who was in their way (Are Enron, 2002).	2
12. Promiscuous sexual behavior	Yes, it was reported that he was involved in promiscuous sexual behavior with his colleagues. Skilling had an ongoing romantic relationship with an employee, whom he later married (Bryce, 2002).	2
13. Impulsivity	Yes, huge risk taker, he took risk in both his personal life and with Enron's future (Interview: the fall, 2010) He had a careless mindset and went on extreme sports for his annual adventures, which resulted in injuries to one of the employees (Frey & Rosin, 2002).	2
14. Irresponsible behavior	Yes, irresponsible with the company's reputation and future. Skilling used to take risky investments at the cost of Enron without concern for the possible negative side effect (The Dark, 2006). He was also irresponsible for his and his employee's safety when engaging in dangerous sports.	2
Anti-Social Domain		
15. Poor behavior control	Yes, bullying, controlling, exhibit anger towards employees and analysts. Skilling's poor behavior control was displayed by his outbursts and temper towards his employees (Baker, 2014). Skilling had a fast and flashy lifestyle which was centered around gambling and drinking (Baker, 2014). Skilling lacked class, he was hot tempered, a bully and often insulted people (Baker, 2014).	2
16. Early behavior problems	No evidence to support this	0
17. Short-term marital relationships	No, married to his first wife for 22 years and his second wife for 21 years	0
18. Juvenile delinquency	No evidence to support this	0
19. Revocation of conditional release	No evidence to support this	0
20. Criminal versatility	Yes, he was convicted and sentenced to 12 years in jail (Baker, 2014).	2
Total Points		32

Jeffery Skilling scored 32/40, he ranks highly on the Interpersonal domain, Affective domain and Lifestyle Domain. Skilling exhibited traits typical of a corporate psychopath, such as manipulation, charm, superficiality, self-centeredness, impulsiveness, and a lack of remorse or empathy. He devastated the lives of many people through insider trading and fraudulent actions, causing billions of dollars in loss, including retirement funds and savings. Despite his wrongdoings, Skilling boldly maintained his innocence and portrayed himself as the victim. As a high-ranking executive at Enron, he was aware of the company's illegal practices and had the authority to intervene in or report them. However, he became so engrossed in his illegal activities that he was unable to stop them. Skilling continued to fabricate falsehoods during court proceedings, resulting in conviction and prison time. Given these elements, Skilling scored well in each of the three categories related to the above areas. This suggests that he exhibited characteristics often found in people with psychopathic tendencies in finance.

3.3. Case of Richard Fuld

This portion of the chapter will provide a concise overview of Lehman Brothers, delve into Richard Fuld's background, and assess his character using Hare's Psychopathy Checklist (PCL-R).

3.3.1. Brief History of Lehman Brothers

Lehman Brothers was founded by Henry Lehman and his two brothers Emanuel and Mayer Lehman in 1850; at first, the company traded dry goods, then Cotton, and in the 19th century, it turned towards finance. By 1977, it was the fourth-largest investment bank in the United States, led by Pete Peterson as the chairman and CEO.

The bank borrowed billions of dollars to participate in the property market between 2001 and 2005, Lehman Brothers had grown from a modest firm to the world's fourth largest investment bank as a result of the housing market boom (Boedihardjo, 2009), Greed and recklessness drove it so far that, according to the Wall Street Journal, Lehman soon established itself as a leader in the market for subprime mortgage-backed securities (Hudson, 2007). Lehman followed an aggressive expansion plan in commercial real estate, private equity, and leveraged lending using its own resources from 2006 to mid-2007 (Bufithis, 2010). However, the mortgage market's overconcentration has left it particularly vulnerable and sensitive to a drop in housing prices.

With the rising number of defaults, the housing market began crumbling in 2007. (Jeffers & Young, 2008). Because of the fall of the housing market and Lehman's huge investment in the sector, the firm lost a lot of money and was forced to write down billions of dollars in bad debt, which deteriorated its financial position. Lehman used a repurchase agreement technique called REPO 105

to conceal its poor financial status (Jeffers, 2011: 44-55). REPO 105 transactions are essentially an aggressive and deceitful accounting off-balance sheet device used to temporarily remove securities and troubled liabilities from Lehman's balance sheet when reporting its quarterly financial results to the public. These transactions were recorded as sales rather than as loans, hence maintaining the status of a financially healthy firm. While a REPO 105 transaction itself may be legal under certain circumstances, the failure to disclose relevant information about it can lead to legal consequences. Despite Lehman's ability to misrepresent the strength of its position between 2005 and 2007, the bank consistently recorded profits during that time. Lehman and Richard Fuld were very popular in the media, and the firm won multiple awards throughout these years.

Mark Stein (2013: 282-293), a professor of leadership and management at Leicester University in the UK, suggests that Lehman's only viable option was to be sold off. However, Richard Fuld's inflated assessment of the company's value hindered this course of action. The catastrophic collapse of Lehman, which led to the global credit crisis, stemmed from this failure to sell the company. Unlike other major financial organizations that received government bailouts during the 2008 financial crisis, Lehman Brothers was permitted to declare bankruptcy and did not receive a government bailout.

Despite efforts to obtain a bailout, Lehman Brothers was unable to generate enough funds to remain solvent and filed bankruptcy on September 15, 2008. Lehman Brothers filed for Chapter 11 bankruptcy protection, the world's largest and six times larger than any other Chapter 11 case in U.S. history (McDonald, 2009). And approximately 26,000 employees lost their jobs.

A multitude of factors contributed to the company's demise, including SIV products and their valuation issues, misrepresentation of financial accounts, the company's complex structure, managerial issues, and low ethical standards. As Heffernan stated, poor risk and asset management, managerial problems, and fraud are the main reasons for the downfall of Lehman (Heffernan, 2005). Fuld testified before Congress about the firm's insolvency in 2008, and he has mainly avoided the public eye since.

Key Events in Lehman Brothers' and Richard Fuld History are displayed below.

Table 6: Key Events in Lehman Brothers' and Richard Fuld History

Year	Description
1850	Lehman Brothers was founded by the brothers Emanuel, Henry, and Meyer Lehman.
1887	Lehman Brothers' shares are listed and traded on the New York Stock Exchange.
1946	Richard Fuld, Jr. is born in New York City, United State of America.
1966	Richard Fuld secures a summer internship with Lehman Brothers in Colorado.
1969	Fuld starts his career on the trading floor of Lehman Brothers.
1973	Fuld earns his M.B.A. from the New York University Stern School of Business.
1978	Fuld marries Kathleen Bailey, with whom he has one son and two daughters.
1994	Fuld became CEO of Lehman Brothers
2000's	Lehman Brothers buys five mortgage lenders and becomes heavily invested in mortgage-backed securities.
2002	Lehman Brothers was so successful, and it was named "Bank of the Year".
2002	Lehman relocates its operations from its Wall Street location to Midtown Manhattan
2004	Institutional Investor ranks Fuld as the top CEO in Brokers and Asset Managers.
2004	Lehman Brothers was the fourth largest investment bank on Wall Street
2007	The financial crisis begins to unfold with the sale of two Bear Stearns hedge funds in mortgage-backed securities.
2008	Lehman Brothers files for bankruptcy.

3.3.2. Lehman Brothers's CEO Richard Fuld Background

Richard Fuld was born in New York on April 26, 1946, to Jewish parents Richard Severin Fuld Sr. and Elizabeth Schwab. His father was a proud army officer who served during World War II in the South Pacific. Richard Fuld completed his formal education at Wilbraham & Monson Academy, a private boarding school located 150 miles (240 kilometers) from New York City. (Carney, 2009).

At the age of 23, he earned both a B.A. and a B.S. from the University of Colorado Boulder, where he participated in the Naval Reserve Officer Training Corps program and served as president of the school's Alpha Tau Omega fraternity. Fuld's first job was as an Air Force pilot, which ended after a fistfight with a commanding officer (Robinson, 2008).

He began his work with Lehman Brothers as a commercial paper trader immediately after graduating from college but quickly advanced through the ranks. While his trade talent was excellent, his managerial abilities were lacking. He was described as a "computer" who just made decisions and never engaged with anyone, even though one of the fundamental characteristics of a leader is the ability to communicate. Regardless, 22 managers in various divisions who were responsible for a significant amount of the company's income reported to him. He attended evening school to earn his MBA from New York University's Stern School of Business in 1973, while continuing to work at Lehman (Bawden, 2008).

Fuld performed admirably and his divisions produced record profits in 1982. Due to his ruthless business practices and competitive nature, Fuld eventually came to be known as "Gorilla". Since Richard joined Lehman Brothers, the company acquired a reputation for being notoriously fractious, marked by internal conflicts and described as aggressive, confrontational, and blunt (Serwer, 2006). Fuld became the longest-serving CEO of a bank in the United States during that time and the ultimate reason for the fall of the bank. He wielded considerable authority over the company, fiercely rejecting the urge to be taken over. Fuld led the company in an aggressive leadership style and during 1994 the company seemed to do well (Stein, 2013: 282-293).

After the company filed for bankruptcy in 2008 and tipped the global economy crisis, Richard Fuld testified before Congress in October 2008 regarding the bankruptcy of Lehman Brothers. During his testimony, he defended his leadership of the company and denied any wrongdoing. Fuld claimed that he believes Lehman Brothers' bankruptcy was the product of broader economic and market factors, rather than failures or misconduct on the part of Lehman Brothers' management. He also claimed that the government's choice not to bail out Lehman Brothers was a mistake and that the government's actions contributed to the firm's failure.

3.3.3. Does Richard Fuld Possess Psychopathic Characteristics

With the help of the short version of Hare's Psychopathic Checklist that uses four domains the researcher will try to determine whether Richard Fuld could possibly have psychopathic personality. The first relates to interpersonal traits and considers whether the person is superficial, grandiose, and/or deceitful. A corporate psychopath possesses superficial charm and are seen as charismatic and smart and hence respected and valued among their peers. Throughout the years Richard Fuld was known to be a very influential person surrounded by admirers that assigned him special and unique status (McDonald, 2009). Those who worked under Fuld deferred to his authority in exchange for the benefits he bestowed upon them. One example was that Lehman's Banking Commitments Committee, which oversaw approving the company's massive loans, was alleged to have "said yes when Richard Fuld wanted it to say yes, and no when he wanted it to say no." They were big on respect but short on incurring the king's anger." (McDonald, 2009). Fuld's lifestyle, as well as the large sums of money and bonuses he received from Lehman, demonstrated that he saw himself as uniquely special. It can also be observed that Fuld portrays narcissistic traits and has an unreasonably high sense of self-importance. Tibman (2009) reported that his employees related he always had the last word and exercised absolute control. In these aspects Richard Fuld Jr fits the deceitful feature, narcissism and displays traits of grandiosity.

The second domain relates to Affective domain (lacks remorse, lacks empathy, doesn't accept responsibility). Although his actions and decisions led the company to its downfall and a million citizens lost their savings, and most of the shareholders were working class and retired citizens. Fuld never took responsibility for his action, and it was reported that after the bankruptcy, Mr. Fuld constantly denied making any misrepresentations. However, when presented with internal records that appeared to paint a different narrative, Mr. Fuld claimed he felt Lehman was in good shape until five days before the September 15 bankruptcy filing. He also insisted that it was the short sellers that brought down Lehman with its rumors and not its huge losses, accounting fraud, and its failure to sell the company. As Cleckley stated psychopaths are capable of deceiving people about their involvement or guilt in terrible acts, hence escaping any penalties or punishment (Cleckley, 1941/1988). In this domain Mr. Fuld fits the Lack of remorse and inability to take responsibilities of his actions.

The third domain on Hare's checklist is Lifestyle and considers whether the person is impulsive and a risk taker, lacks goals, and is irresponsible. Richard Fuld was known for his high-risk venture strategies; he would take high risk investment that would return high profits throughout the years. As said by psychologist Paul Babiak in a documentary by George Kalarritis (2011) "a psychopath tends to do something risky just to see what will happen, making a decision others would have taken long time and a lot of data to come to, they do it on a whim and because they are fearless it could even hurt them, but it doesn't bother them". He was known as a cunning operator, making use of his bank's expertise in fixed-income markets and its unlimited amount of capital to take enormous risks

and generate higher returns than larger rivals (Sender et al., 2008). In this respect it can be concluded that Richard Fuld was a huge risk taker and was aiming for very high but unattainable goals.

The final domain on Hare's checklist covers antisocial behavior, according to information obtained from the public, Mr. Fuld did not have a work-life balance because all his social gatherings involved Lehman. He used to take his executive team and their wives on summer retreats to Sun Valley, where they engaged in various activities and business discussions. Therefore, it is difficult to completely understand Fuld's social conduct using this information.

Table 7: Fuld and the Assessment of Hare's Psychopathic Personality Checklist (PCL-R) Items.

Interpersonal Domain		Points
1. Glibness /Superficial charm	Yes, attracted a lot of admirers. Fuld became the "face" of Lehman Brothers (Baker, 2014).	2
2. Grandiose sense of self- worth (Narcissist)	Yes, self-important, lived luxuriously. Fuld had the grandiose mentality, he believed that he had built something of great value that the market failed to fully appreciate (Plumb & Wilchins, 2008).	2
3. Deceitful, Conning/manipulative	Yes, manipulated his executives and used illegal accounting tactics. Fuld exerted control over the organizational structure and exhibited hyper-aggressive behavior. He dismissed anyone who disagreed with him or whom he considered a threat (Baker, 2014).	2
4. Pathological lying	Yes, he lied about the condition of the company. Fuld was said to be a liar "same lying, deluded person he's always been" (Cohan, 2015).	2
Affective Domain		
5. Lack of remorse and guilt	Yes, no remorse for his employees who lost their jobs. Fuld showed no guilt over his role in the fall of Lehman brothers, he claimed that the ones to blame are the short sellers that discredited the company and destroyed the trust of the investors (Baker, 2014).	2
6. Shallow effect	Yes, displayed heartlessness and insensitivity. Fuld was shallow and ruthless when dealing with employees who disagreed with him or challenged his ideas. He only liked and supported employees who agreed to everything he said (Baker, 2014).	2
7. Callous/lack of empathy	Yes, did not have any empathy for his clients. Fuld was callous with his clients' money he did not care about the effects of selling bad investment to his clients as long as it benefited him. He did not have any empathy for all the investors who lost all their life savings after the fall of Lehman Brothers (Baker, 2014).	2

Table 7: (cont.)

8. Failure to accept responsibility.	Yes, blamed the short sellers for the downfall of the bank. Fuld accused everyone else for the fall Lehman Brothers including the government for not bailing the company out, short sellers for shorting the company's stock, and the market. He failed to take any responsibilities (Baker, 2014).	2
Lifestyle Domain		
9. Lacks realistic long-term goals.	Yes, he had unrealistic goals for the bank. Fuld gave bonuses to the top managers who engaged in the selling of the risky investments. He gave them the companies' stocks that can only be exercised after five years as a bonus for boosting Lehman Brothers profits (Baker, 2014).	2
10. Stimulation seeking	Yes, he gambled with banks funds. Fuld enjoyed engaging in high-risk investment (Baker, 2014).	2
11. Parasitic lifestyle	Yes, he used the bank to bet on huge investments that funded his lifestyle. Fuld exploited others, he was nicknamed "the gorilla" and had a "take no prisoners," "take no gruff" attitude towards competition regardless of the outcome (Baker, 2014).	2
Lifestyle Domain		
12. Promiscuous sexual behavior	No, he was strict on the subject on fidelity	0
13. Impulsivity	Yes, huge risk taker, he jeopardizes the whole economy with his risk ventures. Fuld action and encouragement of his COO to take financial risk with real estate investments at the cost of the company shows his impulsivity (Baker, 2014).	2
14. Irresponsible behavior	Yes, irresponsible with the company's assets. Fuld believed that in order to grow he must take risks. He was irresponsible with the company through the huge financial risk he took. (Baker, 2014). He was also irresponsible with his clients fund when he sold them bad investment in real estate.	2
Anti-Social Domain		
15. Poor behavior control	Yes, bullying, controlling, micro-managing, exhibit anger towards employees and short sellers. Fuld displayed anger and temper towards anyone who disagreed with him, hence creating a hostile work environment. He was also ruthless to reporters and short sellers (Baker, 2014). Fuld was also known to be a bully and he created a fear mentality among his employes (Mamudi, 2008)	2
16. Early behavior problems	No evidence to support this	0
17. Short-term marital relationships	No, married to his wife for 45 years	0
18. Juvenile delinquency	No evidence to support this	0
19. Revocation of conditional release	No evidence to support this	0
20. Criminal versatility	No, he was never charged	0
Total Points		28

Richard Fuld scored 28/40, ranks highly on the Interpersonal domain, Affective domain and Lifestyle Domain which measures someone's lack of regret and unwillingness to accept responsibility, superficial, seeking stimulants, grandiose, and/or deceitful and impulsive and a risk taker, lacks goals, and is irresponsible. This conclusion can be drawn based on the public facts and interviews conducted with him. He had the appearance of being reckless, taking risks, and grandiose. He was reputed to be dishonest. He then receives points on each of the three dimensions for which we have the data. This means that he has some but not all characteristics of a corporate/financial psychopath.

3.4. Case of Jordan Belfort

This portion of the chapter will provide a concise overview of Stratton Oakmont, delve into Jordan Belfort's background, and assess his character using Hare's Psychopathy Checklist (PCL-R).

