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The Verbal and Non-Verbal Indicators of Deceit in Financial and Political Fraud: A Case Study of Bernard L. Madoff, Chen Shui-Bien and Bo Xilai

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The Verbal and Non-Verbal Indicators of Deceit in Financial and Political Fraud
A Case Study of Bernard L. Madoff, Chen Shui-Bien and Bo XiLai

By:

Vivian Wu

A Dissertation Presented to the
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This dissertation was submitted by Vivian Wu under the direction of the chair of the dissertation committee listed below. It was submitted to the College of Arts, Humanities, and Social Sciences and approved in partial fulfillment for the degree of Doctor of Philosophy in Conflict Analysis and Resolution at Nova Southeastern University.

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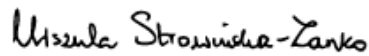
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Dustin Berna, Ph.D.
Chair

Dedication

This dissertation is dedicated to my grandmother, Pwo Pwo, and to my auntie, Eva Wu, and my fiancé, Ken Lam. Although my grandmother is no longer alive to see me finish my doctorate, I would have never completed this dissertation without their unconditional love, sacrifice, and faith in me.

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Abstract

From the earliest financial scams of the seventeenth century, through the headline-grabbing Wall Street scandals of our time, financial fraud and embezzlement have damaged both domestic and global economic systems. Preventative measures are the best way to reduce fraud. Fraudsters are adaptive and will find ways to circumvent such measures. Detecting fraud is essential once the prevention mechanisms have failed. This dissertation investigated the inherent problems of financial fraud detection for high stake fraudsters in the corporate and political fields in the United States, China and Taiwan. Both verbal and non-verbal signs of deception were examined in the case studies of Bernie Madoff, Taiwanese ex-president Chen Shiu-Bian, and former Chinese politician Bo XiLai. I was interested in determining what factors are key to the success of a high-stake liar? What are the behaviors to look for in liars? Do these behaviors apply to Madoff, Chen and Bo? What was it about their communication styles that convinced their followers and clients to believe them and ignore signs of fraud? Do high-stake liars have different or the same verbal cues and non-verbal cues across the American, Chinese and Taiwanese cultures? Are there consistent patterns and indicators of their body language? If there are, can we apply these same patterns to predicate the next high-stake fraud? My research results show that while observing both verbal and non-verbal communication styles, patterns develop, and these patterns can be used as indicators to help business intelligence and to predict future financial fraud.

Chapter One: Introduction

There are some frauds so well conducted that it would be
stupidity not to be deceived by them.

-Charles Caleb Colton, English Writer, 1836

On December 11, 2008, Bernard Madoff, the former NASDAQ Chairman and founder of the Wall Street firm Bernard L. Madoff Investment Securities LLC, was arrested by federal authorities. The Madoff investment scandal is one of the largest accounting frauds in American history. The complaint stated that Madoff had defrauded his clients of almost $65 billion dollars. Madoff admitted of committing investor fraud and money laundering and pleaded guilty to 11 federal crimes and was sentenced to 150 years in prison. On September 11, 2009 the former Taiwanese President, Chen Shui-Bian was sentenced to life in prison for corruption and embezzlement. Chen, the former Democratic Progressive Party leader, was the first non-Nationalist to lead since Chiang Kai-shek fled there at the end of the civil war in 1949. The high-profile and politically charged case also involved Chen's wife who was sentenced to life in prison along with several relatives and personal aides. The former president and first lady of Taiwan had been fined for a total of NT$500m, this is equivalent to $15 million dollars. Exactly three years later, in Shandong, China, the unusually charismatic and former Chongqing Community Party Chief, Bo Xilai was found guilty on all charges of bribery, corruption and abuse of power. Subsequently, he was sentenced to life in prison by the Intermediate People's Court. His wife, Gu Kai Lai was involved in the murder of an England businessman Neil Heywood, she was sentenced to life in prison by the same court. It was the criminal ''trial of the century'' that finally end the political star who was at one point destined to be promoted to the inner sanctum of China's political elite.

Fraud and political corruption have had a long history going back to more than two thousand years. One of the first documented examples of fraud occurred in 300 B.C. and dealt with a Greek sea merchant named Hegestratos. He took out an insurance policy against his ship and its cargo, this type of policy was known as a *bottomry*. The merchant borrowed the bottomry prior to the voyage and when the ship and its cargo arrived at its destination, the loan was paid back with interest. If the loan was not repaid, the boat and its cargo were repossessed. Hegestratos planned to sink his empty ship, sell the cargo and then keep the loan. However, his plan backfired. After being caught in the act of sinking his ship, he was chased off the ship and drowned trying to escape.

As for more recent examples of fraud, corporate malfeasance, and/or political corruption since 1998 include Waste Management (1998: reported $1.7 billion in fake earning) to the Enron (2001: kept $74 billion debt off their balance sheet), to the 2005 government funded Freddie Mac and 2006 Fannie Mae fraud that helped the 2008 to 2011 housing crash, to the more recent Lehman Brothers (2008: 50 billion). Additional high-profile accounting scandals such as AIG, WorldCom, Satyam, Tyco and Madoff Investment Security have cost investors billions of dollars and eroded confidence in published financial statements. The potential for the perpetration of accounting fraud is unfortunately not an infrequent occurrence. A general definition of accounting fraud is the "intentional misrepresentation or alteration of accounting records regarding sales, revenues, expenses, and other factors for a profit motive such as inflating company stock values, obtaining more favorable financing, or avoiding debt obligations" (Business Dictionary, 2012). The reasons for the frequent phenomenon of accounting fraud are countless; specifically, greed, lack of transparency, poor management information, and

poor accounting internal controls signify some of the various explanations for accounting fraud. There have been numerous accounting fraud scandals occurring in recent decades with major corporations. When a company's fraudulent financial reporting is investigated and discovered, the consequences are ultimately detrimental to the company and their leadership; specifically, bankruptcy and/or prison. A recent example of this would be the "Pharma Bro's Martin Shkreli" case. Martin Shkreli was the co-founder and former CEO of biotechnology firm Retrophin, and found and former CEO of Turing Pharmaceuticals. In September 2015, Shkreli received widespread criticism when Turing Pharmaceuticals obtained the manufacturing license for the antiphrastic drug Daraprim and raise its price by a factor of 56 (from $13.5 per pill to $750 per pill) and this led him to be referred to by the media as "the most hated man in America" and "Pharma Bro" (http://www.bbc.com/news/world-us-canada-43352073 BBC, 2018). In December 2015, Shkreli was arrested by the FBI for federal charges of securities fraud and was convicted of two counts of securities fraud and one count of conspiring to commit securities fraud. Subsequently, he was sentenced to seven years in federal prison and received $7.4 million in fines (http://www.bbc.com/news/world-us-canada-43352073 BBC 2018). Despite of Shkreli's arrest, his company was able to recover from the actions of fraudsters, by means of investigation, restatements of falsely reported financial statements, and/or accurate financial reporting. Too often, corporate bankruptcy results from fraud and examples would include Enron, Lehman Brothers and Madoff Securities LLC. Very rarely would we see an example of a profitable company that was able to remain in business following a large accounting fraud scandal.