3.4.1. Brief history of Stratton Oakmont

In 1989, Jordan Belfort and his partner, Danny Porush, established an over-the-counter brokerage firm called Stratton Oakmont. According to a report in the New York Times (Nocera, 2013), Belfort selected this name for its perceived prestige. The company specialized in trading penny stocks, which are low-priced stocks known for their volatility. Belfort employed aggressive sales tactics, drawing from his experience in the penny stock industry, and fostered a high-pressure sales environment. This approach generated substantial profits, with Belfort and the firm earning a 50% commission fee (Belfort, 2007).

Stratton Oakmont engaged in a classic pump and dump scheme, involving stock manipulation. Belfort and his executives would purchase stocks from a specific company and then pressure their brokers to persuade investors to invest in highly speculative securities using a predetermined script. This artificial demand would cause the stock price to skyrocket, guaranteeing Belfort and his associate's profit. However, the stock's value would eventually plummet, leaving investors with significant losses (Nocera, 2013).

In the 1990s, Stratton Oakmont was at its highest; the firm employed more than 1,000 brokers and was involved in stock issues totaling more than \$1 billion. They became the largest off-exchange trading company in the US and handled IPO for 35 reputable brands, including Steve Madden (Editorial staff interviews, 2014). Jordan Belfort became extraordinarily wealthy, and Stratton Oakmont grew into a major brokerage house by committing fraud and employing unethical tactics.

In 1996 Stratton Oakmont stopped operating after being expelled from The National Association of Securities Dealers NASD. The NASD had long investigated the firm for its business

practices, including money laundering and securities fraud (Finra,1997). Jordan Belfort's goal, even from a young age, was always to become wealthy and successful, and up until NASD expelled Stratton Oakmont in 1996, he achieved this objective. During his time with Stratton Oakmont, Belfort made millions, including \$100 million, in one year (Thomas Jr., 2007). At his peak Jordan owned a mansion in Long Island, Private Jet, six expensive cars, three horses, two vacation homes and 170-foot yacht (Belfort, 2007).

In 1999, Belfort was sentenced to four years for his business tactics, which cost \$ 200 million to investors. As part of a plea deal, he pleaded guilty and admitted that, for seven years, they operated a scheme in which they manipulated the stock of at least 34 companies (Wyatt & Edward, 1999). He served for 22 months and agreed to repay \$110 million in restitution to those who had been victims of fraud. Following his release from prison, and as part of his restitution agreement, Belfort was required to pay 50% of his income to his defrauded former investors through 2009 (United States of America V. Jordan Ross Belfort).

Key Events in Stratton Oakmont's and Jordan Belfort History are displayed below.

Table 8: Key Events in Stratton Oakmont's and Jordan Belfort History

Year	Description
1962	Jordan Belfort was born
1985	Jordan Belfort married Denise Lombardo
1989	Jordan Belfort founds Stratton Oakmont
1990's	Straton Oakman was at its highest; the firm employed more than 1,000 brokers and was involved in stock issues totaling more than \$1 billion.
1991	Jordan Belfort divorced Denise and married Nadine Caridi
1993	Stratton Oakmont launches the initial public offering of Steven Madden Shoes.
1996	Stratton Oakmont stopped operating after being expelled from The National Association of Securities Dealers NASD
1999	Jordan Belfort is arrested for Securities fraud and money laundering. His plea got him only 22 months in Taft Correctional Center
2003	Jordan Belfort was sentence to 4 years in prison but served only 22 months
2006	Jordan Belfort was released from prison

3.4.2. Stratton Oakmont's CEO Jordan Belfort Background

Jordan Belfort was born on July 9, 1962, in The Bronx, New York to Leah and Max Belfort. He grew up in a middle-class neighborhood in Bayside, Queens. Both his parents were of Jewish descent and worked as accountants (Gray, 2013). Belfort did not grow up in a poor family, his family was considered middle-class. Jordan had a great desire to be accepted as he wrote in his biography "The blue- blooded WASPs viewed me as a young Jewish circus attraction" (Eshman, 2013). He has an older brother who is a lawyer.

The summer after high school, he and his friend, Elliot, started a small business of selling Italian ice-cream to the people at the beach, and made up to 20,000 dollars with that business, indicating that even as a teenager, he had a strong desire to make money. He saved up enough to put himself through college (Belfort, 2007).

He attended the American University in Washington DC, where he graduated with a degree in biology. Until this point, he was leaning towards medicine partly because of his conservative mother's influence and partly because he thought that it was an easy path to becoming rich. After getting a degree in biology he enrolled in the University of Maryland School of Dentistry which he dropout the first day when the dean said that "the golden age of dentistry is over" & "if you're here simply because you're looking to make a lot of money, you're in the wrong place" (Belfort, 2007). Because Belfort was predominately looking for a career that would enrich him, he immediately dropped out.

After dropping out of dentistry school, he started his own company of selling meat and seafood door-to-door in New York; at first, he was very successful, and later expanded the enterprise, it was said that he was selling 5000 lbs. of meat and seafood each week (Khalaf, 1991). In his famous biography "The Wolf of Wallstreet" he explained that his rapid expansion of the company coupled with narrow profit margins ultimately led to the enterprise's downfall, he declared personal bankruptcy when he was just 25 (Khalaf, 1991).

In 1980's he transitioned into the field of finance, obtained his stockbroker license and joined a company called L.F.Rothschild. He worked as a trainee stockbroker for six months until he was employed. This is where he learned the ropes of the stock market. Unfortunately, his first day as a licensed stockbroker at the job was October 19, 1987 (the black Monday), which hit the firm hard that many employees were laid off due to the firm's financial losses, and Belfort was one of them.

In 1988, he went to a long island to work at the investors' center, a penny stock house where he used his salesman skills and persuasive abilities, he rapidly became the best salesman at the small company. He created a specific script he used to lure his clients to buy the stocks he was suggesting. He later trained his coworkers to use the same manipulative script to advance a small company (Belfort, 2007). With his power of persuasion and high commissions, he quickly became rich. In

1989, Belfort founded his own brokerage firm, Stratton Oakmont, where he used fraudulent actions to rapidly become successful. He hires his hometown friends who were young, uneducated, and hungry for easy money, and together they run a company specifically with the intention of defrauding unsuspecting investors.

Jordan Belfort had a lavish and gluttonous lifestyle that included lavish hotel expenses, extensive travel, using prostitutes, sinking a yacht, crashing a jet, and severely abusing drugs. Belfort said that his supervisor recommended early in his career the use of drugs, especially cocaine, because that will make you dial faster, which is good for the company (Belfort, 2007). This remark implies that the use of illicit substances in the workplace may be more common than expected.

Jordan Belfort has had four marriages. His first marriage was to Denise Lombardo, a hairdresser, whom he married in 1985 when he was just 23 and divorced in 1991. Nadine Caridi, his second wife, was a model who later earned a Ph.D. in Somatic and Depth Psychology. The couple had two children, but Belfort's drug addiction and infidelity with other women took a toll on their relationship, not to mention Stratton Oakmont's criminality. In 2005, the couple divorced (Witheridge & Churcher, 2014).

In his memoir, Jordan Belfort admits abusing his wife physically and mentally. He recounts an incident in which he kicked his wife down the stairs while holding their daughter. He also confesses to crashing into garage doors with his daughter in the front seat without a seatbelt, putting her life at risk. Belfort stated that these actions occurred while he was under the influence of drugs (Belfort, 2007).

Despite his initial success, the authorities were drawn to Belfort's luxurious lifestyle and unscrupulous actions. He was charged with security fraud and money laundering in 1998. Belfort finally pled guilty and helped the police with their investigations. He was sentenced to four years in jail, but only served 22 months at Taft Correctional Institution in Taft, California and was ordered to pay significant penalties and reparations to his victims (Newby, 2014).

Belfort changed his life after being released from jail in 2006 and started a profession as a motivational speaker. To educate others about the dangers of unethical action, he used his personal experiences and lessons learned from his chaotic past. With the release of his autobiography, "The Wolf of Wall Street," which Martin Scorsese subsequently turned into a popular movie, Belfort, received even more recognition.

3.4.3. Does Jordan Belfort Possess Psychopathic Characteristics

The researcher shall attempt to evaluate whether Jordan Belfort could have a psychopathic personality with the use of the four-domain, condensed version of Hare's Psychopathic Checklist. The first domain tackles interpersonal characteristics and examines whether the individual is

superficial, grandiose, or deceitful. Even though Jordan Belfort was not born into a wealthy or influential family, he was very passionate about becoming wealthy and recognized by his peers. After his success with Stratton Oakmont, Jordan became an admired figure among his employees. A corporate psychopath frequently possesses superficial charm and is seen as charismatic and smart and is therefore respected and valued among their peers. He possessed a glib superficial charm and ability to “chit chat” with people. He was able to persuade his brokers to agree with anything he said or wanted them to do by his manipulative persona. Jordan Belfort is known for his ability to utilize his superficial charms to trick investors into buying worthless stocks, but he also trained his employees how to commit the same deception (Belfort, 2007).

Belfort's extravagant lifestyle and the enormous sum of money he made by defrauding investors showed that he believed himself to be exceptionally unique and led a grandiose existence. He possessed an arrogant sense of entitlement and invincibility. He bought a yacht that he eventually drowned, possessed several homes and fancy automobiles, and had lavish parties for millions of dollars to display his fortune (Phillipson, 2023). Jordan Belfort portrays narcissistic characteristics and projects an excessive sense of self-importance. In these aspects Jordan Belfort fits the deceitful feature, narcissism and displays traits of grandiosity.

The second domain relates to Affective domain (lacks remorse, lacks empathy, doesn't accept responsibility). Belfort pleaded guilty of the charges and cooperated with authorities in their investigations. He was sentenced to four years in prison and ordered to pay substantial fines and retribute his victims. He has been paying restitution to his victims by working as a motivational speaker and writer. Jordan is now a public motivational speaker who illustrates how misguided ideals can corrupt proper practices (Kolhatkar, 2013). He remains a wealthy man with a career as a motivating speaker.

Although his actions in his early life indicated that he had no remorse or empathy for his victims, he only cared about getting as rich as possible. Jordan Belfort goes on to entrap his friends this further implies his lack of empathy and remorse even to his closest friends. However, he accepted all responsibilities and was working to pay off his victims. In his memoir, he admitted to all the fraudulent activities he committed and took full responsibility for his actions. Therefore, in this domain, Jordan Belfort might fit the lack of remorse and empathy towards his victims and friends, but he does not fit the inability to take responsibility.

The third domain on Hare's checklist is Lifestyle and considers whether the person is impulsive and a risk taker, lacks goals, and is irresponsible. According to the sources both by the media and his own biography, Jordan Belfort was an impulsive person, and he took risks both in his personal life and his company. He operated Stratton Oakmont with no long-term goals for the company. His goal was to enrich himself and his associates. He cheated on his wives and treated them poorly, in general he portrays no impulse control. In this aspect, it can be concluded that Jordan Belfort was a risk taker,

lacked long-term goals for his company, and was very impulsive in both his business decisions and personal life.

The final domain on Hare's checklist covers antisocial behavior. Psychopaths have a history of poor behavioral control. Jordan Belfort is known for abusing multiple types of drugs and promiscuity. He admits in an interview "The drug use and prostitution in the office was something that was happening in Stratton". He goes on to saying, "In some respects, my life was even worse, although I'd say I did more quaaludes than cocaine", admitting his excess use of drugs. He also admitted physical abuse to his wife and poor behavior control that put his daughter in danger in many interviews. He says "It was more of a struggle where she grabbed onto my leg, and I kicked out, I was out of my mind. I was at the lowest point in my life. I am not trying to minimize it; it was awful what I did. But it was under the influence of massive quantities of drugs" (Djvlad, 2022). Belfort now ex-wife also commented in an interview about his abusive behavior she goes on to say "He was crazy, he was abusive, I told him to become sober. He kicked me down the stairs; he drove my daughter and me into a garage door." All these actions indicate that Jordan Belfort had a degree of anti-social behavior.

Table 9: Belfort and the Assessment of Hare's Psychopathic Personality Checklist (PCL-R) Items.

Interpersonal Domain		Points
1. Glibness /Superficial charm	Yes, he used his superficial charms to trick investors into buying worthless stocks and he also trained his employees how to commit the same deception (Belfort, 2007).	2
2. Grandiose sense of self-worth (Narcissist)	Yes, he had an arrogant sense of entitlement and invincibility. He bought a yacht that he eventually drowned, possessed several homes and fancy automobiles, and had lavish parties for millions of dollars to display his fortune (Phillipson, 2023)	2
3. Deceitful, Conning/manipulative	Yes, he manipulated both people and stocks. He was able to persuade his brokers to agree with anything he said or wanted them to do by his manipulative persona. He manipulated the stock of at least 34 companies (Wyatt & Edward, 1999). He specialized in pushing dicey stocks on gullible investors (Khalaf, 1991).	2
4. Pathological lying	Yes, he lied to his investors about the worth of the stocks to get them to invest. He also lied about defrauding only the wealthy, he also defrauded start up business owners and middle-class citizens (Antilla, 2013)	2
Affective Domain		
5. Lack of remorse and guilt	Yes, no remorse for his victims. Belfort has made public statements suggesting that he is frustrated with his past being constantly brought up and that he feels he has reinvented himself (Rushe, 2017). Indicating lack of remorse or guilt.	2
6. Shallow effect	Yes, displayed heartlessness and insensitivity towards his investors and his employees when he implicated them for the fraud (Benzinga, 2023).	2

Table 9: (cont.)

7. Callous/lack of empathy	Yes, didn't have any empathy for his victims. Belfort's lack of empathy is also demonstrated by his contempt for his clients' financial security. He is shown to be devoted to persuading others to spend their hard-earned money in risky wagers that he knows will unavoidably fail, with little apparent regard for the financial losses that they would sustain (Clyman, 2013).	2
8. Failure to accept responsibility.	Somewhat, he accepted responsibilities but entrap his friends to get a lighter punishment (Linhares et al., 2021)	1
Lifestyle Domain		
9. Lacks realistic long-term goals.	Yes, he lacked long term goals, his main aim was to enrich his associates. He focused on short-term gains and maximizing wealth quickly, rather than building a reputable and ethical company (Belfort, 2013).	2
10. Stimulation seeking	Yes, he misused narcotics and alcohol to stimulate himself. Belfort admits to taking quaaludes multiple times a day during the highest point of his addiction (Berger, 2020).	2
11. Parasitic lifestyle	Yes, he lived off his investor's loss. The fraudulent nature of his operations meant that his wealth was gained through dishonest and unethical means, taking advantage of people's financial aspirations and vulnerabilities. He laundered money into Swiss banks and used his mother-in-law and her sister to traffic cash into the country. (So, 2017).	2
12. Promiscuous sexual behavior	Yes, serial adulterous. Belfort charged prostitutes on the corporate credit card, and in one particularly unsavory passage Belfort "classified" them into Blue Chips, NASDAQs, and Pink Sheets (So, 2017).	2
13. Impulsivity	Yes, very risk-taking, he employed young, inexperienced, and money-oriented employees. Belfort's way of doing business was characterized by impulsive decision-making. He frequently made rapid decisions about important matters without carefully weighing the consequences. He engaged in fraudulent operations and high-risk trading strategies because of his impulsivity (Gino & Pierce, 2009: 142-155).	2
14. Irresponsible behavior	Yes, irresponsible with both his personal life and his company. He indulged in excessive drugs, gambling, and involvement with sex workers. He frequently bought luxury items such as yachts, helicopters, and fancy cars, often destroying them while under the influence of drugs (Benzinga, 2023).	2
Anti-Social Domain		
15. Poor behavior control	Yes, abusive towards his family. Jordan Belfort admits abusing his wife (Belfort, 2007) physically and mentally.	2
16. Early behavior problems	No evidence to support this	0
17. Short-term marital relationships	Yes, has been married four times so far. Belfort's marriages and relationships were ended by infidelity and emotional neglect (Rushe, 2017).	2
18. Juvenile delinquency	No evidence to support this	0
19. Revocation of conditional release	Belfort was required by the court to turn over 50 percent of whatever he earned to his victims; he is not honoring this arrangement (Cohen, 2014)	2
20. Criminal versatility	Yes, Convicted for the fraud and money laundering in 1999 (Paluteder, 2022).	2
Total Points		35

Jordan Belfort scored 33/40. He ranks highly on all the four domains mostly on Interpersonal domain, Lifestyle Domain, and Affective Domain, which shows someone who is superficial, grandiose, narcissistic, deceitful, impulsive, a risk taker, lacks goals, and is irresponsible. This conclusion can be drawn based on public facts, his memoir named the wolf of the Wall Street, and interviews conducted with him by different media platforms. He had the appearance of being reckless, taking risks, and grandiose. He was reputed to be dishonest to both his victims and friends. He then receives points on each of the four dimensions for which we have the data. This might imply that he had some characteristics of a corporate/financial psychopath.

3.5. Case of Elizabeth Holmes

This portion of the chapter will provide a concise overview of Theranos, delve into Elizabeth Holmes's background, and assess her character using Hare's Psychopathy Checklist (PCL-R).