Economic fraud knows no national borders. They happen in every sector of society and in all financial and political arenas. When China began to experiment with capitalism in the late 20th century, many government officials became entrepreneurs. The Communist Party encouraged local officials to compete for investment. These local officials gained enormous power, which they used to demand bribes, distribute resources and provide favors. Some of these political officials believed they were above the law, such as those who abused Chen Guangcheng and his subordinate Bo Xi lai. Over time, the Chinese approach facilitated growth; arguably, this growth is not sustainable. Some Chinese became wealthy, others entered the new middle class, and still others were excluded from this socioeconomic transformation. As a result of this, many Chinese citizens do not safe or secure and they cannot protect their livelihoods or obtain jobs because they cannot prove residency or property rights. Moreover, they have been directly impacted by the side effects of corruption, such as consuming unsafe foods, un-inspected buildings and public transportations. Undeniably, corruption is a moral pollution. It is the illegal, unethical, and unauthorized exploitation of one's political or official position for personal gain or advantage. Common acts of political corruption include taking a bribe, graft, fraud, kickbacks, the misappropriation of public funds, favoritism, and nepotism.

In recent years, the highest profiled Chinese politicians, former security chief Zhou Yongkang and one-time high-flier Bo Xilai, formed a "clique" together. China charged former domestic security chief Zhou Yongkang with a series of corruption charges including bribery, abuse of power and leaking state secrets. According to W*orld News* (March 29, 2014), China has frozen bank accounts with deposits totaling 37 billion

yuan ($5.9 billion) and seized domestic and overseas bonds and stocks with a combined value of 51 billion yuan ($8.12 billion) after raiding homes in Beijing, Shanghai and five additional provinces. Zhou is the most senior Chinese politician to be ensnared in a corruption investigation since the Communist Party came to power in 1949. Meanwhile, Zhou's trusted direct report, Bo fell from grace after a scandal erupted around the 2011 killing of a British businessman. The one-time Communist Party leader's open ambition and hard-charging approach were seen to have led to his expulsion from the ranks. These factors experts say also contributed to Zhou's downfall. Just two years later, Zhou was also sentenced to life in prison for corruption, bribery and abuse of power in 2015.

One hundred miles away in Taiwan there have been several high-profile and politically sensitive reports of official corruption. These can be traced back to the close ties between politics and business which have raised the risks of corruption particularly in public procurement. However, petty corruption is very uncommon in most sectors. Taiwanese anti-corruption law is primarily contained in the Anti-Corruption Act, the Criminal Code and the Organic Statute for Anti-Corruption Administration and the government generally implemented these laws effectively (Global Regulation Anti-Corruption Act, 2018). In one highlight publicized corruption case, former president Chen Shui-bian and his wife were convicted on corruption and money laundering charges. Chen Shui-bian was sentenced to 18 years in prison and this was in addition to the 17 years he is currently serving for corruption. His wife received over 19 years in prison and a fine of USD 5.45 million (U.S. Department of State, 2013 Investment Climate Statement – Taiwan, 2013).

As we can see from the above examples, detecting deceptive financial reporting and just fraud in general is an increasingly important concern for investors, regulators, auditors, the various constituents that interact with corporations and government. These events call into questions the ability to uncover financial fraud and misreporting by corporate and state auditors, and often times the sophisticated institutional analysts and investors who have been unsuccessful at detecting financial fraud. Developing a framework to identify financial fraud before the damage is done can be extremely helpful to the shareholders and market participants. Police, government officials and professional interrogators often remain stubbornly convinced of their ability to tell if a person is being truthful simply by observing them. For example, in the weeks and months following the discovery of Meredith Kercher's body, Italian police found no physical evidence linking Amanda Knox to the murder. However, the lead investigator was "able to establish guilt" by "closely observing the suspect's behavioral reaction during the interrogation." Little about Amanda Knox's behavior at the crime scene matched how the investigators imagine a wrongfully accused woman should conduct herself. Amanda Knox appeared too calm and did not show any sadness about the death of her roommate (see image below):

Figure 1. Amanda Knox.

Source from: The Guardian (https://www.theguardian.com/world/2011/oct/08/amanda-knox-facial-expressions).

Arguably, we focus too intensely on the evidence we can see and touch. Because of this, investigators often overlook the reliable indicators. For example, Tracie Andrews took part in televised appeals where she alleged that her fiancée lee Harvey has been killed in a "road rage" attack in 1996, where psychologists studied the televised appeals and determined obvious signs of a failed attempt to look sad (see image below). When identifying nonverbal cues of deception such as changes in speech patterns, selective memory, and use of oaths, refusal to implicate others, and feigned unconcern, one should also pay attention to the nonverbal cues of deception such as breaking eye contact, full body motions, crossing the arms and legs, change in the use of illustrators, and reactions to evidence. Those who possess the skills and experience to effectively conduct interviews will be much more successful in resolving allegation of fraud than those who do not.

Figure 2. Tracie Andrews.

Source: http://www.dailymail.co.uk/femail/article-4812874/How-killer-Tracie-Andrews-tried-deceive-public.html

One of the approaches is to examine whether nonverbal and verbal cues elicited from speech are useful in detecting intentional deception. Research in social psychology indicates that deceivers' emotions and cognitive processes likely result in many different markers that can help identify deception, such as verbal cues like speech content and nonverbal cues like facial expression, hand gestures, body movement and tone of voice. For example, an American psychologist and professor emeritus at the University of California, San Francisco is a pioneer in the study of emotions and their relation to facial expressions. In Malcolm Gladwell's book *Blink*. His book is an exploration of the brain's ability to make good snap judgments. Ekman is quoted as saying that he knew President Clinton was lying the second he saw the videotape of the president's infamous finger-wagging statement about Monica Lewinsky. Ekman saw giveaway flashes on Clinton's face; specifically, a "hand-in-the-cookie-jar, love-me-Mommy-because-I'm-a-rascal look" (see image below) (Gladwell, 2005).

Figure 3. Bill Clinton.