3.5.1. Brief History of Theranos

Theranos was founded by Elizabeth Holmes in 2003, while she was still a student at Stanford University. Initially, it was named Real-Time Cures and later changed its name to Theranos (Parloff, 2014b). Theranos' mission was to transform and simplify blood testing technology. The company claimed to have invented revolutionary technology that could perform numerous tests with only a few drops of blood, in contrast to traditional venous blood draws. Holmes stated that the tests would be able to detect medical conditions, such as cancer and high cholesterol (Hartmans et al., 2023). Theranos was developing a revolutionary product called miniLab, a machine designed to test blood with just a few drops. This innovative technology aimed to instantly diagnose numerous diseases using only a small blood sample from a finger prick. Theranos' invention promised to be groundbreaking, potentially saving many lives while reducing costs and time. In contrast to current blood testing machines, which require venous draws and are time-consuming and expensive, miniLab represented a significant advancement in medical diagnostics. Due to these enticing promises, Theranos immediately received enthusiasm and support from investors, reaching a peak valuation of more than US\$ 9 billion. Among the first significant investors in Theranos were Tim Draper, the founder of the influential venture capital firm Draper Fisher Jurvetson, and Larry Ellison, the founder of Oracle (Hartmans et al., 2023). George Shultz, a former secretary of state, met Elizabeth Holmes in July 2011. During a two-hour meeting, Holmes charmed him into joining the board of directors (Parloff, 2014a).

To fund the company, Holmes raised \$6 million by December of 2004 (Auletta, 2014). Theranos continued to grow and prosper throughout the years and had more than \$92 million in

venture money at the end of 2010 (Weisul, 2019). Theranos had the chance to collaborate with Walgreens, the largest chain of drugstores in the US, to enter the mass consumer market. Walgreens provided space for Theranos's MiniLab machines in their stores across the country. This partnership claimed to provide a healthy lifestyle for consumers and to generate money to differentiate their company from their competitors (Carreyrou, 2018a).

Holmes attempted to reach an agreement with the Department of Defense (DoD) in 2011 (Johnson, 2015). She briefly presented her invention and its potential to save soldiers' lives to General Mattis, commander of the U.S. Central Command during a military event. Mattis immediately consented to a live field test because he was a fanatical protector of his soldiers. However, the agreement was halted when the DoD medical department authorities learned that Holmes had attempted to evade FDA approval (Carreyrou, 2018a).

Before September 2013, Elizabeth Holmes ran Theranos discreetly, without issuing press releases or establishing a company website, until the announcement of a partnership with Walgreens to introduce in-store blood sample collection centers (Leuty, 2013). In 2014, Holmes was featured on the covers of *Fortune*, *Forbes*, *The New York Times*, *Style Magazine*, and *Inc.* (Kulwin, 2015). *Forbes* named Holmes the world's youngest self-made female billionaire, ranking her #110 among *Forbes* 400 (Kroll, 2016). She had her name on 18 American patents and 66 international patents by the end of 2014 (Kim, 2015). Theranos raised over \$700 million from venture capitalists and private investors, leading to a valuation of \$10 billion at its highest point in 2013 and 2014 (Naughton, 2018).

Elizabeth Holmes signed agreements for utilizing Theranos technology with the Cleveland Clinic, Capital Blue Cross, and AmeriHealth Caritas (Weisul, 2019). Over the following three years, she established the most illustrious board in U.S. corporate history, many of which are drawn from former senior positions in the military and business field which included Henry Kissinger, Sam Nunn, and William H. Foege, the former director of the Centers for Disease Control and Prevention (Harris, 2016).

Regardless of the funding and time given to theranos, the company still failed to reach its promised goals. Holmes stopped developing the miniLab (one of the inventions that tested blood using only a few drops of blood) and started using traditional laboratory equipment (Carreyrou, Weaver & Michael, 2016). Theranos opted to transport patient blood samples from Walgreen stores to Theranos's headquarters for analysis via FedEx instead of deploying the promised equipment in Walgreens stores. Most of the tests would be conducted in the lab using standard equipment, including the Siemens Advia 1800 that had been modified to function with small blood samples (Levine, 2018). Holmes allegedly established a secret department to buy the FDA-approved commercial analyzers to prevent further disclosure of the problem. The board and investors believed Theranos' exclusive technology was being used for the tests (Crow, 2017).

Concerns were first expressed regarding Theranos' technology by Ian Gibbons, Theranos' head scientist, and one of the company's earliest hires, who advised Elizabeth that the tests were not ready

for the public to take and that the technology had flaws. Outside the company, scientists began to express their concerns about Theranos. Investigative journalists Carreyrou and the US Food and Drug Administration (FDA) questioned the company's technology and procedures in 2015. Theranos' technology was found to be less advanced and reliable than claimed, and it was discovered that most of the tests were being conducted using conventional blood testing techniques. Elizabeth Holmes was barred from the lab-testing industry for two years in July 2016. By October, Theranos had closed its labs and wellness centers. Elizabeth Holmes stepped down as CEO of Theranos in June 2018, following the criminal charges against her and the company. At the time, the company faced lawsuits from investors and patients who had relied on its blood-testing services. The lawsuit charges included wire fraud and conspiracy to conduct wire fraud. The US Department of Justice filed accusations against Elizabeth in connection with her position as Theranos' founder and CEO. Elizabeth and former Theranos COO Sunny Balwani were accused of participating in a scheme to defraud investors and clients by making false and misleading claims about the technology and capabilities of the business.

In 2019, Elizabeth got engaged to Billy Evans after a year and a half of dating. At the time, Evans was 27 years old, and Elizabeth was 35 years old. The case went to trial in 2021 after Holmes pleaded not guilty. In March 2021, Holmes requested a postponement of the trial due to her pregnancy and requested that the trial be postponed to August 31. Her request was granted, and she reportedly gave birth to her child in July. On November 18, 2022, Holmes was sentenced to 11.25 years in prison, with three years of supervised release beginning on April 27, 2022. However, she managed to delay the start of her supervised release by filing an appeal. while Balwani is currently incarcerated in the federal prison on San Pedro Terminal Island (Allyn, 2023).

Key Events in Theranos's and Elizabeth Holmes's History are displayed.

Table 10: Key Events in Theranos's and Elizabeth Holmes's History

Year	Description
1984	Elizabeth Holmes was born
2004	Holmes drops out of Stanford to found Theranos
2013	Holmes announces the partnership between Theranos and Walgreens
2014	Holmes named one of the richest women in America by Forbes
2014	Theranos has raised \$400 million by investors
2015 July	Theranos gets FDA approval for Herpes test
2015 Oct	Theranos is the subject of a Wall Street Journal investigation
2016 Jan	Federal regulatory authority's express concerns regarding Theranos' laboratory located in California
2016 June	Theranos experiences the loss of its primary retail partner "Walgreens"
2016 July	Holmes is banned from running labs for two years
2016 Oct	Theranos investor sues the company
2018 March	Holmes and Balwani charged with massive fraud
2018 Sept	Theranos company is dissolved
2018 June	Holmes and Balwani indicted on criminal fraud charges
2022 Jan	Holmes found guilty on four of 11 federal charges
2023	Holmes reported to a federal prison in Bryan, Texas

3.5.2. Theranos' CEO Elizabeth Holmes background

Christian Rasmus Holmes and Noel Anne Holmes gave birth to Elizabeth Holmes in 1984 in Washington, DC. Elizabeth's father was the vice president of the infamous Enron Corporation, which went bankrupt due to an accounting fraud scandal. Her mother served on the Congress Committee. Elizabeth grew up in a strong family with a notable family background. One of her great-great-grandfathers was Charles Louis Fleischmann, a Hungarian immigrant who founded the Fleischmann Yeast Company (Griffith & Woo, 2022). Holmes stated in an

interview that both her parents were in public service and her father was in disaster relief; hence, she grew up with a family that was focused on making a difference in the world (Vaara & Tienari, 2008: 985-993).

Elizabeth demonstrated a sense of superiority to men, even as a youngster. She gave an amazing response to the age-old question, "What do you want to be when you grow up?" She would say that she wanted to be a billionaire and discard the notion of becoming president, explaining that the president would want to marry her as a future millionaire (Carreyrou, 2018a). She also displayed an intense competitive streak when she was a child. She frequently played monopoly with her younger brother and cousin, and insisted on playing until she won, accumulating all the homes and hotels. When she was losing, she would frequently storm out (Hartmans et al., 2023). As Carreyrou pointed out in his book it was an early indication of her fierce competitiveness (2018).

Her family relocated to Houston when she was around ten years old, when her father accepted a job at Enron. She enrolled at St. John's which was, Houston's most prestigious private school and graduated in 2002, with a background in computer programming. Holmes established her work ethics in high school, often staying up late to study. She swiftly became a straight-A student and even began her own business, selling C++ compilers to Chinese schools, a sort of software that interprets computer codes. Her parents arranged for mandarin Chinese home tutoring, and halfway through high school, she began attending Stanford University's summer mandarin program, which was not available to high school students. However, she managed to persuade Stanford's administration to allow her to take the summer program, which enabled her to take a trip to Beijing in the summer of 2002, when she was just 18 years old (Hartmans et al., 2023). In Beijing, she met Ramesh Sunny Balwani, a Hindu entrepreneur of Pakistani origin who was 19 years older than Elizabeth and married to another woman. They became good friends throughout her time in Beijing and afterwards, when he came in to help her manage her business (Carreyrou, 2018a).

Holmes pursued a degree in chemical engineering at Stanford, as a freshman, because of her hard work she was selected as a "president's scholar," receiving a \$3,000 stipend to go toward a research project. After her first year of college, she worked as an intern at the Genome Institute of Singapore, where she collected blood samples with syringes and tested them for severe acute respiratory syndrome coronavirus (SARS-CoV-1). She was hired partly because of her fluency in Mandarin (Hartmans et al., 2023). After returning to the United States, she developed an idea of a wearable medical device that would administer medication, monitor patients' blood, and adjust the dosage as needed. She presented her ideas to her professor, Channing Robertson, who approved of it. In 2003, she applied for her first patent, March of the following year, she dropped out of Stanford School of Engineering, and used her tuition money to start a consumer healthcare technology firm called Theranos, in the basement of a college house (Auletta, 2014). In 2005, Elizabeth and Balwani rented an apartment together, at that time Balwani did not join Theranos formally, but he had been working behind the scenes as Elizabeth's advisor since the beginning of the business (Carreyrou, 2018b). He officially joined Theranos in 2009 where he was given the title of chief operating officer

(COO). Employees claim that Holmes and Balwani co-ran the business and that there was a culture of secrecy and fear. Holmes and Balwani were concerned with security to the point of making visitors to the company's headquarters sign non-disclosure agreements before being let in. They had security guards accompany visitors everywhere even to the restroom, security was also applied inside the company between her employees, the engineering and chemistry departments were not communicating (Carreyrou, 2018b).

Elizabeth Holmes adopted masculine persona when she began to gain power at Theranos reportedly using a phony deep baritone voice throughout most of her public appearances. She also began dressing like a man, imitating Steve Jobs preference for black turtlenecks (Carreyrou, 2018a). Her manly posture while sitting and her chopping hand motions further suggest male authority (McCarthy, 2019). Elizabeth was regarded as a strict supervisor during her tenure at Theranos; she seldom gave her staff members praise or recognition, and fired anyone who disobeyed her or opposed any of her unrealistic expectations (Borgerson, 2019).

According to Carreyrou (2018a), around 50 employees were terminated during her time as CEO. Her leadership style was criticized for lacking empathy, fostering a hostile work environment. Elizabeth was allegedly a workaholic who didn't have a work-life balance since she worked 16 hours a day, seven days a week, and only got four hours of sleep at night. She demanded the same level of dedication from her employees, whose hours she watched, and she questioned the loyalty of those who refused to comply with her demands (Carreyrou, 2018a). Elizabeth even had her assistant record when the staff came in and out of the office. She began supplying food to the workplace at 8 p.m. each night to encourage employees to work longer hours. Elizabeth expected complete loyalty from her staff, and if she sensed any deviation from this expectation, she would immediately turn against them. According to Johnson (2015), she was a self-centered leader who concentrated on protecting her territory and upholding status rather than collaborating with other organizations to further the common good.

Elizabeth Holmes is currently married to Billy Evans, an heir to the Evans Hotel Group, and has two children. She is sentenced to 11.5 years in jail by a federal jury on four of the eleven charges of conducting a fraudulent scheme against investors while running Theranos (Randazzo et al., 2022). In 2022 She was still fighting her convictions and had not yet started her sentence. In 2023 Holmes reported to a federal prison in Bryan Texas, about 100 miles outside of Houston, where she has family.

3.5.3. Does Elizabeth Holmes possess psychopathic characteristics

With the help of the short version of Hare's Psychopathic Checklist, which uses four domains, the researcher will try to determine whether Elizabeth Holmes could possibly have psychopathic

personality. The first relates to interpersonal traits and considers whether a person is superficial, grandiose, and/or deceitful. A corporate psychopath often possesses a superficial charm and is seen as charismatic and smart, and hence respected and valued among their peers. Elizabeth Holmes managed to charm not only one but half a dozen of very influential and rich men in both the business industry and the government. She was able to convince them to join her board of advisers. She was then able to manipulate them to keep her as CEO, even when she failed to deliver on multiple occasions. Elizabeth also convinced the public and media and even got multiple recognition during that time. The benefactor appointed her as one of three new members of the Harvard Medical School Board of Fellows (2015). She was named by Times magazine 'Times 100 most influential people' (2015). She was also named Woman of the Year by Glamour and received an Honorary Doctor of Humane Letters from Pepperdine University (Fenn, 2015). Holmes was a charismatic young entrepreneur with a compelling cause (Loria, 2015).

One of the catchiest phrases Elizabeth frequently used was "This is what happens when you work to change things, and first they think you're crazy, then they fight you, and then all of a sudden you change the world." She often talked about changing people's lives for the better, while being fully aware of what she had been doing, committing fraud, and fudging results. She was aware that she was not going to change the world. There are various lies where Holmes was caught telling about Theranos' finances and technology. Throughout the years, she has also lied about the company's alliances, income, and product lines.

According to Dr. Germain (2018), one of Narcissists' behavior is rejecting those who do not accept their opinions. When Holmes was displeased with an employee, she would frequently give them silent treatment, which is a narcissistic defensive technique used to punish others. Avoiding disagreement, blurring the truth, immersing oneself in work, blaming others for faults, acting as martyrs, forming alliances, and threatening lawsuits are some of the techniques Elizabeth used. In these aspects, Elizabeth Holmes fits the deceitful feature, pathological liar, narcissism, and displays the traits of superficial charm.

The second domain relates to the affective domain (lacks remorse, lacks empathy, and does not accept responsibility). Holmes is reported by Carreyrou (2018c) expressing a sentiment of prioritizing the company above all else, stating, "I don't care about changing people in and out. The company is what matters." Additionally, she emphasized the significance of the miniLab, a Theranos product, by declaring it as "the most crucial achievement humanity has ever made," indicating that those who disagreed should leave immediately. The actions of Elizabeth Holmes led Theranos to shut down, defrauded around 10 investors of around 600 million dollars (Carreyrou, 2018c), and caused harm to patients who depended on Theranos technology for their blood testing. Holmes exhibited no remorse for the devastation caused by Theranos. She has frequently minimized the seriousness of the flaws that contributed to the company's downfall, and she showed no remorse for thousands of individuals who lost their jobs or millions of dollars lost by investors. She never showed any remorse throughout her trial, and she even appealed her sentencing, which implies that she

believes she is innocent and does not deserve such a high punishment. She avoided all responsibilities and tried to avoid jailtime. Elizabeth Holmes fits the Lack of remorse and inability to take responsibility for her actions.

The third domain on Hare's checklist is lifestyle and it considers whether the person is impulsive and a risk taker, lacks goals, and is irresponsible. Elizabeth whole company idea was very risky from the start. She forged and manipulated numbers to attract investors. Her goals were unrealistic and far-fetched scientifically; some experts on the subject commented that Theranos technology is years away from being a reality and there was no way her technology would have worked, yet she was determined and irresponsible, hence risking people's lives and fortune. Theranos' technology produced incorrect findings in approximately one out of every ten tests, resulting in thousands of negative experiences for patients. Incidents of emotional pain caused by incorrect cancer diagnoses from Theranos testing were widespread among the 890,000 results produced each year (Das & Drolet, 2022). Furthermore, treatment decisions based on incorrect diagnoses are risky and may be fatal. The other sign of irresponsibility is when Elizabeth Holmes became pregnant to postpone her trial and later became pregnant again to gain sympathy and avoid reporting for her sentence in 2023. She married her husband Billy Evans amid her scandal, which might imply that she is irresponsible and lacks personal goals.

The final domain of the Hare's checklist covers antisocial behavior. According to the information obtained, Elizabeth did not have a work-life balance. She was allegedly a workaholic who did not have a work-life balance since she worked 16 hours a day, seven days a week, and only got four hours of sleep at night. Therefore, it is difficult to understand Elizabeth's social conduct completely using only this information.