Source: Photo Galleries https://www.hisotry.com/topics/us-presidents/bill-clinton

A study by Albert Mehrabian, Professor Emeritus of Psychology at UCLA, is well known for the measuring rule of 7%-38%-55%. Mehrabian finds in any communication scenario 7% of information received is through the words spoken, 38% is through the tone of voice, and 55% is though bodily movements (depicted in Figure 1). According to this study, 93% of what is communicated is done through nonverbal communication (Mehrabian, 1981).
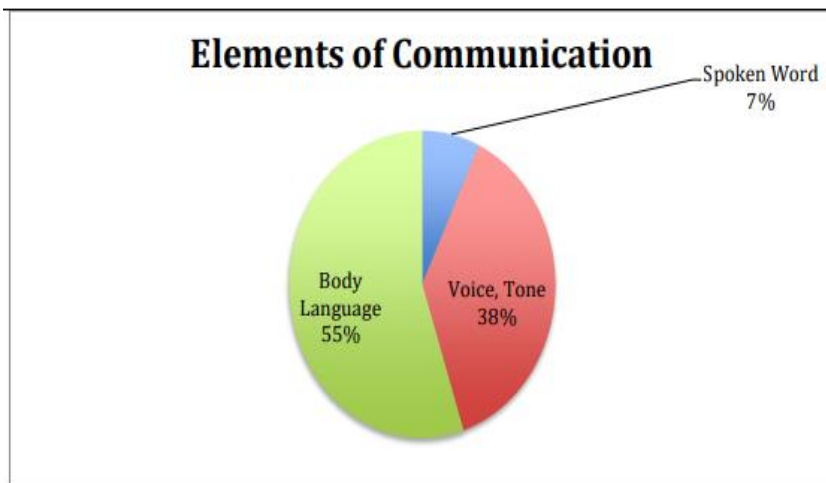
Figure 4. Elements of Communication.

Prior research finds some support that each of these classes of markers can help detect deception. Vrij (2008) explains that even experts display only modest accuracy in identifying deceit correctly. Financial fraud is usually committed by skillful liars who can control their facial and body expressions, voice tone, selected words and verbal style to present a consistent and albeit false story, at the same time very aware of their listener's reaction. Investigators often overlook the reliable indicators of lies in the verbal and nonverbal leakage because of their intense focus on the story. Those who possess the skills and experience to effectively conduct interviews and efficiently observe the body language will be much more successful in resolving allegation of fraud than those who do not.

Significance of Study

This dissertation focuses on research on facial expression, linguistic verbal cues and body movement cues on one high profiled financial fraud in the United States, and two of the most corrupted diplomats in China and Taiwan. This is not a project on social behavior of white-collar crime, nor is it a research dissertation on financial audit or embezzlement investigation. The well know financial fraud of Bernie Madoff, Taiwanese ex-president Chen Shi Bien, and ex-Chinese political star Bo XiLai were selected because they are some of the most successful financial and political arena fraudsters and they share extraordinarily high amount of money stolen, extraordinarily long period of time of their fraudulent behavior, and an extraordinarily large number of victims. Madoff was not only able to convince his clients but also convince the Security Exchange Commission (SEC) auditors for 4 decades to the legitimacy of his operations. Chen was believed to have embezzled through his second term as the president from 2004 to 2008

in Taiwan and still has large loyal followers who adamantly believe his innocence in Taiwan today.

Despite all the proofs of the embezzlement, Chen's followers are now supporting his son's current electoral goals. In Bo's case, along with his superior Zhou Yongkang, they embezzled over 90 billion yuan ($14.5 billion) which is China's largest corruption scandal in more than six decades. The question is what is the secret to the 3 subjects' success of deceiving the public for long period of time? Are they the exemplary of self-deceived, over-confident egoists grossly out of touch with reality? Did their drive for power and control correlates with ignorance and self-delusion? Did they convince themselves of their lies as the truth and master the process of persuading others of their "truth"? Specifically, what made the observer not being able to interpret, discount, covert or disregard the actor's manifest behavior to infer a different underlying message for such a long period of time? Most intriguingly, unlike the other financial and political fraud, these 3 subjects often are either expressionless. They have the same constant expression and extremely limited body movement like Madoff and Bo. Or they demonstrate the extreme contrast of constant expression to dramatic body language like Chen; therefore, there is no baseline and consistent detection of deception to study their feelings through non-verbal cues. When reviewing deceivers' behavioral cues to lying, most have some verifiable facial expressions such as Tyco's Dennis Kozloski's facial expressions are visibly telling before and after he was found guilty (see images below).

Figure 5. Dennis Kozloswki.

Source: Getty Images www.gettyimages/immagine/tyco-ceo-dennis-kozloswki

On the contrary, Madoff's constant expression of tightly compressed lips; they were rolled in and pressed together so tightly that one barely sees them. This is the same expression that he displayed from his public pictures from the 1980s, and it is the same chronic lip inversion expression before, during and after his trial in 2009 (see image below).

Figure 6. Bernard Madoff.

Source: Getty Images www.gettyimages/photo/Barnard-Madoff

Furthermore, Bo's signal facial expressions with the crow's feet around the eyes, symmetrical smile and lip corners pulled up were displayed when he was the popular political uprising star to his trial days (see images below).

Figure 7. Bo Xilai.

Source: Getty Images https://www.gettyimages.com/photos/bo-xilai

Finally, Chen's swing from the reserved facial expression before his arrest to the over dramatic gestures during his trial. Is it the lack of non-verbal cues give a sense of calmness and firmness that would mislead as trustworthy? Or the constant symmetrical smile gives a sense of stability and reassurance? The over exaggerated body language emphasizes his innocence or his attempt to detract other's attention away from his deception?

Figure 8. Chen Shui Bian.

Source: Getty Images https://www.gettyimages.com/photos/chen-shui-bian

Statement of Problem

There is much literature on the strategies and tactics used to detect lies through verbal and nonverbal leakage. There is little published research on verbal and nonverbal signs of financial deception for high-stake liars who across the United States, China and Taiwan. These fraudsters might be the outliers who rarely leak any true facial expressions, if any at all. They are professional, convincing nonverbal liars, successful negotiators and used-car salesmen, or the shred political diplomat and Ponzi scheme creators, like our subjects in this dissertation. One can further imagine that they might have less nonverbal leakage as they have focused their attention on the use of their body as a communicative instrument. Specifically, they have heightened their internal awareness of their nonverbal behavior and engaged in continual training which involves focused external feedback from audience or director about the effectiveness of their simulations. Madoff, Chen and Bo had no acting background, and yet they successfully deceived their shareholders, colleagues, staff and even close friends and family members

for decades. How is this possible? Did they simply become more skilled through practice, or are there personality variables which influence the selection of such persons and which also are related to skill in nonverbal dissimulating? Or might it be that in some social settings there is little guilt or ambivalence about deceiving? If so, to the extent is leakage motivated by an attempt to be caught? Could this explain why such people do not leak? How did Madoff, Chen and Bo master their deceitful behavior over time which distinguished them from an average liar to an outstanding liar? Are there consistent indicators of deceitful behavior between these 3 case studies? Does culture difference play a major attribute for the inconsistency or consistency between their behaviors? Could we apply these indicators to identify potential high-profile financial fraud in the future? Moreover, had the auditors shifted the focus from collecting the evidence to detecting deception from verbal and nonverbal cues, would this have prevented and minimize the financial damage to the shareholders? If we identify a certain pattern of indication from the study of the facial expression and behavior of these three case-studies, are we able to apply these indicators to predict the next high profiled financial fraud? The focus for this research is also determining how an observer spar. That is, how does an observer discount, disregard, convert, or interpret an actor's manifest behavior to infer a different underlying reality? When and how does the observer decide that an actor is lying? This dissertation examines the verbal and non-verbal signs of financial deception through four case studies of Bernie Madoff, Taiwanese ex-president Chen Shi Bien, and ex-Chinese political star Bo XiLai. By conducting a case-study of Madoff, Chen Shi Bien and Bo XiLai one is able to examine their facial expression, body gestures and verbal cues from viewing their public speeches and court transcripts before and after

their arrest as a valid comparison. A second analysis is a comparison of trust-worthy

financial and political leaders, such as Bill Gates, Warren Buffett and ex-Taiwanese

president Ma Ying Jeou to determine if there is a visible difference between the liars and

truth tellers under the same circumstance. This research presents a certain pattern which

could be detected by observing the verbal and non-verbal signs, one should be able to use

these indicators to predict the next high profiled financial fraud.