Table 11: Holmes and the Assessment of Hare's Psychopathic Personality Checklist (PCL-R) Items

Interpersonal Domain		Points
1. Glibness /Superficial charm	Yes, she managed to charm very influential rich businessmen. She also managed to charm the media to the point where she was named by Times magazine 'Times 100 most influential people. She was also described as a charismatic young entrepreneur with a compelling cause (Loria, 2015).	2
2. Grandiose sense of self- worth (Narcissist)	Yes, self-important, she compared herself to her idol Steve jobs. Holmes displayed confidence in her own brilliance and was not interested in the expertise of others. When discussing her skin-patch idea, she disregarded the opinion of an expert who told her it wouldn't work (Torres, 2019).	2
3. Deceitful, Conning/manipulative	Yes, lied about the company's alliances, income, and product lines. Elizabeth was making false statements regarding the capabilities of Theranos' technology. Additionally, she deceived patients by advertising Theranos' blood testing equipment as accurate and trustworthy while fully aware of the flaws in the technology (Torres, 2019).	2
4. Pathological lying	Yes, she lied to her board of directors and investors. Elizabeth Holmes deliberately deceived doctors, patients, and investors by lying about her company report, lying to investors, and lying in internal emails (Woo, 2021).	2
Affective Domain		
5. Lack of remorse and guilt	Yes, no remorse for investor's money or patients' wellbeing. According to US authorities, Elizabeth Holmes continues to exhibit "no remorse to victims" and continued to reside on an estate that costs \$13,000 per month while she files an appeal (Duffy, 2023).	2
6. Shallow effect	Yes, displayed heartlessness and insensitivity. Holmes is reported by Carreyrou saying "I don't care. We can change the people in and out (Carreyrou, 2018a).	2
7. Callous/lack of empathy	Yes, didn't have any empathy for her victims and employees. Holmes had a shocking lack of empathy for her co-workers. Long working hours, constant pressure, and personal sacrifices were ignored as she followed her mission with determination (Cohn, 2021).	2
8. Failure to accept responsibility.	Yes, she blames her co-worker and until 2022 she still appealing to her sentencing. At trial Elizabeth Holmes "did not make any acceptance of responsibility" for her fraudulent actions (Cohn, 2021).	2
Lifestyle Domain		
9. Lacks realistic long-term goals.	Yes, she had unrealistic goals that were years from being possible. Elizabeth Holmes' lack of long-term goals contributed to a lack of direction and clarity inside the organization, resulting in errors and poor decision-making (Clayton, 2022).	2

Table 11: (cont.)

Interpersonal Domain		Points
10. Stimulation seeking	No evidence to support this	0
11. Parasitic lifestyle	Yes, she lived off companies' investments. Elizabeth lived a luxury lifestyle while leading Theranos, even though the firm was financially struggling (Cohn, 2021).	2
12. Promiscuous sexual behavior	No evidence to support this	0
13. Impulsivity	Yes, risk-taker, she publicly launched her product while fully aware that it wasn't yet suitable for usage by the public (Pazzanese, 2021). This decision had potential consequences for people's health (Pazzanese, 2021).	2
14. Irresponsible behavior	Yes, irresponsible with her investors' money and patients' life. Holmes knew the Edison machine she was selling to investors was a fake, but she was determined to make the firm profitable, even if it meant injuring patients and fooling investors (BBC news, 2022).	2
Anti-Social Domain		
15. Poor behavior control	Yes, bullying, controlling, treated her employees poorly. Theranos' high-pressure culture has a negative impact on staff well-being. Working long hours with little time for rest and recovery resulted in weariness, burnout, deterioration of mental and physical health (Chaturvedi, 2023).	2
16. Early behavior problems	No evidence to support this	0
17. Short-term marital relationships	No, married once to her present husband	0
18. Juvenile delinquency	No evidence to support this	0
19. Revocation of conditional release	No evidence to support this	0
20. Criminal versatility	Yes, convicted of the fraud for one count of conspiracy and three counts of wire fraud in connection with a multi-million-dollar scheme to defraud investors in Theranos, Inc. (U.S justice department, 2022).	2
Total Points		28

Elizabeth Holmes scored 28/40. She ranks highly on the interpersonal domain, affective domain, and lifestyle domain, which measure someone's lack of regret and unwillingness to accept responsibility, being superficial, grandiose, and/or deceitful, being impulsive, being a risk taker, lacking goals, and being irresponsible. These assessments are based on public information, including interviews, public records, and evidence compiled by investigative journalist Carriyou. She appeared to be reckless about investors' money and patient well-being. Her reputation for dishonesty and inauthenticity further strengthens this observation. She then receives points on each of the three dimensions for which we have data. This might indicate that she has some characteristics of a corporate/financial psychopath.

3.6. Case of Gerald Cotten

This portion of the chapter will provide a concise overview of QuadrigaCX, delve into Gerald Cotten's background, and assess his character using Hare's Psychopathy Checklist (PCL-R).

3.6.1. Brief History of QuadrigaCX

QuadrigaCX was co-founded by Gerald Cotten and his partner Michael Patryn in 2013, Quadriga CX is a cryptocurrency exchange company based in Vancouver Canada (OSC, 2020). QuadrigaCX registered as a money services business, the company's business model was simply an exchange between cryptocurrencies and Canadian Dollars. The company made money through transaction fees. There were few cryptocurrency exchanges in Canada at that time, so the business picked up many customers. In 2014, they installed the second Bitcoin ATM in Vancouver (Hui, 2014). And approximately C\$7.4 million worth of Bitcoin was exchanged that year (Castaldo et al., 2019).

In October 2014, Quadriga had a plan to go public by reverse merger with a shell company called Whiteside Capital Corporation, which required Quadriga to reorganize itself. Gerald Cotten announced that the company was going to go public and be listed on the Canadian stock exchange which would force the company to submit a full financial audit by Wolrige Mahon LLP (Harkin, 2015). Gerald Cotten stated in an interview with Bitcoin magazine that this process will provide transparency to its customers (Harkin, 2015). They raised C\$850,000 in capital from Canadian brokerage houses Haywood Securities, Jordan Capital Markets, PI Financial, and Wolverton Securities, but in early 2016, they cancelled plans to list on the stock exchange (Harkin, 2015).

In 2015, QuadrigaCX had approximately four employees with offices in Vancouver and Toronto (Castaldo et al., 2019). At this point, the company was struggling financially, and Quadriga's entire board resigned, leaving Cotten as Quadriga's only full-time employee (Castaldo et al., 2019). Gerald stopped running the company legally and ethically from a filing standpoint after all the employees, directors and officers left in January 2016 (Rich, 2019). Cotten became the sole director of QuadrigaCX and took full control of the company. Other than a few contractors, it had no employees, offices, or bank accounts thereafter (Vancouver sun, 2019). Owing to the unregulated nature of cryptocurrency, it is an easy target for hackers. Cotten took the cautionary step of storing most of the \$250 million cryptocurrency deposits Quadriga managed in so-called "cold wallets" (shore, 2019). A cold wallet is a type of cryptocurrency wallet that securely stores private crypto keys offline, typically on a physical device.

With the cryptocurrency bloom in 2017, QuadrigaCX exchanged C\$1.2 billion worth of bitcoin (Castaldo et al., 2019). The company earned a fee for every transaction. Amid all these transactions, QuadrigaCX announced that they lost \$14 million owing to a smart control error (software glitch)

(Butcher, 2017). In January 2018, the Canadian Imperial Bank of Commerce (CIBC) froze C\$ 28 million in accounts used by Quadriga to process some of its payments. The accounts remained frozen for several months, while the bank tried to find out the owner of the money because they suspected money laundry activities. Throughout 2018, as Bitcoin prices crashed, customers began experiencing a delay when attempting to withdraw Canadian dollars. After Bitcoin collapsed, withdrawal complaints turned into lawsuits, negative press, and the threat of a formal investigation (Rich, 2019).

On January 14, 2019, the CEO and sole director of QuadrigaCX, Gerald Cotten, was announced dead. According to Jennifer Robertson, Cotten's widow, he died on December 9, 2018, while traveling in India. He was admitted to a hospital in Jaipur the previous day and was diagnosed with septic shock, perforation, peritonitis, and intestinal obstruction. On the 9th he died after episodes of cardiac arrest (Rich, 2018). Investors were distressed when told that the encrypted digital assets he controlled in the cold wallets could not be accessed because only he knew the access codes (Rich, 2018). Until January 28 the company was still running and accepting all transactions except withdrawals (OSC, 2020). Customers of Quadriga had trouble getting their cryptocurrencies out of the exchange. Unlike cash transactions, which typically involve third-party payment processors, cryptocurrencies are expected to move directly from the exchange to the customer. However, these circumstances have raised questions about whether cryptocurrency funds were available. On January 28, 2019, QuadrigaCX halted all its operations for maintenance purposes and filed for creditor protection two days later (Posadzki, 2019a). Ernst & Young were hired to try and track down the money and try to recover the customers' money; they reported that QuadrigaCX had no bank account, no formal accounting system, and all exchanges were done by a third-party exchange company by Cotten himself. The entire company was run only by Gerlad's encrypted laptop from his home in the Fall River, Nova Scotia. QuadrigaCX has faced significant controversies and legal challenges (OSC, 2020). April 2019, QuadriagaCX entered bankruptcy proceedings after the efforts to recover the funds failed. In May 2019, Ernst & Young were able to recover only \$28 million in cash assets from the company, but the rest remained locked as cryptocurrency in the Cotten's cold wallet (OSC, 2020). Investigations indicate that, as Cotten ran out of funds, he used new investors' deposits to fund the old. At the end Cotten operated Quadriga like a Ponzi scheme (OSC, 2020).

Key Events in QuadrigaCX's and Gerald Cotten's History are displayed below.

Table 12: Key Events in QuadrigaCX's and Gerald Cotten's History

Year	Description
1988	Gerald Cotten was born
2010	Gerald Cotten graduated with bachelor's degree in business administration
2013	Gerald Cotten founded QuadrigaCX with his partner Patryn
2013 Oct	QuadrigaCX opens its first Bitcoin ATM
2014 May	Quadriga announces that it will accept gold exchanges
2015 Feb	Cotten and Patryn plans take Quadriga public. They raise \$850,000 CAD in capital from Canadian brokerage houses
2015 Feb	Two of Canada's biggest crypto exchanges shutter, making Quadriga the largest in Canada
2015 April	Quadriga renews plans to install Bitcoin ATMs across Canada
2015 Dec	Cotten sets up the fake Chris Markay account on Quadriga and started to conduct transaction through it
2016 Feb	Cotten's partner Patryn left Quadriga
2016 March	QuadrigaCX is banned from selling securities altogether when the British Columbia Securities Commission issues a cease trade order.
2016	Cotten assumes full control of QuadrigaCX after several executives resign
2017	Quadriga capitalizes on the Bitcoin boom, conducting more than \$1.2 billion in trades.
2018 Jan	CIBC freezes \$26 million in accounts used by Quadriga to process some of its payments.
2018 June	Gerald Cotten marries Jennifer Robertson
2018 Nov	Gerald Cotten files a will leaving all his assets to Robertson
2018 Dec	Cotten dies in India due to some complication from Crohn's disease
2019 Jan	Quadriga announces the death of its CEO Gerald Cotten
2019 Jan	Quadriga announces that the keys to the cold wallets of Quadriga cannot be obtained
2019 Jan	QuadrigaCX announces its bankruptcy.

3.6.2. QuadrigaCX's founder and CEO Gerald Cotton's Background

Gerald Cotten was born on May 11, 1988, in Fall River Canada, to Bruce and Cheryl Cotten, who worked as antique dealers in Belleville, Ontario, Canada. (Cruz, 2022). Gerald had an interest in business since he was young. Therefore, after finishing Ernestown High School, a private school in Canada, he enrolled in the Schulich School of Business at York University in Toronto, where he studied business administration (Cruz, 2022). In his teen years, he started experimenting with online digital finance, where he learned about digital currencies. When he was 15 years old, he began his own High-Yield Investment Programs (HYIP) chat site and launched his first pyramid scheme, S&S Investments (Rich, 2019). He graduated with a bachelor's degree in business administration in 2010 (Cruz, 2022).

In 2013, he moved to Vancouver, where he dived into the world of crypto currencies, specifically Bitcoin. He joined a club/community of entrepreneurs who were obsessed with Bitcoin (Rich, 2019). He attended meetups at coffee shops and dorm rooms organized by a core group of about 10 people, who called themselves the Vancouver Bitcoin Co-op (Rich, 2019). Gerald Cotten and Michael Patryn, a business partner, founded the cryptocurrency exchange QuadrigaCX in November 2013 (Rich, 2019). Although the cryptocurrency market was still in its infancy, QuadrigaCX quickly became well known. It stood out from the competition by offering the cheapest, quickest, and supposedly safest platform for trading Bitcoin (Rich, 2019). QuadrigaCX became the first Bitcoin trading platform in Canada to obtain a license from FinTRAC, enhancing its credibility. Additionally, the business installed Canada's only Bitcoin ATM in its office. Customers could also physically deposit gold with QuadrigaCX (Rich, 2019). Cotten frequently emphasized QuadrigaCX's Canadian base because it gave investors peace of mind regarding how their money was being managed. The exchange was officially launched on December 26th, 2013, which is known as the Boxing Day in Canada (Rich, 2019).

Gerald Cotten made many fake trading accounts on the platform to make it seem like there was a lot of trading happening. He admitted to this in the 2015 documents. However, he did not mention that he had used made-up money in these fake accounts (OSC Report, 2020). He traded fake Bitcoin for real Bitcoin and Canadian and American dollars, without telling anyone (Rich, 2019). He conducted 67,000 individual trades alone, placing enormous bets on fledgling currencies such as Dogecoin, OmiseGO, and Zcash (Rich, 2019). He created 14 fake accounts on Quadriga and used fictional names to perform these trades (Murphy, 2015). He simply gambled with his investors' money and lost a large portion of the funds. Cotten sustained real losses when the price of crypto assets changed, thereby creating a shortfall in assets available to satisfy client withdrawals (OSC Report, 2020). Not only did he gamble with the clients funds he also moved large amount of funds straight into his wallets and withdrew them to fund his luxurious lifestyle (Posadzki, 2019b).

At this point in his life, Gerald Cotten owned an island, four homes around Canada, 14 rental properties, a 51-foot yacht he named Gulliver, the Lexus, and the zippy single-engine airplane, a Cessna 400. He often took trips abroad with his girlfriend Jenifer Robertson, trips to Macchu Pichu, Dubai, Oman, Myanmar, the Maldives, and Rio de Janeiro, often in private jets (Rich, 2019). On October 8, 2018, Gerald married Jennifer Robertson in Scotland (OSC, 2020). Roughly a month later Cotten signs a will, leaving all his belongings to his new bride Robertson, including several properties, a 2017 Lexus, an airplane, a 2015 Mini Cooper and a 51-foot Jeanneau sailboat (Rich, 2019). He also left instructions specifying that C\$ 100,000 goes to his two dogs, Nitro and Gully (Rich, 2019).

On November 30, 2018, Cotten and his wife, Jennifer Robertson, arrived in New Delhi, India. They went to the country to celebrate their honeymoon and participate in the opening of an Angel House orphanage they sponsored (Globe & Mail, 2019). On their honeymoon in Jaipur, Cotten fell ill and died suddenly due to complications from Crohn's disease. His body was then brought back by his wife and buried in Canada. Following legal proceedings, which included an investigation by the RCMP and Ernst & Young (EY), revealed that Cotten had embezzled funds from the exchange. His actions caused QuadrigaCX to go bankrupt, resulting in significant financial losses for its clients. Gerald Cotten's death has been the subject of some conspiracy theories that argue he may still be alive. However, these theories are largely based on speculation, and lack strong supporting evidence. The circumstances surrounding Cotten's death, including official reports and documentation, indicate that he died in December 2018.

3.6.3. Does Gerald Cotten possess psychopathic characteristics

With the help of the short version of Hare's Psychopathic Checklist, which uses four domains, The researcher will try to determine whether Gerald could possibly have psychopathic personality traits. The first domain relates to interpersonal traits and considers whether the person is superficial, grandiose, pathologically liar, conning, and manipulative and/or deceitful. Gerald Cotten was known for his smiling face and quite manner of talking, he was described as "always smiling, really friendly, offering stuff," by Alex Salkeld one of the members of a Bitcoin circle who knew him personally (Rich, 2019). Cotten's wife later wrote a book and described Cotten as "a standoffish opinionated nerd, who doesn't like people much, but is very charming and much loved when he does get out and meet people" (Robertson, 2022). Using his friendly manner and captivating charm, he managed to build a sense of confidence within his circle of acquaintances and eventually among his clients as well. He skillfully misled both the media and experts in the field of cryptocurrency in Canada, leading them to promote his company. Cotten created a fake account named Chris Markay on the Quadriga platform, which he secretly controls. Under the pretense of this account, he launched operations with fake funds, utilizing them to acquire authentic bitcoins from unsuspecting Quadriga users. According

to the OSC report, Cotten progressively drained cryptocurrency from the exchange over time, all with the deliberate intention of deceiving and defrauding the platform's users (2020).

Despite all the financial difficulties faced by his company, Cotten and his wife continued to lead a lavish lifestyle. They went on adventures to 37 countries and acquired extravagant possessions such as a luxurious yacht, an airplane, multiple houses, and even a private island with intentions of developing it (Castaldo, 2022). While he reassured his clients regarding the safety of their funds stored in a cold wallet, blockchain analysts proved that nearly all the inaccessible wallets were empty. It was revealed that Cotten had moved the funds into his personal accounts on competitors exchanges (Rich, 2019). In these aspects Gerald Cotten fits the pathological liar, manipulative, deceitful, narcissism, superficial charm, and traits of grandiosity.

The second domain relates to the affective domain (lacking remorse, empathy, shallowness, and failure to accept responsibility). Due to his unexpected death before facing probable charges for his customers' financial losses, it is unclear if Gerald Cotten would have shown any remorse or empathy. If he hadn't died in India and instead staged an exit scam, it would be evidence of his utter lack of remorse and empathy toward the clients who lost millions worth of bitcoins. Even if he died in India, the level of recklessness shown in his operation of the exchange where he failed to keep basic accounting records clearly demonstrates a severe contempt for protecting his clients' assets. This behavior indicates a strong lack of accountability and a refusal to accept responsibility.