Organization of Dissertation

Chapter I introduces this research study and provides an overview of the

magnitude of the conflict in financial damage of fraud in the United State, China and

Taiwan. It then discusses history and examples of the most well-known fraud cases in the

recent decades specifically in the organizational and political arena. The chapter suggests

that the reading and interpretation of verbal and non-verbal signs as one of the possible

early prevention of detecting deception. In addition to stating the Statement of the

Problem is to explore the secret of the very successful liars, as well as providing the

perceived limitation of the research because of the images used for the study are stilled

images and live videos that are not as effective as in person observation. Chapter II is the

literature review and includes prior research in the area and the relevant theoretical

framework that informs this research study. We will see that prior research in the area of

high-stake liars is quite sparse and supports the need for more research in detecting their

body language and facial expression. This chapter also introduces the Interpersonal

Deception Theory, and how this theory along with quantitative research design will be

explored as an attempt to answer questions asked in Statement of the Problem. Chapter

III, IV and V describe the case studies of Bernard L. Madoff, Chen Shui-Bian and Bo

Xilai respectively, in a chronological order from their childhood to their arrest. This

chapter focuses on a detailed review of their public speech videos, and the facial

expression interpretation from the public images/pictures. Chapter VI describes the

quantitative results from the analysis of the Interpersonal Deception Theory assessment.

This chapter demonstrates the process of using Quantitative Methodology of utilizing a

combination of measuring the various facial muscles of images of Madoff, Chen and Lai,

and any pattern of the various body language or linguistic cues from these three subjects

to determine if there is any common indicator of deception across American, Chinese and

Taiwanese liars. Additionally, this chapter determines if all the criterial for Interpersonal

Deception Theory (IDT) apply to each selected subject. The final chapter concludes by

presenting propositions that summarizes the quantitative analysis and interpersonal

deception theory application results. The final chapter concludes with specific

recommendations for improving early detection of financial fraud in organization and

political fields and suggested future research for reducing further the potential for conflict

between high stake liars and their victims.

Chapter Two: Literature Review

Definition and History of Fraud and Corruption

A sensible place to begin is with a definition of *deceit* or *lying* which will be used interchangeably in this dissertation. In a *lie*, a person can deliberately make the choice to mislead another person. No prior notification is given about this intent. The definition of *fraud* is very broad. According to the Merriam-Webster's Dictionary (2018), it is defined as "1) deceit, trickery; specifically: intentional perversion of truth in order to induce another to part with something of value, or 2) an act of deceiving or misrepresenting, or 3) a person who is not what he or she pretends to be : one who defrauds and cheat".

According to FreeDictionary.com (2018), the definition of *financial fraud* is "any attempt to deceive another for financial gain". According to the Collins English Dictionary (2018), defined *fraud* as a "deceit, trickery, sharp practice, or breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage". In the broadest sense, a *fraud* is an intentional deception made for personal gain or to damage another individual; *fraud* is a crime, and a civil law violation. Defrauding people or entities of money or valuables is a common purpose of fraud, but there have also been fraudulent cases to gain prestige rather than immediate monetary gain. In common parlance, *fraud* is generally defined as the calculated use of dishonesty to gain an unfair personal advantage and often exploiting a position of trust in the process. Moreover, "*Fraud* is committed when misrepresentation or deception is used to secure unfair or unlawful gain, typically by creating and exploiting the appearance of a routine transaction" (Shover, Cofey, and Sanders, 2004).

Fraud can occur in finance, real estate, investment, government and insurance. A clear example of financial fraud is selling a new issue that does not really exist. Specifically, a company can collect money from investors, and rather than use it to finance operationally, pocket the money for personal gain (Investopedia, 2018). Many of the fraudulent acts are performed through media resources. Increasing popularity of the social networks possesses rather wide arrays for possible fraudsters and types of social media fraud will be only increasing. Lastly, there are different types of fraud that keep upgrading and adjusting to new tendencies; securities fraud, insurance fraud, employee fraud and Ponzi schemes just to name a few.

Financial fraud is a serious white-collar crime that often comes with severe punishment and fines, most recently, numerous charges of fraud have made news headlines. In April 2019, Wells Fargo was fined $1 billion to resolve probes into lending abuses. Elizabeth Holmes founded Theranos at 19 and her success came to a sudden halt when she was charged with " massive fraud" in March. Over the last two decades, organizations worldwide have suffered an ethical crisis with numerous scandals scarring the business landscape. The world has been inundated with news of political corruption and organizational misconduct impacting all sectors of business and government. Since 2001 mega companies such as Enron, Madoff Securities, Tyco, WorldCom, AIG, Wells Farog and Theranos failed disastrously as a result of the unethical and corrupt behavior of company leaders following dubious, even illegal business practices.

A better question is why individuals in organizations engage in such large-scale unethical and corrupt practices as we have seen in recent decades. One school of thought is that the self-serving behavior of organizational leadership as the source for the

widespread corruption in businesses, from ethical decision making gone awry to certain organizational factors such as organizational culture and social systems within the organization fostering corruption (Shadnam & Lawrence, 2011). Other theorists believe it is that we are not merely dealing with organizational corruption due to the behavior of a few bad apples, but as a result of a complete moral collapse in organizations (Shadnam & Lawrence, 2011). According to O'Toole & Bennis (2009), corporations during the past years became more fixated on the direct link of company leaders to positively affect the bottom line and the wealth of the investors (O'Toole & Bennis, 2009, p54). This type of dominant corporate culture focusing exclusively on the bottom line of the organization at all cost stems from years of narrowly focusing on Maslow's 5th stage of human motivation, self-actualization, as the culmination of personal fulfillment. Abraham Harold Maslow proposed a theory that outlined five hierarchical needs which could also be applied to an organization and its employees' performance (Gordon, 1965).

According to Maslow's theory, the base of the hierarchy starts with "Physiological Needs", "Safety Needs", "Needs for love, affection and belongingness", "esteem Needs" and highest level being "Self-Actualization", one does not feel the second need until the demands of the first have been satisfied or the third until the second has been satisfied, and so on. However, while Maslow's concept of self-actualization involves developing to one's fullest potential, it became narrowly defined and interpreted over time. The focus on self-actualizing as the highest level of motivation, especially in the context of corporations, fostered a self-serving and narcissistic leadership style, one that erroneously holds that success, especially financial, equals self-actualization. Prominent corporate leaders and executives such as Bernie Ebbers, Ken Lay, Bernie

Madoff, and Elizabeth Holmes became household names over the last years as the

epitome of self-serving organizational leaders (De Cremer, Mayer, & Schminke, 2010).