The third domain on Hare's checklist is lifestyle and considering whether the person is impulsive and a risk taker, lacks goals, and is irresponsible. Gerald was later revealed to be a significant risk-taker; he engaged in high stakes gambling with risky stocks, resulting in the loss of millions of Canadian dollars in single instances (Rich, 2019). According to Ernst & Young's postmortem investigation, Cotten resorted to using fake accounts on his own exchange to purchase customers' bitcoin, using nonexistent Canadian dollars, and then transferring the stolen assets to engage in risky bets on other exchanges (OSC, 2020). This reckless behavior went beyond financial aspects. Numerous homemade videos on his personal YouTube channel, "Gerryrulz," showed Gerry burning a \$20 bill in his microwave, toppling a Jenga tower with a massive teddy bear, and repeatedly failing to escape an amusement park maze (Gerryrulz, 2009). Indicating a pattern of impulsive actions and an inability to learn from mistakes. This tendency for taking risks is mirrored in his approach to handling bitcoin keys. Regrettably, Gerald Cotten failed to develop a long-term strategy for his company's future and demonstrated impulsiveness by carelessly gambling away his clients' money. These numerous bits of information paint a picture of him as a risk-taker with no defined aims and an impulsive and careless disposition. And he was using the funds he got from his customers to lead a very luxurious lifestyle with his wife. In this aspect, it can be concluded that Gerald Cotten was a risk-taker, irresponsible and was living a parasitic lifestyle.

The final domain on Hare's checklist covers antisocial behavior. Gerald Cotten was a mysterious character in high school, according to his childhood friend Scott Geroux. Cotten's quiet

demeanor, lack of involvement with extracurricular activities such as clubs, sports, or dances. Lack of appearance in class photographs all indicate that he kept a low profile and didn't participate much socially (CBC news, 2021). Because there may be little information accessible about an individual's interests, ideas, or goals, this style of personality can frequently make them appear strange to others. Cotten showed a talent for quick learning, launching his own HYIP chat platform at the age of 15 and a half, he launched his first pyramid scheme, S&S Investments (Castor, 2019). Most of his teenage years were spent scamming others online, resulting in a retreat from social connections and the development of an antisocial personality.

Table 13: Cotten and the Assessment of Hare's Psychopathic Personality Checklist (PCL-R) Items.

Interpersonal Domain		Points
1. Glibness /Superficial charm	Yes, he was described as having a smiley and charming personality. he was described as “always smiling, really friendly, offering stuff,” by Alex Salkeld one of the members of a Bitcoin circle who knew him personally (Rich, 2019). But ended up defrauding his customers.	2
2. Grandiose sense of self- worth (Narcissist)	Yes, led a luxurious lifestyle and owned an expensive fleet. Gerald and his wife travelled to 37 countries and accumulated extravagant possessions including a yacht, plane, houses, and a private island for development (Castaldo, 2022).	2
3. Deceitful, Conning/manipulative	Yes, fraudulent, he conducted a Ponzi scheme. Cotten progressively drained cryptocurrency from the exchange over time, all with the deliberate intention of deceiving and defrauding the platform's users (OSC, 2020).	2
4. Pathological lying	Yes, he lied to his investors and family about his entire business. While he reassured his clients regarding the safety of their funds stored in a cold wallet, blockchain analysts proved that nearly all the inaccessible wallets were empty (Walker, 2019).	2
Affective Domain		
5. Lack of remorse and guilt	Yes, no remorse for his victims, while gambling their funds away. Cotten was shown to have used dishonest tactics, such as setting up fake accounts with fraudulent balances, to hide operational flaws on the exchange. These behaviors don't line up with a sense of remorse or responsibility (OSC Report, 2020).	2
6. Shallow effect	Yes, displayed heartlessness and insensitivity. Following his death, it was discovered that Cotten held exclusive control over the exchange's private keys (Vancouver sun, 2019). Essentially preventing users from accessing their assets. This lack of contingency planning demonstrated insensitivity to users anticipated financial troubles.	2
7. Callous/lack of empathy	Yes, didn't have any empathy for his victims while using their funds. Not only did he gamble with the clients funds he also moved funds straight into his wallets and withdrew them to fund his luxurious lifestyle (Posadzki, 2019b)	2

Table 13: (cont.)

Interpersonal Domain		Points
8. Failure to accept responsibility.	Yes, blamed central banks for all his shortcomings. CIBC froze C\$28 million in Quadriga accounts due to suspected money laundering. The funds remained locked as the bank sought to identify the owner (Rich, 2019).	2
Lifestyle Domain		
9. Lacks realistic long-term goals.	Yes, he lacked long term goals for his Ponzi scheme and gambling habits. Cotten did not keep any accounting records. This lack of oversight and control contributed to the misappropriation of client assets and the inability to determine the true financial state of Quadriga (Deschamps, 2020).	2
10. Stimulation seeking	Yes, he had a legal business but went on to construct a Ponzi scheme and gamble away the customers' funds. Cotten reportedly loss of around US\$150 million of his customers' money to gambling (Bhagchandani, 2022).	2
11. Parasitic lifestyle	Yes, he used his investors' money to fund his lifestyle. Cotten moved millions of dollars from his clients' accounts to his and his wife's personal accounts between 2016 and 2018. The funds were utilized to buy various residences as well as cover their living and travel costs (Uda & Webber, 2021).	2
12. Promiscuous sexual behavior	No, was married to one woman	0
13. Impulsivity	Yes, he was a risk taker both in his business and personal life. Gerald was a significant risk-taker; he engaged in high stakes gambling with risky stocks, resulting in the loss of millions of Canadian dollars in single instances (Rich, 2019).	2
14. Irresponsible behavior	Yes, irresponsible with his customers' money. Gerald's recklessness is demonstrated by his handling of cold wallet keys and no backup plan (Murphy et al., 2020).	2
Anti-Social Domain		
15. Poor behavior control	No evidence to support this	0
16. Early behavior problems	Yes, he started scamming others online when he was a teenager. Gerald Cotten at age of 15 and a half, he launched his first pyramid scheme, S&S Investments (Castor, 2019).	2
17. Short-term marital relationships	Yes, married for less than a year before disappearing. On October 8, 2018, Gerald married Jennifer Robertson in Scotland (OSC, 2020). Roughly two months later Gerald fell ill and died.	2
18. Juvenile delinquency	No evidence to support this	0
19. Revocation of conditional release	No evidence to support this	0
20. Criminal versatility	Yes, proved to be a fraud. Cotten committed fraud by operating QuadrigaCX as a Ponzi scheme and defrauding his clients (OSC, 2020).	2
Total Points		32

Gerald Cotten scored 32/40 and he scores high in the Interpersonal, Affective, and Lifestyle categories, which are indicative of certain behavioral qualities, based on the information above. These categories evaluate traits, including lack of regret, denial of responsibility, superficiality, grandiosity, dishonesty, impulsivity, risk-taking behavior, lack of long-term objectives, and irresponsibility. Publicly accessible information on Gerald indicates that he displayed traits that fit into these areas. He presented himself with a grandiose persona, portraying himself as extremely accomplished and powerful. Additionally, Gerald is known for his charming smile and manipulative personality which adds to the impression of superficiality. Given these elements, Gerald scored well in each of the three categories related to the above areas. This suggests that he exhibited characteristics often found in people with psychopathic tendencies in finance.

3.7. Case of Markus Braun

This portion of the chapter will provide a concise overview of Wirecard, delve into Markus Braun's background, and assess his character using Hare's Psychopathy Checklist (PCL-R).

3.7.1. Brief History of Wirecard

Wirecard was established in Munich, Germany, in 1999 (Dohms, 2017). At the end of the dotcom boom, Wirecard initially provided financial services to the gambling and pornography businesses. At that time, the digital payment business was still a niche, so porn sites and online casinos were among the first customers (Vogel, 2019). However, it expanded rapidly in the early 2000s in the online payment transaction market. When it was at risk of shutting down in 2002, Markus Braun invested capital and joined as a CEO, modifying the business strategy to focus on offering Internet payment services, originally primarily gambling and pornographic websites. Under his leadership, Wirecard expanded its payment processing to the world of online gambling (Taub, 2023).

The company was listed on the Neuer Markt Stock Exchange in 2000 (Dohms, 2017). At that time, the stock prices were relatively low. It didn't join the Prime Standard stock market sector until it merged with InfoGenie, a firm previously listed on major stock markets, via a reverse IPO (Pressebox, 2004). Following this, Wirecard progressed to the TecDAX, a stock index monitoring the performance of the 30 largest German technology companies (Vogel, 2019). Later, it entered the DAX, a stock market index comprising the 40 largest German blue-chip corporations listed on the Frankfurt Stock Exchange (Dörner et al, 2018). In 2006, CEO Markus Braun pulled Wirecard into the banking sector through the acquisition of XCOM AG. This allowed Wirecard AG to enter the debit and credit card-issuing business, gaining a universal banking license (Rubio, 2020).

The company offered a wide range of goods that are ideal for both large and small enterprises. They provided companies with standard payment processing services, including point-of-sale (PoS) services, SEPA direct debits, online banking payments, and credit card processing. They also provide cutting-edge mobile payment options, including in-app payments, mobile card readers, and a platform specifically for mobile wallets and transactions (Rae, 2017). In addition, Wirecard offered a variety of risk management services, including fraud prevention measures, creditworthiness evaluations, and specialized options. They provide tools for evaluating and managing payment systems, such as enterprise integration, transaction testing, payment hubs, and even functions that allow users to choose their own PIN (Rae, 2017).

In 2007, Wirecard Asia Pacific opened doors to Singapore. It finalized its original Merge and Acquisitions agreement with the Singaporean company E-Credit Plus in 2009 (Rae, 2017). The corporation launched its mobile payments division in 2012 while also engaged in another merger and acquisition in the Asian market in Indonesia (Rae, 2017). Following that, Wirecard increased its footprint throughout Southeast Asia in 2013 while adopting cutting-edge technologies such as QR codes and near-field communications. As part of its continued growth efforts, the corporation expanded further by 2014, entering territories in Europe, the Middle East, Africa, and Asia (Rae, 2017). With the acquisition of the Brazilian payment service company Moip in 2016, it had grown into the South American market (Rae, 2017). In 2008, Wirecard was accused of suspicious merger and acquisition methods, aggressive profit-making, and money laundering charges related to illegal internet gambling in the United States. After the scandal, Wirecard's auditing company changed to Ernst and Young (EY). Jan Marsalek was named Chief Operations Officer (COO) in 2010. (Taub, 2023). Wirecard expanded to Singapore, New Zealand, Australia, South Africa, Turkey, the United States, Brazil, and China between 2007 and 2019 (Rae, 2017). At this point, Wirecard was a highly successful business, led by Marcus Braun.

Many Financial journalists have begun to question the company's integrity. The Financial Times FT blog, launched in April 2015 Alphaville questioned Wirecard's business model and criticized the company's accounting practices through a series of blog articles (McCrum, 2015). In 2015, The Financial Times began publishing articles exposing Wirecard's accounting issues under the supervision of the investigative reporter Dan McCrum, notably through websites such as FT Alphaville and the House of Wirecard. The Financial Times and Wirecard engaged in an extended conflict over the course of five years. The 101-page "Zatarra Report," which alleged fraud and money laundering in detail at Wirecard, was published in February 2016 (Zatarra, 2016). The German Manager Magazine published a comprehensive piece regarding Wirecard in February 2017 alleging false reporting methods (Dohms, 2017). According to the Financial Times, a senior executive was suspected of "falsifying accounts," "money laundering," and "round-tripping" in the company's Asia-Pacific activities (McCrum, 2019). Zatarra reported evidence showing that Wirecard Senior Officers and Board Members committed money laundering and facilitated the evasion of U.S. restrictions on internet gambling (Viceroy Research, 2020). It is believed that Wirecard intimidated journalists and

research agencies, who may have discovered accounting issues within the corporation. These tactics reportedly included threats and hacking attempts aimed at silencing or discrediting those investigating the company's financial practices. Journalist Dan McCrum and J Capital Research, for instance, described feeling intimidated in this way (McCrum & Maley, 2020). Internet watchdog Citizen's Lab discovered the "Dark Basins" hacking group, which focused on those looking into Wirecard's irregularities (Murphy, 2020). Despite these claims, Wirecard refutes the use of such strategies.

A large portion of Wirecard's global sales came from three clients: one in Dubai called Al-alam, one in Singapore called Senjo group, and a third known as PayEasy in the Philippines, according to McCrum's investigation into the company's operations in Asia. These companies did not exist at all, and Wirecard used all these clients to conceal their financial activities; however, it was later discovered that they were all fake companies (Taub, 2023). Wirecard used to move money from their Munich bank in Germany through a remote town in north England called Consett to all over the world, and it used this fake company in north of England to make it look legal (Taub, 2023). Despite all complaints and allegations against Wirecard, the North American prepaid debit card program from Citigroup was bought by Wirecard in January 2018 (Taub, 2023). Wirecard attained new heights as it surpassed Deutsche Bank in profits to enter the DAX 30 index for Germany's top 30 firms. Wirecard was valued at over €21.1 billion in 2018, making it the largest technology business in both Europe and Germany (Smith, 2018). With an estimated 5,000 personnel, Wirecard oversaw processing payments for almost a quarter of a million businesses, including well-known airlines and grocery chains. At that time, the company's CEO told investors that he expected sales and profitability to double over the next two years (Taub, 2023).

Wirecard recruited the accounting firm KPMG in 2019 for an independent audit to address allegations made by financial times and other journalists. In March 2020, Wirecard reported that no disparity was discovered during audits (KPMG 2020). The police investigated Wirecard's offices on June 5 as part of a criminal inquiry into possible false statements made to investors about the audit by CEO Markus Braun and three other board members (Storbeck & McCrum, 2020). Following an audit by Ernst & Young, the business disclosed on June 18, 2020, that €1.9 billion in cash was missing from the company's books (DGAP, 2020). The incident supported long-standing allegations of accounting irregularities and fraudulent activities against Wirecard. Wirecard first attempted to blame Philippine lenders for the stolen funds when they were discovered, but these lenders denied any connection with Wirecard. The Central Bank of the Philippines eventually confirmed that the claimed funds had never entered the country (Batino, 2020).

Accusations of artificially inflating Wirecard AG's sales figures with fictitious income resulted in the arrest of Markus Braun by German authorities on June 22, 2020 (Kowsmann, Bender, & Davies, 2020). In a recent testimony, Oliver Bellenhaus, who oversaw Wirecard's fake partner in Dubai, revealed that the company's Asian partnerships were fraudulent from the outset (Taub, 2023). On June 25th Wirecard files for insolvency and faced the termination of €800 million worth of loans

from lenders, with a further €500 million terminating on July 1st, 2020 (Syed, Casiraghi, & Graber). The Wirecard scandal had a big impact on the company's customers and stakeholders who invested in its operations. Many companies that relied on Wirecard's payment-processing services were stuck, with some suffering large financial losses due to fraudulent operations. Additionally, the value of Wirecard's shares deteriorated significantly. The crisis also increased public concern over the integrity of the banking industry and the sufficiency of financial legislation and oversight (Meagher, 2023). Key Events in Wirecard's and Markus Braun's History are displayed below.

Table 14: Key Events in Wirecard's and Markus Braun's History

Year	Description
1969	Markus Braun was born in Vienne, Austria
1999	Wirecard was established in Munich, Germany, in 1999 (Dohms, 2017). At the end of the dotcom boom.
2002	Wirecard merged with Electronic Business Systems and named Markus Braun as the CEO.
2006	Wirecard bought electronic banking called XCOM AG which advanced Wirecard into banking industry
2007	Wirecard Asia Pacific was founded in Singapore.
2008	Wirecard was accused of using unethical merger and acquisition practices and money-laundering in connection with US-based illegal online gambling.
2010	Wirecard begins its global expansion and Jan Marsalek is appointed COO.
2012	Wirecard open branch in Indonesia.
2014	Wirecard extended to Europe, the Middle East, Africa, and Asia.
2015	Wirecard's accounting records was under scrutiny by The Financial Times
2016	Wirecard extended to South American market
2016	Zatarra report was published about Wirecard's fraud.
2017	Ernst & Young issues audit report that everything at Wirecard was legal.
2018	A whistleblower raises allegations about Wirecards legality
2018	Wirecard bought Citigroup, the North American prepaid debit card program
2019	Wirecard recruited the accounting firm KPMG for an independent audit
Year	Description
2019	Wirecard's profits in Dubai and Dublin was exposed as exaggerated by Financial Times reports
April 2020	Wirecard revenue report was done by KPMG and the report raised doubts about the authenticity of the company's revenue
June 2020	Wirecard announces that the 'missing €1.9 billion in cash never existed. Later, it announces its decision to file for insolvency.