Leaders such as these not only embarked on out of control self-serving behavior, but also

displayed total moral collapse that eventually produced massive fraud.

From a different perspective of looking at fraudulent act: "sociological

perspective quite closely resembles the American legal and political stance, which

observes that fraud "involves some sort of illegal taking, but with the additional element

of false pretense; because creating the illusion of trust and normality requires more

advance planning" (Lehman and Phelps 2004). According to American Law, deception

becomes fraud when all the following 6 conditions apply: 1) there is the omission of a

fact or a false statement of face, 2) that is directly related to the transaction and affect the

actions of the victims, 3) the person committing the fraud must know the statement is

false, 4) the person committing the fraud must intend to deceive the victims, 5) the victim

must have good reason to trust the truth and completeness of the statement from the

person committing the fraud, and 6) the victim must end up in a worse position as a result

of the false statement or omission (Lehman and Phelps 2004). If we narrow the legal

range of financial fraud to only two forms: we have 1) insider trading, and 2) deception

through non-disclosure also known as omission and material misrepresentations, such as

the financial fraud scandals of WorldCom and Enron, in which there was a deliberate

misstatement of the financial results that misled the investors to believe the company is in

good shape" (Cronin, Evansburg, and Garfinkel-Hu, 2001, Povel, Singh, Winton, 2007).

The goals of this type of fraud are usually to enhance an organization's ability to raise

capital, decline in stock prices or avoiding government regulations.

Corruption differs from fraudulent practice in that a corrupt practice is the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party (Investopedia, 2018). At the core of most definitions of corruption is the idea that a corrupt act implies the abuse of entrusted power for private gain. Classic examples include bribery, clienteles and embezzlement. Political corruption is the use of powers by government officials for illegitimate private gain. The activities that constitute illegal corruption are different based on the country or jurisdiction (Investopedia, 2018). We often read in the news that in too many countries, people are deprived of their most basic needs and go to bed hungry every night because of their government corruption. Just to get a sense of how global corruption is damaging our economy. Total bribery alone is estimated to involve over 1 trillion US dollars annually (African corruption 'on the wane', 10 July 2007, via news.bbc.co.uk).

Political corruption is the use of power by government officials for illegitimate private gain (www.USLegal.com, 2018). An illegal act by an officeholder constitutes political corruption only if the act is directly related to their official duties, is done under color of law or involves trading in influence. Forms of corruption vary, but include embezzlement, nepotism, bribery, extortion, cronyism and graft (www.USLegal.com, 2018). Corruption may facilitate criminal enterprise such as drug trafficking, money laundering, and human trafficking, though is not restricted to these activities. Worldwide, bribery alone is estimated to involve over 1 trillion US dollars annually, the estimated amount of money paid to public officials in exchange for advantage in international business (Organization for Economic Co-Operation and Development, September 2014).

Corruption also arises in any institution that depends on financial support from people who have interests that may conflict with the primary purpose of the institution.

For the effective fraud prevention measures it is important to see the general picture and know the background of fraud, types of fraud, the magnitude of corporate fraud and detection and investigation techniques applicable to fraud in corporate and political environment. In 1996, the Association of Certified Fraud Examiners surveyed 2608 companies concerning the prevalence of fraud within corporations. The survey results showed that organizations lose about 6% of their revenue or equivalent to $660 billion annually to occupational fraud and abuse in 2003 (Rorie, 2019). Two years later in 1998, KPMG conducted a survey of 5,000 leading U.S companies to determine the nature and extend of fraud as an ongoing business challenge. According to the report, businesses lose an average of $116,000 per fraud incident and only 4 percent of such fraud was discovered during external auditor review. Consequently, auditing firms are currently under attack for failing to detect fraud during financial statement audits. Audit failures involving companies such as McKesson HBOC, Inc, Global Crossing, Baptist Foundation of Arizona, Cendant Corporation and Hanover Sterling have further eroded the perceived credibility of financial statement audits. In 2002, Arthur Anderson offered $750 million to resolve all claims against the firm over its well-publicized Enron audits, but attorneys for the plaintiffs rejected the offer as insufficient (Weil and Schroeder, 2002). According to an FBI report on financial crime report in 2011, at the end of fiscal year 2011, they investigated 1,846 cases of securities and commodities fraud, and recorded $8.8 billion in restitution orders; $36 million in recoveries, $113 million in fines and $751 million in forfeitures. (https://www.fbi.gov/stats-

services/publications/financial-crimes-report-2010-2011) (see below). The estimated

minimum total of $65 billion which Madoff defrauded is 7 times of the FBI quoted $8.8

billion in restitution orders in 2011.
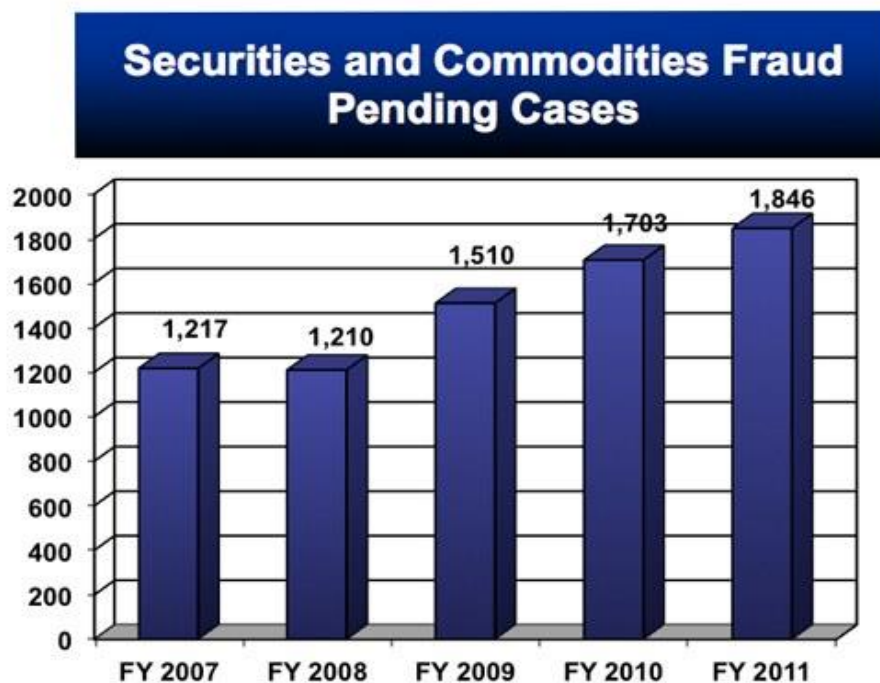
Figure 9. Securities and Commodities Fraud Pending Cases.