3.7.2. Wirecard's CEO Marcus Braun Background

Markus Braun was born on December 20, 1969, in Vienna, Austria, into a middle-class family. His mother worked as a teacher while his father ran a community college, which contributed to his upbringing (McCrum, 2022). When he enrolled at Vienna University of Technology in 1989, his path to academic and professional achievement began. He successfully completed his undergraduate studies in commercial computer science in 1995, which was a significant turning point in his educational career (Betz & Kim, 2021: 1386). After achieving a bachelor's degree, Braun enrolled in a master's program in business informatics at the Vienna University of Technology to continue his study. He finished this program in 1999, demonstrating his dedication to broadening his knowledge and skill sets (Betz & Kim, 2021: 1386). Markus Braun also attended the University of Vienna to earn his PhD in social and economic sciences in 2000 because of his commitment to academic achievement. Braun acquired useful real-world experience while working on his Ph.D. To combine academic learning with practical applications, he worked as a research assistant at the Institute for Applied Computer Science at the University of Vienna from 1995 to 1996 (Betz & Kim, 2021: 1386). His future ambitions and achievements in the field of economics and technology were shaped by a combination of intense academic training and practical hands-on experiences.

Markus Braun made a big milestone in his professional career in 1995 when he became a Senior consultant at the consulting firm Contrast Management Consulting. He developed his talents and learned insightful information about the business and technological worlds throughout this time. He probably assisted customers in navigating the complexity of their operations and IT systems and provided them with strategic recommendations. Markus Braun took a chance in 1998 after devoting himself to Contrast Management Consulting for three years. He was promoted to project manager for e-strategy at Munich-based KPMG India. This position most likely entailed overseeing e-strategy initiatives, which would have been a crucial sector in the late 1990s, as firms increasingly embraced digital technology and strategies. Braun worked for KPMG India for over four years, demonstrating his dedication and involvement in the company's efforts throughout that time. Markus Braun's career, however, had its biggest turning point in 2002 when he embraced a rare chance and made the risky decision to join Wirecard. He became not only an investor but also a co-founder and the CEO of the company. This action demonstrated his spirit of entrepreneurship and willingness to take chances to realize his goals. Braun's tenure as CEO would define a significant part of his career. Wirecard, under his direction, would eventually expand to become a major player in the financial technology industry. Markus Braun's path from Contrast Management Consulting to KPMG India to co-founding and running Wirecard in 2002 is evidence of his swift professional development and his capacity for taking opportunities and bringing significant changes to the company.

Markus Braun promoted the expansion of the Wirecard Group of companies with tremendous success. He was reinstalled as the CEO of Wirecard in 2017, because of his vast experience in digital payments. Braun's professional path encompassed not just leadership inside the organization but also

active involvement as a speaker at industry-related events and his appearance in a number of domestic and foreign media sources such as DLD Munich 19 in Munich, Bayern, Germany, Europe Jan 20,2019 (DLD Conference, 2019). He was Wirecard's largest individual shareholder as of June 24, 2020, holding more than 7% of the company's shares (Busvine & Geddie, 2019). Wirecard was listed in Forbes Magazine's list of the "Top 100 Most Innovative Growth Companies in the World" and is one of the top 30 most valued firms in Germany on the German stock market (DAX).

Braun is married to a woman called Sylvia, who used to work for him prior to the marriage; the couple lived in Vienna together with their daughter. Braun would spend the weekends with his family in Vienna (McCrum & Storbeck, 2020). As a multibillionaire, Markus Braun led a luxury life that was demonstrated by his possession of many residences, including two located in the same building as Wirecard's corporate offices. He also had a personal driver, and regularly went home to Vienna on weekends to spend time with his family (Storbeck, 2020). According to the paperwork obtained by the Financial Times, he owned two homes in Vienna and one in the Austrian ski town of Kitzbühel. These homes have a combined value of €30 million (Storbeck, 2020).

Markus Braun was involved in a legal battle in 2020, when he was accused of engaging in widespread commercial fraud, market manipulation, fraud, and embezzlement (Al Jazeera, 2022). Due to legal instability and Wirecard's stock price decrease, investors suffered significant financial losses, and job layoffs appeared unavoidable (Kelly, 2020).

3.7.3. Does Markus Braun Possess Psychopathic Characteristics

With the help of the short version of Hare's Psychopathic Checklist, which uses four domains, we will try to determine whether Markus Braun could possibly have psychopathic personality traits. The first relates to interpersonal traits and considers whether the person is superficial, grandiose, pathologically liar, conning, and manipulative and/or deceitful. The German public and media held a reputation for Markus Braun as a smart individual. The influential German business publication Handelsblatt went so far as to compare his influence on that of the Holy Spirit and referred to him as a genius who had had a big impact on German finance (Taub, 2023). As his fame increased, Mr. Braun found himself in the spotlight more frequently and became known as a premier speaker at technology and payment conferences. He was hailed as a "rock star" and a "hero" in these contexts (Alderman & Schuetze, 2020). Markus Braun used his prominent position and influence to deceive both investors and staff about fraudulent activities with the company's assets. It has been shown that many of his attempts to expand internationally were not legitimate (Taub, 2023). He misled investors by claiming that the business was expanding into Asia and the Middle East while in fact no such progress was being made, which defrauded investors. At the time, the company's valuation had risen to almost €20 billion. Investigative journalist McCrum, however, had previously discovered that these numbers were incorrect (McCrum, 2022).

People who display psychopathic characteristics frequently have the capacity to recognize and satisfy others' needs. Markus Braun, an Austrian operating his firm in Germany, took advantage of the intense sense of pride his staff members had at working for a well-known German technological company. In particular, he skillfully gathered support from the public and German media against outside forces trying to expose his fraudulent actions. For years to come, analysts believed in his ability to properly anticipate the scale of Wirecard's company due to his captivating character that he exhibited to the public (McCrum & Storbeck, 2020). Markus Braun had a well-off and luxurious lifestyle, which was demonstrated by the fact that he owned many homes, including two that were in the same building as Wirecard's corporate offices. He also had a personal driver on staff (Storbeck, 2020). He had two residences in Vienna and one in the Austrian ski resort of Kitzbühel, according to data obtained by the Financial Times. These homes have a combined market value of €30 million (Storbeck, 2020). In these aspects Markus Braun fits the Pathological liar, manipulative and deceitful, superficial charm, and traits of grandiosity.

The second domain relates to the affective domain (lacking remorse, empathy, shallowness, and failure to accept responsibility). Markus Braun ran into legal issues after being detained in Munich on suspicion of fraud. He has always maintained his innocence throughout the proceedings, claiming that he was an unknowing victim caught up in a plot run by Marsalek and other people. According to Vindobona (2023), Braun's attitude in the Wirecard trial highlights his denial of any involvement or knowledge of wrongdoing. This consistent commitment to proclaiming his innocence suggests that Braun continues to maintain his position, even in the face of legal challenges and public scrutiny. Throughout his court proceedings, which began in mid-February 2020, Markus Braun has displayed a remarkable sense of composure, consistently asserting his innocence in a resolute yet approachable manner (Storbeck, 2023). His refusal to accept responsibility for his failures demonstrates that he has no remorse for the investors he deceived or the employees who were laid off because of the Wirecard's collapse (Hinchliffe, 2020).

The third domain on Hare's checklist is Lifestyle and considers whether the person is impulsive and a risk taker, lacks goals, and is irresponsible. Markus Braun sought to inspire confidence and integrity in his technology advice (DLD Conference, 2019) and many people believed in him. However, he acted irresponsible with his investors' money by laundering it and being involved with illegal activities. He also acted irresponsibly with his employees by involving them with his illegal activities. Markus was a risk taker, he launched an Asia-Pacific subsidiary in Singapore and entered the US market through the acquisition of Citigroup's prepaid card services division, Markus had embarked on an aggressive international expansion which was an extremely risky decision (Teichmann et al., 2023). Throughout his time at Wirecard, Markus Braun lacked realistic goals, which caused numerous staff to resign. He presented investors with a series of overly optimistic estimates, anticipating a steady and unreasonable upward trajectory of earnings and growth. Notably, these estimates showed continuing performance with a 45-degree slope, which quickly aroused concerns. These issues worsened when the chief operational officer opted to resign from their

position, most likely due to the impractical nature of these targets (Taub, 2023). Braun's wife was a formal employee at Wirecard, but she was not the only female employee Braun had romantically approached over the years. Another lady remarked that as the company's value and Braun's fortune grew, the cost of rejecting his initial date request seemed to rise (McCrum, 2022). Braun lived a parasitic lifestyle in the sense that his lifestyle was funded by investors money and the fraud he was involved in. In this aspect, it can be concluded that Markus Braun was a risk-taker, irresponsible, had promiscuous sexual behavior, and was living a parasitic lifestyle.

The final domain on Hare's checklist covers antisocial behavior. Markus had always managed Wirecard's public relations behind the scenes, obsessing about news releases and using hostility and intimidation against his employees. Some employees were cautious about approaching him during times of declining stock prices, as reported by McCrum (2022). Apart from his office personality not much is known about his personal social life outside Wirecard.

Table 15: Braun and the Assessment of Hare's Psychopathic Personality Checklist (PCL-R) Items.

Interpersonal Domain		Points
1. Glibness /Superficial charm	Yes, Markus Braun was a very intelligent and accomplished man who had a PhD and a lot of experience with the market, he also displayed a charm that further manipulated the German public into trusting him. He made claims he could foresee the growth Wirecard and everyone believed him (McCrum & Storbeck, 2020).	2
2. Grandiose sense of self- worth (Narcissist)	Yes, he had a well-off and luxurious lifestyle, he owned many homes, including two that were in the same building as Wirecard's corporate offices. He bragged to his neighbors that he could buy their homes. He also had a personal driver on staff (Storbeck, 2020).	2
3. Deceitful, Conning/manipulative	Yes, he announced that by 2025 Wirecard would grow five times its size, but McCrum already knew the numbers were fake and Marcus was conning his investors (McCrum, 2020a).	2
4. Pathological lying	Yes, He lied about the innovative payment technology and systems, suggesting that it was at the forefront of the fintech industry. He also constantly lied about the company financial statements and company health (McCrum, 2020b).	2
Affective Domain		
5. Lack of remorse and guilt	Yes, he refused to accept responsibility for his failures shows that he has no remorse for the investors he deceived or the 730 employees who were laid off because of the Wirecard's collapse (Hinchliffe, 2020).	2
6. Shallow effect	Yes, displayed heartlessness and insensitivity. Braun downplayed the seriousness of the scandal even as it was unraveling. This behavior demonstrated insensitivity to the broader implications of their actions on the financial industry, regulatory authorities, and the public's trust in corporate governance.	2

Table 15: (cont.)

Interpersonal Domain		Points
7. Callous/lack of empathy	Yes, didn't have any empathy for his victims while using their funds. Braun's involvement in the accounting fraud at Wirecard led to significant financial losses for investors and merchants who trusted the company. His actions demonstrated a lack of empathy and concern for the financial well-being of these investors, many of whom suffered substantial losses. About 30,000 investors lost more than 1.5 billion euros in total (Jones, 2022).	2
8. Failure to accept responsibility.	Yes, He has maintained his innocence throughout the proceedings, claiming that he was an unknowing victim of the fraud, blaming others (Vindobona, 2023).	2
Lifestyle Domain		
9. Lacks realistic long-term goals.	Yes, He presented investors with a series of overly optimistic estimates, anticipating a steady and unreasonable upward trajectory of earnings and growth, which was unrealistic at the present market (Taub, 2023).	2
10. Stimulation seeking	No evidence to support this	0
11. Parasitic lifestyle	Yes, He lived a parasitic lifestyle in the sense that his lifestyle was funded by investors money and the fraud he was involved in (Storbeck, 2020).	2
Lifestyle Domain		
12. Promiscuous sexual behavior	Yes, it is reported romantically approached females who worked for him at Wirecard (McCrum, 2022).	2
13. Impulsivity	Yes, he was a risk taker, he launched an Asia-Pacific subsidiary in Singapore and entered the US market through the acquisition of Citigroup's prepaid card services division, Markus has thus embarked on an aggressive international expansion which was extremely risky decision. (Teichmann et al., 2023).	2
14. Irresponsible behavior	Yes, he was responsible for misleading investors and analysts about the company's financial health and prospects. This misrepresentation led to investors losing significant amounts of money, which can be seen as irresponsible behavior (Taub, 2023).	2
Anti-Social Domain		
15. Poor behavior control	Yes, he obsessed about news releases and used hostility and intimidation against his employees (McCrum, 2022).	2
16. Early behavior problems	No, evidence to support this	0
17. Short-term marital relationships	No, He is currently married	0
18. Juvenile delinquency	No evidence to support this	0
19. Revocation of conditional release	No evidence to support this	0
20. Criminal versatility	Yes, he was accused of engaging in widespread commercial fraud, market manipulation, fraud, and embezzlement (Al Jazeera, 2022)	2
Total Points		30

Marcus Braun scored 30/40, he ranks highly on the Interpersonal domain, Affective domain, and Lifestyle Domain. Braun exhibited traits typical of a corporate psychopath, such as manipulation, charm, superficiality, self-centeredness, impulsiveness, and a lack of remorse or empathy. He devastated the lives of many people through money laundering, commercial fraud, market manipulation, and embezzlement. He caused billions of dollars in losses, including retirement funds and savings of his investors all around the world. Despite his wrongdoings, Braun boldly maintained his innocence and portrayed himself as the victim. As the CEO of Wircard, he was aware of the company's illegal practices and had the authority to intervene in or report them. However, he facilitated the fraud and drove the company to its fall. He then receives points on each of the three dimensions for which we have the data. This implies that he had some characteristics of a corporate/financial psychopath.



FOURTH CHAPTER

4. FINDINGS

The goal of this qualitative study is to enhance the understanding of corporate/financial psychopathy in high-ranking executives. This was achieved by investigating the presence of psychopathic traits within CEOs of various organizations and determining connections between psychopathic traits and the CEO's behavior. Qualitative case studies were used to identify and investigate CEOs and business executives who had caused the collapse of their firms.

Initially, this study analyzed the traits of the CEOs and noted that each CEO exhibited some characteristics typical of a corporate psychopath. Furthermore, an emerging pattern indicated that most of the CEOs shared common characteristics from the Interpersonal, Affective, Lifestyle, and Anti-Social domains, such as superficial charm, lack of remorse, impulsivity and poor behavior control. This study revealed that all the CEOs under observation exhibited traits of corporate/financial psychopathy. Additionally, it demonstrated the relationship between these psychopathic traits and the behavior of CEOs. The research also examined and analyzed the organizational outcomes in relation to the CEOs demonstrating corporate psychopathic traits. Clear patterns emerged, indicating an initial phase of short-term financial success that strengthened the reputation of these CEOs, reinforcing their traits. However, this success eventually led to business failure, followed by bankruptcy proceedings and, ultimately, legal indictments.

The study found that all seven CEOs examined exhibited common psychopathic traits, with their companies experiencing similar outcomes. This indicates a correlation between CEO attitudes and organizational results. By understanding these characteristics displayed by CEOs, firms can anticipate and address potential negative outcomes, thus protecting against adverse consequences.

4.1. Results

In a series of case studies, seven CEOs were closely examined. These studies examined incidents wherein CEOs were accused, convicted, or considered guilty for participating in fraudulent actions. And ultimately led to the collapse of their respective firms. Seven information-rich cases of CEOs, including Bernard Madoff, Jeffery Skilling, Richard Fuld, Jordan Belfort, Elizabeth Holmes, Gerald Cotten and Markus Braun, were specifically chosen for evaluation. These individuals were

regarded as members of the highest tier of management within respected business fields in three different countries, as illustrated in table 1.16 below.

Data was collected on individual cases characterizing and documenting the CEOs' demographics, personality attributes, behaviors, and organizational outcomes. Bankruptcies, indictments, charges, and negative impacts on the organization were common outcomes across all cases. The researcher used the same criteria and matrixes to collect and assess all the data within each individual case.

The cases were found to have several traits commonly associated with corporate/financial psychopathy. This led to a comparative analysis to identify similarities and recurring themes in demographics, characteristics, and business outcomes across the cases. The study included an examination of each CEO's individual personality traits linked to the organizational downfall. These identified patterns could function as early warning indicators, potentially alerting companies ahead of time.

Table 16: The CEOs, Organizations, and Industries

CEO	Organization	Industry	Country
Bernard Madoff	Madoff Investments	Finance/ Investment	United State of America
Jeff Skilling	Enron	Energy	United State of America
Richard Fuld Jr	Lehman Brothers	Finance/ Investment	United State of America
Jordan Belfort	Stratton Oakmont	Finance/ Investment	United State of America
Elizabeth Holmes	Theranos	Healthcare	United State of America
Gerald Cotten	QuadrigaCX	Fintech (Finance/Technology)	Canada
Markus Braun	Wirecard	Fintech (Finance/Technology)	Germany

This study also analyzed the demographic backgrounds of CEOs to identify common factors that link them together. The CEO's Demographics is demonstrated below.