https://www.fbi.gov/stats-services/publications/financial-crimes-report-2010-2011

According to the Committee of Sponsoring Organizations of the Treadway

Commission (the 2010 COSO Fraud Report called *Fraudulent Financial Reporting:*

1998-2007), 347 frauds were investigated by the US Securities and Exchange

Commission (SEC) from 1998 to 2007. They found that the dollar amount of each

instance of fraud had increased three times from the level in a similar 1999 study, from

approximately $4.1 million in the 1999 study to $12 million. Additionally, the average

size of the company involved in fraudulent financial reporting inflated approximately six

times, from $16 million to $93 million in total assets and from $13 million to $72 million

in revenues (2010 COSO Fraud Report, 1998-2007). According to a *2009 KPMG Survey*, a total of 204 executives of US companies with annual revenues of $250 million or more found that 65 percent of the respondents considered fraud to be a significant risk to their organizations in the next year, and more than one-third of those identified financial reporting fraud as one of the highest risks. As per another survey during a "Deloitte Forensic Center", almost 46 percent the reason for the increase in fraud is due to recession. Fraud and corruption are not only an issue in the U.S., it is a global concern. According to the *Annual Fraud Indicator 2012* which was conducted by the National Fraud Authority in United Kingdom. "The scale of fraud losses in 2012, against all victims in the UK, is in the region of £73 billion (equivalent to $92.71 billion U.S dollars in 2019) per annum. Moreover, financial fraud has been one of the factors for the 2008 to 2011 housing and economic crisis (www.federalreserve.com, Powell, February 2015), it threatened the efficiency, liquidity and safety of both debt and capital markets (www.federalreserve.com, Powell, February 2015), Furthermore, it has significantly increased uncertainty and volatility in financial markets, shaking investor confidence worldwide. It also reduces the creditability of financial information that investors use in investment decisions. When taking into account the loss of investor confidence, as well as, reputational damage and potential fines and criminal actions, it is clear why financial misstatements should be every manager's worst fraud-related nightmare (www.federalreserve.com, Powell, February 2015).

Generally, the three groups of employees who have access and authority to commit financial statement frauds are senior management team; CEO, CFO and their subordinate managers (A. R. Reuber and E. Fischer, 2009). CEOs and CFOs commit

accounting frauds to conceal true business performance, to preserve personal status and control and to maintain personal income and wealth. Mid- and lower-level employees falsify financial statements related to their area of responsibility to conceal poor performance and/or to earn performance-based bonuses. Organizational criminals falsify financial statements to 1) increase net operating profit for shareholders, and 2) obtain loans, or to inflate a stock they plan to sell. While the monetary loss owing to fraud is significant, the full impact of fraud on an organization can be staggering. In fact, the losses to reputation, goodwill, and customer relations can be devastating. When fraudulent financial reporting occurs, serious consequences ensue. The damage that result is also widespread, with a sometimes devastating "ripple" effect (A. R. Reuber and E. Fischer, 2009).

Those affected may range from the "immediate" significantly increased uncertainty and volatility in financial markets, to the more "remote" of harming the investors' confidence and consumer confidence. Between these two extremes, many others may be affected: "employees" who suffer job loss pension fund value; "clients, consumers" of the financial institutions, the company's "auditors, insurers and investors" whose reputations suffer by association. For example, all the hard working and honest auditors at *Arthur Andersen LLC* also lost their jobs when the firm voluntarily surrendered its licenses to practice as Certified Public Accountants in the United States after being found guilty of criminal charges relating to the firm's auditing of Enron in 2002. As fraud can be perpetrated by any employee within an organization or by those from the outside, therefore, it is important to have an effective "fraud management" program in place to safeguard your organization's assets and reputation. Thus, prevention

and earlier detection of fraudulent financial reporting must start with the entity that prepares financial reports. Given the current state of the economy and recent corporate scandals, fraud is still a top concern for corporate executives. The implications for management are clear: every organization is vulnerable to fraud, and managers must know how to suspect and detect it.

How Have We Been Combating Fraud, Corruption and Deceit?

In order to combat the corporate fraud that put shareholders and investors at risk, and to verify that the financial statements and financial standing of publicly traded companies were accurate, the 2002 incept of the *Sarbanes-Oxley Act* was placed into law. It is commonly known that worldwide fraud deterrence has gained public recognition and the spotlight since the 2002 inception of the *Sarbanes-Oxley Act*. Of the many reforms enacted through *Sarbanes-Oxley*, one major goal was to regain public confidence in the reliability of financial markets in the wake of corporate scandals such Enron, WorldCom, and Waste Management. Sometimes there will be perfect environment to commit corporate fraud, with the complete access to all the required materials and support from all the willing and managing parties involved. In most cases a fair amount of work is done covertly. Strong evidence is required to prosecute the offenders; therefore, one of the most cost-effective fraud enforcement measures is prevention and early notification. Thoroughly developed fraud prevention procedures are not only able to save thousands on losses, lawsuits, or harm to reputation but also millions of taxpayer money every year. Investigators and auditors often fail early detection because they focus too intensely on the evidence we can touch and see, on the rules and regulations to serve as the tools of control to catch potential risks and on the stories that seem rational and logical, but

investigators often overlook the reliable indicators of lies in the verbal and nonverbal leakage. Bernie Madoff is a good example to demonstrate this failure as the SEC auditors failed to capture any concrete evidence for four long decades.

Regarding the general prevalence of deception, Turner et al. (1975) estimate that 62% of the statements in everyday general conversations have some form of information control that could be classified as deceptive. DePaulo and her colleagues employed a one-week diary study to record people's everyday communication, specifically deceptive communication (DePaulo, Kashy, Kirbendol, Wyer, & Epstein, 1996). Their record suggests that people tell approximately two lies per day on average and that approximately 20% to 33% of our daily interactions are deceptive. People tell lies to pretend that they feel better than they do or to signal agreement with their partners. Therefore, what behaviors do we look for in liars? Behaviors such as gaze aversion and fidgeting are signs of nervousness (Vrij, 2000). Apparently, observers expect liars to behave nervously. However, some of the prior research on deception has repeatedly demonstrated that rather than increase in fidgety behavior, most people decrease in nonfunctional movements and become unnaturally still (DePaulo, 1988; Ekman, 1989; Vrij, 1995). Furthermore, previous have also shown that liars do not decrease eye contact. In fact, there is no relationship between eye contact and deception (DePaulo, Stone, & Lassiter, 1985a; Vrij, 2000). In these studies, people have been induced to cheat and then to lie about it (deTurck & Miller, 1985), or given the opportunity to take money, then to lie about this in a subsequent interview (Frank & Ekman, 1997). Although in many of these studies creative designs were employed to simulate real-life settings, some essential elements nevertheless differ from real-life settings. Therefore, it is

arguable that the behavior exhibited in such experiments may differ from real-life lying situations. Hence, what is an efficient way to detect signs of deceit in real-life lying situations?