Table 17: CEO Demographics

CEO Demographics	CEOs						
	Bernard Madoff	Jeffery Skilling	Richard Fuld	Jordan Belfort	Elizabeth Holmes	Gerald Cotten	Markus Braun
Year born	1938	1953	1946	1962	1984	1988	1969
Current Age ²	Died at 82	69	77	61	39	Died at 30	54
Age at a critical Time ³	71	53	62	37	34	30	53
Highest Education	BA political science	BA Business & MBA	BA Business & MBA	BS Biology	College Dropout	BA Business	PhD in social & economic sciences
Title	CEO	COO, CEO	CEO	CEO	CEO	CEO	CEO
Years as CEO	48	5	15	10	14	5	18
Marital status	Married	Married twice	Married	Married four times	Married	Married	Married
Birthplace	New York City	Pittsburgh Pennsylvania	New York City	New York	Washington, DC.	Fall River Canada	Vienna, Austria
Children	2 Boys	1 Girl, 2 Boys	2 Girls, 1 Boy	1 Girl, 1 Boys	1 Girl, 1 Boy	None	1 Girl
Organization	Securities	Energy	Finance	Investments	Health Care	Fintech	Fintech
Hobbies	Snow skiing	Extreme sports	weightlifting		None	Video Games	
Ethnicity	Caucasian	Caucasian	Caucasian	Caucasian	Caucasian	Caucasian	Caucasian
Religion	Jewish	Methodist	Jewish	Jewish	Christianity	Christianity	
Gender	Male	Male	Male	Male	Female	Male	Male
Childhood Economic Status	Poor	Middle class	Wealthy	Middle class	Wealthy	Middle class	Middle class

4.2. Research Questions

The study was guided by two primary research questions. The first sought to explore the relationship between CEO's psychopathic traits and short-term financial performance compared to the long-term risk of bankruptcy for their companies. The second aimed to identify and understand

² The current age of the CEO as of 2023

³ Age at critical time is the age the CEO was when the organization failed.

corporate and financial psychopathic behavioral patterns to determine if this knowledge could help firms prevent corporate fraud, bankruptcies, and scandals associated with CEOs.

4.2.1. Research question 1

This section seeks to address the first research question by analyzing the organizational outcomes of the firms led by the CEO under scrutiny.

Research Question 1: What is the relationship between CEO psychopathic traits and short-term financial performance versus long-term risk of bankruptcy for their respective companies?

The case studies offered comprehensive representations of significant events in both the CEOs' lives and their respective organizations, outlining specific incidents that occurred throughout the organizations' histories. Through the analysis of these events, the study aimed to reveal a pattern of initial short-term success followed by eventual failure, thereby showing the underlying factors that contributed to the organization's downfall.

In Table 1.18, the organizational outcomes of all the cases under observation are illustrated in detail. This table provides a comprehensive overview of the various impacts that the CEOs' behaviors and traits had on their respective organizations, which includes short financial performance, Business Failure, Bankruptcy, Indictment and CEO Convictions/ Jail time. Additionally, the table highlights recurring patterns and themes observed across the different cases, offering valuable insights into how psychopathic traits in CEOs can lead to significant organizational challenges and failures.

Table 18: Organizational Outcomes

Cases/ Organizations	Organizational Outcomes				
	Short-term financial success	Business Failure	Bankruptcy	Indictment	CEO Convictions/ Jail time
Madoff Investments	Madoff Securities was a prominent player in the trading of US securities, had assets amounting to around \$300 million in 2000(Merced,2008)	Madoff Investments failed when Madoff's Ponzi scheme unraveled (David, 2008).	Madoff's confession to federal charges led Bernard L. Madoff Investment Securities to be dissolved (Bandler, 2009b).	Bernard Madoff was charged with eleven counts of perjury, securities fraud, and money laundering (Storbeck, 2019).	Bernard Madoff was sentenced to life in prison (Storbeck, 2019).
Enron	Enron's stock price surged from \$20 to \$90 within a single year (Beckett, 2023)	Enron disclosed a substantial third-quarter loss amounting to \$618 million in 2001(Enron Fast, 2019).	Enron sought Chapter 11 bankruptcy protection in 2001 (Enron Fast, 2019).	Jeffery skilling was charged with fraud and insider trading (Enron Fast, 2019),	Jeffery skilling was sentenced to 24 years in prison (Teather, 2006).

Table 18: (cont.)

Cases/ Organizations	Organizational Outcomes				
	Short-term financial success	Business Failure	Bankruptcy	Indictment	CEO Convictions/ Jail time
Lehman Brothers	Lehman Brothers had grown to be the fourth largest investment bank in the country by the year 2007 (CFI, 2023)	Lehman Brothers lost 619 billion dollars in debt in 2008 (Letts, 2018)	Lehman Brothers filed for bankruptcy (Harvard University, 2019).	Fuld was under investigation regarding Lehman Brothers' collapse, (Sims, 2014)	Richard Fuld was not convicted
Stratton Oakmont	Stratton Oakmont in the 1990 was the largest off-exchange trading company in the US (Mathews, 1996).	Stratton Oakmont stopped operating after being expelled from NASD (Mathews, 1996).	Stratton Oakmont was liquidated (NY Times, 1997).	Jordan Belfort was charged with security fraud and money laundering in 1998 (Newby, 2014).	Jordan was sentenced to four years in 1999 (Paluteder, 2022).
Theranos	Theranos reached its highest point in 2013-2014 where the company valued at \$10 billion (Naughton, 2018).	Theranos was dissolved in 2018 after the CEO was sued by the investors (Rosenblatt, 2018)	Theranos ceased operations and dissolved on September 4, 2018 (Abelson, 2018)	Elizabeth was charged with one count of conspiracy to commit fraud and three counts of committing fraud	Elizabeth is sentenced to 11.5 years in jail by a federal jury (Randazzo et al, 2022)
QuadrigaCX	QuadrigaCX was the largest bit coin exchange in Canada in 2015 (Castaldo et al., 2019).	QuadrigaCX CEO's death and lost keys to the cold wallet resulted in the loss of millions (OSC, 2020).	QuadrigaCX halted operations and filed for bankruptcy, (MacDonald, 2019b).	Gerald Cotton, died before his Ponzi scheme was discovered hence, he didn't face any criminal charges	Gerald Cotton was not convicted
Wirecard	Wirecard was valued more on the stock market at the time than Deutsche Bank. (Vogel, 2019)	Wirecard was dissolved in November 2020 (Storbeck & Dombey, 2020).	Wirecard filed for bankruptcy, and it was experiencing the immediate termination of €800 million in loans (Syed et al, 2020).	Braun was charged with fraud, market manipulation, fraud, and embezzlement (Al Jazeera, 2022).	Markus Braun is not convicted yet

By observing organizational outcomes, four emerging themes were revealed. All seven observed cases exhibited short-term financial success but in the long run it was followed by business failure, then bankruptcy and ultimately the indictment of the CEOs, as seen in table 1.19 below.

Table 19: Emerging Themes

1. Short-term financial success
2. Business Failure
3. Bankruptcy
4. Indictment

The first emerging theme of organizational outcome was short term financial success. In the case of Madoff Investment, the firm was at its peak when Bernard Madoff was running it. In 1986 he was named by the Financial World's list of the 100 highest-paid executives on Wall Street (Berenson et al., 2008). By the year 2000, Madoff Securities, a prominent player in the trading of US securities, had assets amounting to around \$300 million (Merced, 2008). This meant that his business was a huge success. In the case of Enron, shortly after Jeffery Skilling became the president, the company skyrocketed. In 1998, Enron's stock price was \$20.00 per share, soaring to an all-time high in 2000 with intra-day trading reaching \$90.75 and closing at \$90.00 per share (Beckett, 2023). In the case of Lehman Brothers, the bank was a huge success shortly after Richard Fuld gained leadership. In 2007 it had grown to be the fourth largest investment bank in the country (CFI, 2023). In the case of Stratton Oakmont, the firm achieved remarkable success on Wall Street. By 1990, it had reached its peak, boasting a workforce of over 1,000 brokers. The firm was heavily engaged in stock issues exceeding \$1 billion and emerged as the largest off-exchange trading company in the United States. Additionally, Stratton Oakmont managed initial public offerings (IPOs) for 35 prestigious brands, such as Steve Madden (Editorial staff interviews, 2014). Furthermore, in the case of Theranos, the company raised over \$700 million from venture capitalists and private investors, leading to a valuation of \$10 billion at its highest point in 2013 and 2014 (Naughton, 2018). In the case of QuadrigaCX, the company made approximately C\$7.4 million worth of Bitcoin exchanged in 2014 (Castaldo et al., 2019). Making it the largest bit coin exchange in Canada in 2015. Lastly in the case of Wirecard, the company expanded quickly and was included in the TecDax in 2006. In September, the firm pushed out the legendary Commerzbank off the DAX. Wirecard was valued more on the stock market at the time than Deutsche Bank (Vogel, 2019).

The second emerging theme of organizational outcome was business failure. Madoff's Ponzi scheme eventually unraveled, leading him to confess to his wife and son about his fraudulent activities. Subsequently, they immediately reported him to the FBI the following day (David, 2008). Enron made a significant announcement regarding an accounting restatement for previous quarters stretching back to 1997. Additionally, the company disclosed a substantial third-quarter loss amounting to \$618 million (Enron Fast, 2019). Lehman Brothers lost 619 billion dollars in debt in 2008 when it announced its bankruptcy (Letts, 2018). Stratton Oakmont stopped operating after being expelled from The National Association of Securities Dealers NASD (Mathews, 1996). Theranos was dissolved in 2018 after the CEO was sued by the investors (Rosenblatt, 2018). The vanishing of

QuadrigaCX's CEO along with the keys to the company's cold wallet led to the loss of millions of dollars and ultimately resulted in the company's bankruptcy (OSC, 2020). Wirecard was dissolved in November 2020 after selling the assets of its primary business unit to Santander Bank for €100 million. Other properties, including those in North America, the United Kingdom, and Brazil, have earlier been sold at undisclosed rates (Storbeck & Dombey, 2020).

The third emerging theme organizational outcome theme was bankruptcy. After Madoff's confession to federal charges, Bernard L. Madoff Investment Securities was dissolved (Bandler, 2009a). This dissolution marked the conclusion of the firm's operations in the wake of Madoff's criminal actions. In Enron's case the company sought Chapter 11 bankruptcy protection (Enron Fast, 2019). Filing for Chapter 11 bankruptcy protection allowed the company to reorganize its affairs and address its financial difficulties through a structured legal process. Likewise, Lehman Brothers financial issues cause them to file for bankruptcy (Harvard University, 2019). Lehman's bankruptcy was the largest in U.S. history (Mamudi, 2008). The firm's financial figures were staggering, with reported assets totaling \$639 billion and debts amounting to \$619 billion (Letts, 2018). Following court proceedings, the court ordered the liquidation of Stratton Oakmont. Despite the firm's efforts to reestablish itself as a merchant bank within the confines of bankruptcy regulations, Judge John E. Sprizzo of the United States District Court for the Southern District of New York ruled in favor of appointing a trustee to oversee the liquidation process (NY. Times, 1997). Furthermore, Theranos ceased operations and dissolved on September 4, 2018 (Abelson, 2018), after the CEO was charged with fraud. QuadrigaCX halted its operations and filed for bankruptcy, disclosing liabilities amounting to approximately C\$215.7 million and only C\$28 million of assets was recovered (MacDonald, 2019a). Wirecard filed for bankruptcy on June 25th, 2020, and the company was experiencing the immediate termination of €800 million in loans from lenders. Furthermore, an additional €500 million in loans was set to be terminated on July 1st, 2020 (Syed et al, 2020).

The last emerging theme was Indictments. Bernard Madoff was sentenced to life in prison for eleven counts of perjury, securities fraud, and money laundering (Storbeck, 2019). Jeffery Skilling was convicted with thirty-five charges of fraud and insider trading (Enron Fast, 2019), and was sentenced to 24 years in prison (Teather, 2006). Fuld and other Lehman Brothers's executives were under investigation regarding Lehman Brothers' collapse, eventually all eight members of the SEC's Lehman Brothers team unanimously agreed to end their investigation, while the FBI also terminated their criminal investigation without finding enough evidence to file charges (Sims, 2014). Furthermore, Jordan Belfort was charged with security fraud and money laundering in 1998 (Newby, 2014). And also, Elizabeth Holmes was charged with of one count of conspiracy to commit fraud on investors and three counts of committing fraud on individual investors, which involved wire transfers totaling more than \$140 million (U.S. V. Elizabeth Holmes, Et Al., 2019). Gerald Cotten, died before his Ponzi scheme was discovered hence, he didn't face any criminal charges. Markus Braun was charged in 2020 of engaging in widespread commercial fraud, market manipulation, fraud, and embezzlement (Al Jazeera, 2022). He has not been convicted yet.

4.2.2. Research Question 2

This section seeks to address the second research question by analyzing the characteristics and behaviors of the CEOs under scrutiny

Research Question 2: Can identifying and understanding corporate/financial psychopathic behavioral patterns help firms prevent corporate fraud and bankruptcies related to CEOs?

The distinguishing characteristics and behaviors associated with financial/corporate psychopathy were thoroughly analyzed for each of the chosen CEOs, and the findings were presented. Further comparison of corporate/financial psychopathy traits across the cases is presented in table 1.20, shedding light on similarities and differences. These insights led to the identification of an emerging theme, which is outlined in table 1.21. Finally, these observations led to the discovery of a developing pattern, as illustrated in Table 1.22. This structured approach provides a comprehensive breakdown of the relevant psychopathic traits, their variations across cases, and the broader themes and patterns that emerged from the analysis.

Table 20: Corporate/Financial Psychopathy and CEO Characteristics/Traits

Corporate/financial psychopathy Characteristics.	CEOs						
	Bernard Madoff	Jeffery Skilling	Richard Fuld	Jordan Belfort	Elizabeth Holmes	Gerald Cotten	Markus Braun
Glibness /Superficial charm	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Grandiose (Narcissist)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Deceitful and manipulative	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pathological lying	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lack of remorse & guilt	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shallow effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Callous/lack of empathy	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Failure accept responsibility.	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lacks long-term goals.	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 20: (cont.)

Corporate/financial psychopathy Characteristics	CEOs						
	Bernard Madoff	Jeffery Skilling	Richard Fuld	Jordan Belfort	Elizabeth Holmes	Gerald Cotten	Markus Braun
Stimulation seeking	Yes	Yes	Yes	Yes	No evidence	Yes	No evidence
Parasitic lifestyle	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Promiscuous sexual behavior	Yes	Yes	Yes	Yes	No evidence	No evidence	Yes
Impulsivity	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Irresponsible behavior	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Poor behavior control	Yes	Yes	Yes	Yes	Yes	No evidence	Yes
Early behavior problems	No evidence	No evidence	No evidence	No evidence	No evidence	Yes	No evidence
short-term marital relationships	No evidence	No evidence	No evidence	Yes	No evidence	Yes	No evidence
Juvenile delinquency	No evidence	No evidence	No evidence	No evidence	No evidence	No evidence	No evidence
Revocation of conditional release	No evidence	No evidence	No evidence	Yes	No evidence	No evidence	No evidence
Criminal versatility	Yes	Yes	No evidence	Yes	Yes	Yes	Yes

All the cases analyzed exhibited common traits similar to those associated with corporate/financial psychopathy. These include characteristics from interpersonal domain, affective domain, lifestyle domain and some from anti-social domain. This suggests that all the cases examined shared certain characteristics of a corporate/financial psychopath.

Table 21: Emerging Themes

Corporate/financial psychopathy Characteristics/Traits	
Glibness /Superficial charm	Lacks realistic long-term goals.
Grandiose sense of self- worth (Narcissist)	Stimulation seeking
Deceitful, Conning/manipulative	Parasitic lifestyle
Pathological lying	Impulsivity
Lack of remorse and guilt	Irresponsible behavior
Shallow effect	Poor behavior control
Callous/lack of empathy	Criminal versatility
Failure to accept responsibility.	

All the seven CEOs investigated in this study have shown these common psychopathic traits and their companies have experienced similar outcomes. This suggests that there is a correlation between the CEOs' attitudes and the organization's outcomes. Although understanding these characteristics exhibited by the CEOs can help firms anticipate and mitigate potential negative outcomes, it is hard to safeguard against negative consequences caused by these CEOs. This is because these traits can often be misinterpreted as positive attributes until the organization experiences a catastrophic downfall due to the actions of these CEOs.

Traits commonly associated with psychopathy, such as charisma, charm, and assertiveness, can initially be perceived as positive attributes in a CEO. For example, a charismatic and confident leader may inspire trust and confidence among stakeholders, leading them to believe that the CEO is capable and effective. However, these same traits can mask more harmful tendencies associated with psychopathy, such as manipulateness, deceitfulness, and a lack of empathy. These negative aspects of psychopathy may not be immediately apparent and could go unnoticed or be overlooked until they manifest in harmful behaviors that jeopardize the organization's success.

Table 22: Emerging Patterns

Corporate/financial psychopathy Characteristics/Traits	Outcomes
Glibness /Superficial charm Grandiose sense of self- worth (Narcissist) Deceitful, Conning/manipulative Pathological lying Lack of remorse and guilt Shallow effect Callous/lack of empathy Failure to accept responsibility. Stimulation seeking Parasitic lifestyle Impulsivity Irresponsible behavior Poor behavior control Criminal versatility	Short-term financial success Business Failure Bankruptcy Indictment

When CEO traits such as charisma, charm, and assertiveness are employed without ethical considerations or empathy, they can lead to quick and significant financial success. This strategy can enhance the CEO's reputation, build trust among employees and the board, and hence strengthen their leadership capacity. However, these same qualities, when not guided by ethics, are insufficient for long-term financial stability. CEOs with an unethical mindset often turn to fraud and manipulation to maintain the company's financial health. This approach is typically unsustainable over the long run. When their fraudulent actions are uncovered, these CEOs usually face charges and indictments,

resulting in legal repercussions. This exposure frequently leads to financial scandals, bankruptcy, and ultimately the organization's collapse.

4.3. Evaluation of the Findings

According to Boddy's (2011: 255-259) study, the corporate Psychopaths argument of the global financial crises is acknowledged as being plausible and extremely relevant when given to management academics in debate. It offers a hypothesis that brings together many of the diverse explanations for the global financial crisis, and as such, it requires further study. As Boddy (2011: 255-259) explained that the corporate psychopath's theory of the global financial crisis is that changes in the way people are employed have facilitated the rise of Corporate Psychopaths to senior positions. Corporate/financial psychopaths and their personal greed in those positions has created the crisis. The lack of knowledge about corporate/financial psychopath and their leadership style, including identifying the Corporate/financial psychopaths' traits in Interpersonal, Affective, Lifestyle, Anti-Social Domains among corporate executives prompted this study. Corporate/financial psychopathic conduct, which includes characteristics such as manipulation, dishonesty, and a lack of empathy, can have serious consequences in the financial industry. Individuals and organizations can be better positioned to recognize and minimize potential risks if they understand the signs and characteristics of corporate/financial psychopathy. The dark triad is composed of psychopathy, narcissism and Machiavellianism. Empirical study into the dark triad is crucial to understanding its impact within the corporate and financial industry (Jones & Hare, 2015). Furthermore, the study may also offer insight into the poorly understood concept of a successful psychopath (Hall & Benning, 2006: 459-478). The relationship between organizational outcome and the traits displayed by the CEOs is explained by the help of Hare's psychopathic personality checklist.

This qualitative case study focused on the identification and examination of seven CEOs who caused the downfall of their respective companies. Initially, Corporate/financial psychopaths characteristics and traits were examined to obtain knowledge on their degree of variation and similarity and were identified through situations demonstrated by individual CEOs in the research. Several case studies were examined in which the CEO or an executive of a firm was convicted, indicted, or accountable for fraud that resulted in the company's collapse. Organizations have been left powerless due to a lack of indications or warning signals for identifying corporate/financial psychopath characteristics and traits connected with negative outcomes, such as frauds and bankruptcy. This pattern that shows the interplay between attributes, traits, and outcomes can be used to act as an indication or as an early warning to signal businesses to be aware of the dark side of their leaders, giving the businesses the ability to identify and predict these leaders, thereby potentially preventing the development of corporate fraud.

Although predicting an organizational failure solely by observing the CEO's behavior is extremely difficult, noticing and paying attention to their actions can help the board decide to remove the CEO before their actions cause harm. This proactive approach allows the board to intervene early, potentially preventing the negative consequences of their actions and safeguarding the company's future.

4.4. Summary

Through various case studies, executive leaders were observed and evaluated. These cases involved CEOs who were charged, found guilty, or held accountable for committing fraud that resulted in the collapse of their organizations. Seven CEO were specifically chosen for evaluation, namely Bernie Madoff, Jeffery Skilling, Richard Fuld, Jordan Belfort, Elizabeth Holmes, Gerald Cotten and Markus Braun. These individuals represent the very highest rank of management. Data was collected on each individual case, documenting the demographics of the CEOs, the history of their organizations, the background of the CEOs, and the outcomes of the organizations under their leadership. The study identified and discussed the outcomes of the organizations in relation to leaders exhibiting corporate psychopathic characteristics. Due to these circumstances, the corporation had negative outcomes such as business failure, bankruptcy, indictments, CEO convictions/jail time. A cross-case analysis was conducted to identify similarities, revealing a common pattern among all seven organizations. Each organization experienced business failure, bankruptcy, and the indictment of its CEO. The cases provided a clear explanation of the distinctive features, actions, and characteristics of corporate psychopathy shown by the CEOs. Comparing these cases revealed similarities and recurrent patterns in the personality traits demonstrated by these CEOs in various contexts. This analysis highlighted recurring themes across different situations. These themes were directly correlated to the effects felt by the organizations. The conduct of corporate executives showed a direct correlation with the outcomes of the firm, such as cases of fraud and the collapse of businesses. Although understanding these characteristics exhibited by the CEOs can help firms anticipate and mitigate potential negative outcomes, it is hard to safeguard against negative consequences caused by these CEOs. This is because these traits can often be misinterpreted as positive attributes until the organization experiences a catastrophic downfall due to the actions of these CEOs.

FIFTH CHAPTER

5. IMPLICATIONS, RECOMMENDATIONS, AND CONCLUSIONS

The problem explored by this researcher is the persistent occurrence of corporate/financial psychopathy among corporate executives and CEOs across various organizations, and its impact on organizations. As CEOs cause companies to collapse, there is a leadership crisis (Singh, 2007), needing an investigation into the underlying causes of this crises. Organizations are often powerless because they lack indicators or warning signals to recognize the characteristics and actions of corporate/financial psychopaths. These traits are often linked to negative consequences, such as frauds and organizational failure. Harms and Spain (2015) underlined the need to understand and identify negative traits and actions displayed by company CEOs. They also stressed the importance of identifying patterns that can act as warning signs or indicators for firms, suggesting the possibility that their corporate executives may possess these negative characteristics. Understanding the risks of having a leader with psychopathic inclinations and the possible threats they bring to the organization's future becomes vital with this insight. If corporate /financial psychopaths can be identified early the company has a higher chance of preventing them from committing fraud. The aim of this study is to provide a pattern of traits that can act as an indicator.

The purpose of this study was to gain better understanding of CEOs who exhibit corporate/financial psychopathy. It accomplished this by examining the characteristics and actions of these CEOs in business settings and identifying patterns.

The researcher preferred to conduct a case study research design as it involves conducting a thorough and extensive investigation into a singular individual or group, either at a specific point in time or over an extended period as described by Creswell (2014). The findings were based on real-world evidence such as observations, reports, media, and past interviews. This method enabled the researcher to go deeper into certain topics and utilize extra resources to learn more about them. This approach was chosen to offer a thorough account of a specific scenario or event. The purpose of rich descriptive case studies was to get full knowledge, especially where preceding research was limited. The goal of exploratory case studies was to fill information gaps. To acquire a deeper understanding of the phenomena of corporate/financial psychopathy in leadership, a multiple case study design with seven carefully selected CEOs was adopted. Data was gathered on personal attributes, traits, actions, and organizational outcomes. The literature review was used to develop items that allowed the researcher to create initial data collection matrices. As data was collected for each of the seven CEOs, it then allowed the researcher to complete and analyze the forms which then determined consistent

themes and patterns. The implications of the study were clarified by answering each research question and supporting them with the study's conclusion. The study also identified and described factors that affected how the research outcomes were viewed. It described how these factors are related to the research question, the objective of the study, and their addition to current literature and frameworks. The study also analyzed how well the findings fit with known theories and previous research. Furthermore, the study included practical application recommendations, detailing how the findings may be utilized in both theoretical and practical situations. The approach, findings, and implications also established a foundation for future studies by recommending what they may learn, build on, and improve upon while considering the study's limitations.

5.1. Implications

The first research question was: “What is the relationship between CEO psychopathic traits and short-term financial performance versus long-term risk of bankruptcy for their respective companies?” The organizations initially experienced short-term financial gains, but this success was eventually overshadowed by long-term business failure and bankruptcy. Ultimately, this downward spiral led to legal repercussions, including indictments and convictions of CEOs, resulting in jail time. Four common themes emerged from the data; short-term financial success, Business Failure, Bankruptcy and, Indictment all of which were observed across the researched organizations.

Qualitative traces of corporate/financial psychopathic characteristics displayed by the selected CEOs have been identified. When these traits are consistently found throughout previous corporate frauds and failures, they serve as an indicator or a warning to the organizations. Using Robert Hare psychopathic checklist in organizational settings was seen as crucial for spotting psychopathic leaders identifying potential dark traits in leaders already within the organization. This approach aimed to prevent individuals with psychopathic personality traits from advancing in the corporate hierarchy and potentially causing harm to the organization. In response to organizational frauds and failure, the emphasis was on better understanding leaders who exhibited signs of corporate/financial psychopathy. This knowledge was intended to identify leaders who were likely to participate in actions that might lead to white-collar crime (Cohen, 2014). It was critical to examine how corporate/financial psychopathy traits function in people's lives and how they relate to their behaviors. This examination reveals a pattern where these traits initially contribute to short-term financial success but ultimately lead to fraud and organizational failure in the long run.

The findings align with the research, as the traits observed in all CEOs across the case studies classify them as corporate/financial psychopaths. These CEOs were the reasons for the organizational outcomes found including financial success in the short term followed by long term business failure and bankruptcy, which eventually led to indictment. These outcomes emerged across all seven of the cases.

The second research question focused on identifying and understanding corporate/financial psychopathic behavioral patterns could assist firms in preventing corporate fraud and bankruptcies related to CEOs. Within the research, the personal characteristics and traits of the selected CEOs gave rise to themes associated with each corporate/financial psychopathic trait that stood out. These themes were categorized into different domains: In the Interpersonal Domain, the following traits emerged: 1. Glibness/Superficial charm, 2. Grandiose sense of self-worth (Narcissist), 3. Deceitful, Conning/manipulative, and 4. Pathological lying. Within the Affective Domain, the following themes were observed: 1. Lack of remorse and guilt, 2. Shallow effect, 3. Callous/lack of empathy, and 4. Failure to accept responsibility. In the Lifestyle Domain, the research revealed the following themes: 1. Lacks realistic long-term goals, 2. Stimulation seeking, 3. Parasitic lifestyle, 4. Impulsivity, and 5. Irresponsible behavior. Lastly, in the Anti-Social Domain, the research identified the following themes: 1. Poor behavior control and 2. Criminal versatility.

According to the research findings, the CEOs of the firms under consideration were thought to reflect their organizations. The outcomes of these organizations were connected to the emerging personality traits. All seven CEOs displayed characteristics, traits, and behaviors consistent with corporate/financial psychopathy, can be classified as individuals displaying corporate/financial psychopathy.

5.2. Recommendations for Practice

Psychopaths in the business world are generally found at upper levels of an organization, and their actions frequently have an impact on the entire organization (Walker, 2005). Many criteria for filling top executive positions in large corporations resemble the basic characteristics of a psychopath. For example, recruiters frequently look for high-energy, intelligent, fast-moving people who ooze charm, charismatic and appear to be able to persuade and influence others to fill executive positions, and psychopaths can look that way as well (Babiak, 1995: 171). These traits are sometimes mistaken for leadership at first, but over time, these individuals remorselessly manipulate, charm, deceive, and bully their way into favor. They frequently build highly successful careers for themselves while destroying everyone in their path. This study provides firms with the ability to understand corporate/financial psychopathic traits in the business field. This knowledge may be useful in recruiting, dealing with present leadership, and being aware of the possible negative effects that these characteristics may have on an organization. Organizations can be trained to recognize the traits and behaviors of corporate/financial psychopaths in the business arena as most people are unaware of the concept.

This research contributes to our understanding of the identifiable characteristics of corporate/financial psychopaths. Their implications and effects on organizations by examining seven CEOs whose characteristics and behaviors resulted in negative outcomes for their employees,

stakeholders, and investors. The study sheds light on CEOs who have engaged in fraudulent or unethical activities, posing serious threats to the survival of their organizations. These leaders' actions not only compromise the integrity of their companies but also undermine trust in the broader business community. Identifying and addressing such behavior is crucial for maintaining ethical standards and ensuring the long-term sustainability of organizations. It served as an initial point of observation, focusing on CEOs and upper-level executives and assessed the ethical climate set by these top leaders.

This study has huge implications for HR professionals and company boards. It highlights the importance of hiring and monitoring CEOs carefully to prevent unethical behavior that can harm the company. HR teams need to be vigilant in selecting leaders with integrity, while boards must actively oversee CEO actions to protect the organization's reputation and future. They can use the data to identify and choose individuals for leadership positions who do not exhibit the damaging personality traits and behaviors outlined in the study. Furthermore, this study holds significant relevance for business students preparing to enter the corporate world, where they may encounter corporate psychopaths. Armed with this knowledge, students can learn to identify such individuals and protect themselves from potential harm. Organizations may build a healthier and more ethical corporate culture while limiting the risks associated with executives who display such negative characteristics.

5.3. Recommendations for Future Research

This study focused on CEOs from well-known areas such as finance, energy, investment, healthcare, and fintech who had experienced highly publicized downfalls in the United States, Canada, and Germany. The study's goal was to help us understand corporate/financial psychopaths and their impact on the organizational outcome. It is crucial to highlight that this study has limitations.

Future study should broaden its scope to include CEOs from firms outside of these locations to see if corporate/financial psychopathic CEOs have comparable personality traits, and behaviors on a worldwide basis. This larger viewpoint may provide useful insights into the universality or regional variations of corporate/financial psychopathy in leadership roles. There are future study possibilities to widen the scope by integrating CEOs from these other areas.

Furthermore, while this study focused on previous CEOs, there is a need for future research into present CEOs and managers. It's worth mentioning that the study focused on firms that have experienced problems such as fraud, scandals, and bankruptcy. Future studies might look at corporate/financial psychopathic tendencies in currently successful businesses.

Although the results clearly showed that the CEOs' characteristics, traits, and behaviors correlated with corporate/financial psychopathy, statistical testing was not performed in this study. Future research might use statistical approaches to validate and further investigate the findings of this study. This might help firms, particularly human resources departments, implement findings across the corporation and among the larger business community in an efficient and successful manner. Statistics would make it easier to put the research findings into practice, assisting in the identification and management of individuals with potentially harmful personality traits in leadership roles.

5.4. Conclusion

In conclusion, this thesis explores the difficult and essential arena of corporate/financial psychopathy in leadership, concentrating especially on CEOs from diverse sectors. The researcher investigated the personal characteristics and behaviors of these individuals using qualitative analysis, which resulted in negative effects for their organizations, workers, stakeholders, and investors. One essential aspect of this study is that it investigates CEOs who have recently been classified as frauds in a structured way to determine if they exhibit psychopathic characteristics. This research combines psychology and leadership to better understand how corporate/financial psychopaths affect the lives of their workers, investors, and others who rely on them. The case studies presented in this study demonstrate how executives with significant psychopathic traits can negatively impact organizations in terms of ethics, finances, and employees.

Corporate/financial psychopathic characteristics and behaviors were found in all seven cases of CEOs and resulted in several patterns of organizational outcomes including short term financial success, business failure, bankruptcy, and indictments. The patterns of traits identified included characteristics from interpersonal domain, affective domain, lifestyle domain and some from anti-social domain.

Based on the qualitative research conducted to answer the first research question, which examines the relationship between CEO psychopathic traits and short-term financial performance versus long-term risk of bankruptcy, it can be concluded that all seven cases under observation exhibited significant signs of corporate/financial psychopathy. These cases demonstrated initial short-term financial success followed by long-term bankruptcy. This suggests a direct correlation between CEOs with psychopathic traits and short-term financial performance, as well as a direct correlation between CEOs with psychopathic traits and long-term risk of bankruptcy.

Based on the qualitative research conducted to address research question 2, which explores whether identifying and understanding corporate/financial psychopathic behavioral patterns can help firms prevent corporate fraud and bankruptcies related to CEOs, the findings suggest that such

understanding can indeed be instrumental. By recognizing and comprehending these behavioral patterns, firms may proactively mitigate the risks associated with corporate fraud and bankruptcies linked to CEOs. However, it is difficult to safeguard against negative consequences caused by these CEOs. This is because these traits can often be misinterpreted as positive attributes until the organization experiences a catastrophic downfall due to the actions of these CEOs.

This backs up the idea that we should avoid hiring corporate/financial psychopathic individuals in positions where they have significant control over other people's resources. Given the vast sums of money they are expected to handle. This study results agree with some researchers who recommended that CEOs and other corporate leaders should be tested for psychopathic tendencies (Deutschman, 2005; Mathieu et al., 2012: 288-293).



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Educational Background:

Master of social sciences 2021-2024	Karadeniz Technical University Business Administration	GPA 3.33/4
Undergraduate (Lebanon) 2014-2018	Lebanese International University Bachelor's degree in Banking and Finance	GPA 3.96/4
High school (Tanzania) 2007-2010	Al-Qaem Seminary School	DIVISION 2

Professional Background:

Azania (Dar es Salaam, Tanzania) July 2020 – July 2021 Sales Accountant

- Recorded and maintained the accounting system (SAP).
- Accurately and efficiently handled cash transactions.
- Collected cash, checks, and credit card payments from customers.
- Issued receipts to customers.
- Supervised salespeople, drivers and loaders

Smiles Beach Hotel (Zanzibar, Tanzania) April 2019 – September 2019 Finance Assistant

- Reconciled bank statements with company records.
- Assisted in preparing financial statements (Quarterly, Semi-Annual, and Annually).

- Created payroll.
- Used POS machines to charge and refund clients.
- Handled day-to-day cashier activities.
- Audited previously recorded accounts.
- Assisted in generating company statistics.
- Recorded financial data on an online accounting system (Wave accounting system).

Kings Medical Health Center (Dar es Salaam, Tanzania) 2016 – 2017 Front Office Coordinator

- Ensured excellent customer service to all patients and visitors.
- Managed filing system for insurance claims and other documents.
- Received payment by cash, check, and automatic debits.
- Issued receipts, refunds, credits, and change to customers.
- Conducted cash count and ensured adequate change in cash drawers.
- Prepared letters and reports and provided information regarding bills and payments.

Certifications:

- Acquired International English Language Testing System (IELTS) certificate with an overall score of 7.5.
- Completed Course – Tally Accounting Systems, including modules on introduction to Tally, basic reports viewing, printing, backup, exporting, and bank reconciliation.
- Computer skills – Proficient in MS Office (Word, Excel, PowerPoint).
- Online Courses – Corporate & Business Strategy (CFI), Introduction to Corporate Finance, and Reading Financial Statements.