One of the ways to detect early signs of deceit is through observing facial expressions and body language. For successful deception, the verbal message should be coherent with nonverbal signals. Lewis (1993) argues that emotional deception is part of 'normal' socialization, e.g., parents coach their children to tell Granma that you like her gift/cooking even though it may not be what their children wanted). Ekman and Friesen (1971) pointed out that in order to deceive others her/his inner state, the liar can 1) simulate an emotional expression when s/he does not feel any emotion 2) mask emotion that s/he really feels with another emotional expression or 3) try to neutralize emotion s/he feels by showing neutral expression. However, fake emotional expression may be accompanied by emotional "leakage". Even people adept at masking and simulating emotion cannot prevent leakage of real emotions (Porter, Baker, 2011).

We know jury analysts use lie detection when helping to select a jury; the police detects lies from non-verbal cues during interrogation, and judges use lie detection to determine which side to rule in favor of. However, most people in general do not acquire the skillset to detect lies from their fraudulent investment broker, their dishonest politicians and sometime even their closes family members or friends. When identifying nonverbal cues of deception, one should pay attention to changes in speech patterns, selective memory, and use of oaths, refusal to implicate others, and feigned unconcern, one should also pay attention to the nonverbal cues of deception such as breaking eye contact, full body motions, crossing the arms and legs, change in the use of illustrators,

and reactions to evidence. Certainly, some of the behavior which leads to the discovery of deception may be attributed to a deliberate wish to be caught, but this should be distinguished from the leakage and deception clues which result when the subject is motivated to deceive but secondarily becomes ashamed, guilty, or anxious, and unwittingly gives away his deception.

Facial Expression as an Early Detection of Deception?

Paul Ekman (1971, 2003) has stressed facial clues to deceit and how facial expressions can serve a lie, but also provide manifold and very subtle cues to the truth. He argues that the face can show which emotion is felt; specifically, anger, fear, sadness, disgust, distress, happiness, contentment, excitement, surprise and contempt can all be conveyed by distinctive expressions. The face can also show whether two emotions are blended together. Often two emotions are felt and the face registers elements of each. The face also shows the strength of the felt emotion; each emotion can vary in intensity, from annoyance to rage, apprehension to terror, etc. Moreover, Ekman argues that face may contain many different clues to deceit including micros, squelched expressions, leakage in the reliable facial muscles, blinking, pupil dilation, tearing, blushing and blanching, asymmetry, mistakes in timing, mistakes in location, and false smiles.

This dissertation adds to the immense research on facial expression and body language from the notable scientists such as Darwin, Tomkins to Paul Ekman in that there has been lack of academic research on how deceptive behavior of high profiles financial fraud across Asian and American cultures. In *Darwin and Facial Expression*, Paul Ekman and a cast of other notable scientists, consider the central concepts and key sources of information in Darwin's work on emotional expression. Darwin (1872)

claimed that we cannot understand human emotional expression without first

understanding the emotional expressions of animals, as our emotional expressions are in

large part determined by our evolution. Not only are there similarities between man and

certain other animals in the appearance of some emotional expressions, but the principles

which explain why an emotional expression occurs with a particular emotion apply across

species and cultures. He believed that certain emotions are universal to all humans,

regardless of cultures: anger, fear, surprise, happiness, disgust and sadness. Darwin did

not focus on deception, only a few sentences in his book mentioned the issue. One of

them raised the interesting question of whether it is difficult to voluntarily inhibit the

emotional expressions that are most difficult to voluntarily fabricate. Another suggestion

was that it would be possible to unmask a fabricated expression by the absence of the

difficult-to-voluntarily-generate facial actions. Still another was that during emotion body

movements could be more easily suppressed than facial expression.

Over the course of the next four decades, at the University of California's

Department of Psychiatry in San Francisco, Ekman has successfully demonstrated a

proposition first suggested by Charles Darwin: that the ways in which we express anger,

disgust, contempt, fear, surprise, happiness and sadness are both innate and universal.

The facial muscles triggered by those seven basic emotions are, he has shown, essentially

the same, regardless of language and culture, from the US to Japan, Brazil to Papua New

Guinea. Furthermore, expressions of emotion are involuntary; they are almost impossible

to suppress or conceal. But particularly when we are lying, "microexpressions" of

powerfully felt emotions will invariably flit across our faces before we get a chance to

stop them. A microexpression is a brief, involuntary facial expression shown on the face

of humans according to emotions experienced. They usually occur in high-stakes situations, where people have something to lose or gain. Microexpressions occur when a person is consciously trying to conceal all signs of how they are feeling, or when a person does not consciously know how they are feeling (Ekman, 2003). Unlike regular facial expressions, it is difficult and also impossible to hide microexpression reactions. Microexpressions cannot be controlled as they happen in a fraction of a second, but it is possible to capture someone's expressions with a high-speed camera and replay them at much slower speeds. Fortunately for liars, as many as 99% of people will fail to spot these fleeting signals of inner torment, out of the 15,000 whom Ekman has tested, only 50 people have been able to without training. Ekman calls them "naturals". Furthermore, micro expressions express the seven universal emotions: disgust, anger, fear, sadness, happiness, contempt, and surprise (Ekman, 1999, 1992). Nevertheless, in the 1990s, Paul Ekman expanded his list of emotions, including a range of positive and negative emotions not all of which are encoded in facial muscles. These emotions are amusement, embarrassment, anxiety, guilt, pride, relief, contentment, pleasure, and shame.

Are There Universal Facial Expressions?

From his observations, Darwin (1872) found strong similarities in facial expression between people of different cultures as well as between animals and men, from which he drew conclusions about the universality of expression of emotion. Based on Darwin's scientific works, Darwin claimed in his book *The Expression of Emotions in Man and Animals* (1872) that the facial expressions the studies were universal, his ideas about emotions were a centerpiece of his theory of evolution, suggesting that emotions and their expressions were biologically innate and evolutionarily adaptive. Exactly one

hundred years later, the research of Ekman, Friesen & Ellsworth (1972) tested Darwin's ideas with the dominant perspective in psychology that facial expressions were culture specific, i.e., just as every culture has its own verbal language; it has its own language of facial expressions. More studies were conducted when Silvan Tomkins recruited Paul Ekman and Carrol Izard refine and add to Darwin's list of facial expressions. In the late sixties, Ekman and Izard in separate studies each showed photographs from Tomkins' own collection, to people in from both Non-Western and Western literate cultures, they both found strong cross-cultural agreement in the labeling of those expressions. Ekman closed the loophole that observing mass media might account for cross cultural agreement by studying people in a Stone Age culture like New Guinea who had seen very few outsiders and had no access to media portrayal of emotions. These preliterate natives also recognized the same emotions when shown the Darin-Tomkins set. Some scholars asked whether individuals from radically different cultures provide similar interpretations of facial expressions to describe the expressions on their own terms as opposed to a list of emotions terms. These findings produced by different researchers using different methodologies with participants from many different cultures all converging on the same set of results; there is strong evidence for the universal facial expressions of seven emotions; specifically, anger, contempt, disgust, fear, joy, sadness and surprise, as shown in the following figure. Ekman completed a great number of studies demonstrating the universality of facial expression, and subsequently identified the types of emotions that he considered universal; for example, observable basic emotional expressions in unconnected cultures. Ekman assumed that similarity between emotional forms of expression indicated their genetic basis. Ekman's findings were followed by other

scientific contributions on the psychological development of the newborn and people who were born blind. In the newborn, Sroufe (1979) found reactive crying and native smiling.

In a similar experimental study by Steiner (1979) newborn babies who were exposed to a sugar solution with vanilla flavoring reacted with a smile, compared with an expression of disgust in response to a strong smell of rotten eggs. Izard (1980) found the facial expression of irritation to be present from the 6th month of life, while the facial expression of fear presents later. Charlesworth (1973) found a similarity between children who could see and those who were blind with respect to the expression of emotions such as happiness, fear, sadness, anger and trouble, or surprise. Additionally, Haidt and Keltner (1999) did another study comparing the open ended and free responses to the Darwin-Tomkins set of expressions and other expressions, with people in the U.S and rural India. Their findings of universality were confirmed with the additional evidence of universality in the expression of embarrassment also found.
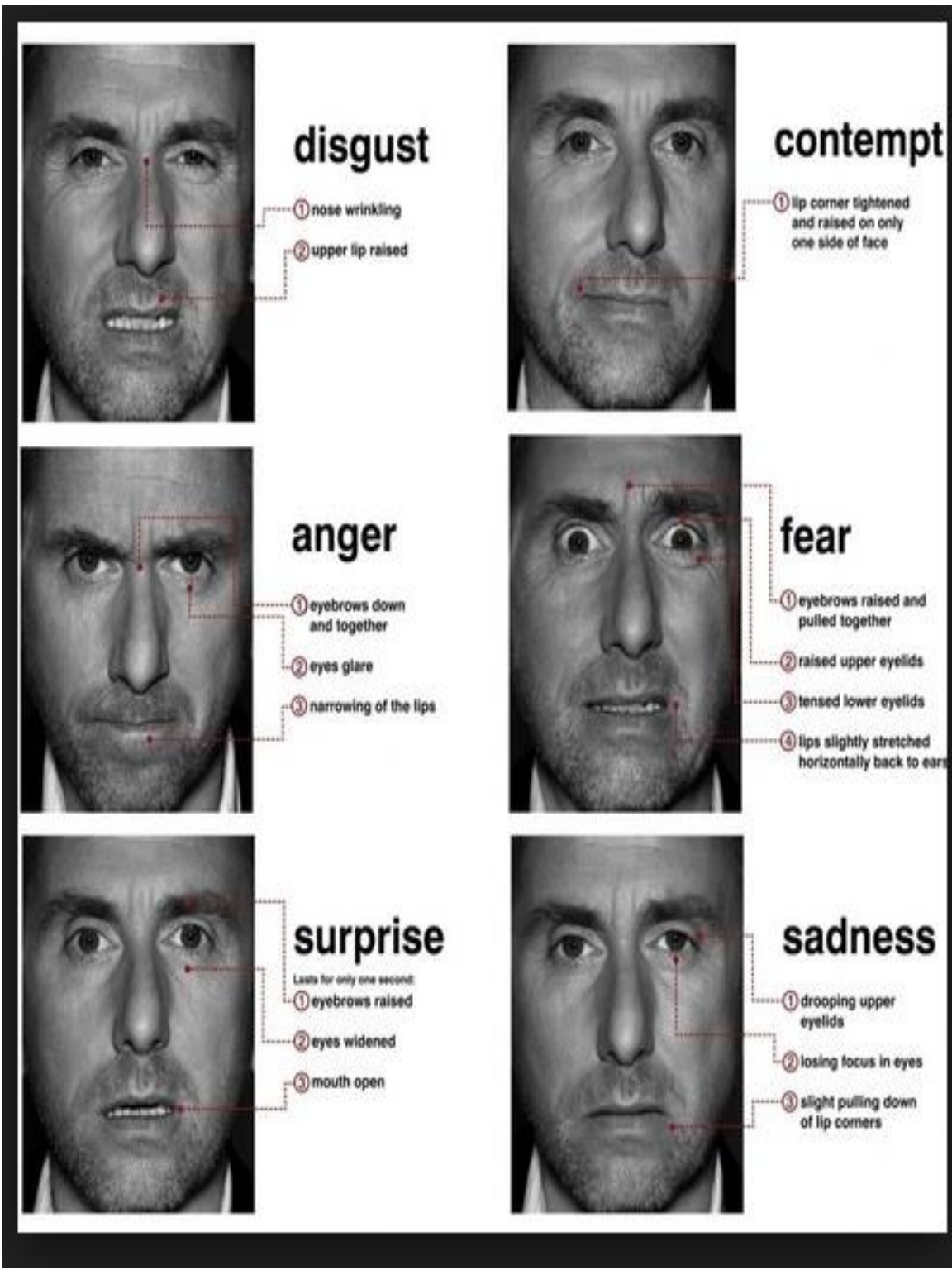
Figure 10. Facial Expressions.

Source: https://www.paulekman.com/universal-facial-expressions/

Communication Styles Challenging for Universal Facial Expressions

Is there a cultural difference limitation in judging universal facial expression between Western and Eastern cultures? According to Ekman (2013), evidence showed that when facial expressions are universal between Japanese and American cultures when they are spontaneous and not posed. Both cultures interpreted the spontaneous behavior in the same way regardless of whether they were judging the expressions of a Japanese or American (Ekman, 2013). Moreover, American and Japanese infants showed the same emotional expressions, which is a very powerful study due to the reason that it examined young infants and directly measured facial behavior rather than being a judgment study (Ekman, 2013). Ekman also mentioned that the evidence of universal facial expressions is the strongest for happiness, anger, disgust, sadness, fear and surprise. Ekman (2013) also believes that the largest culture difference to be with regards to words that represent emotions. For example, languages differ not only in terms of how many words they have for each emotion, but the extent to which they have a word that caused emotion and behavior is most likely to be displayed. For example, Chinese word Xing Zai Le Huo for the special distinctive enjoyment that comes when one learns about a misfortune event that happened to one's enemy, English does not have a similar word for this distinctive feeling. It might be harder to distinguish emotional experience without a word for this experience (Ekman, 2013).

In summary, Ekman (2013) believes that our evolution provides us universal expression, and there is major difference in facial expression of emotion between Western and Eastern cultures. Furthermore, other scholars believe that Chinese respondents' express emotions primarily through eyes while European Americans

respondents reveal through eyebrows and mouths (Jack, Caldara, Schyn, 2012).

Comparing to European American respondents, Chinese in general rarely express

interest, excitement and disgust facial expressions (Chan, 1985). Chan (1985) also stated

that Chinese are more reserved and calmer when excited or disappointed. As Confucius

said, gentlemen should be able to control their emotions and maintain gravity. Being able

to control emotions and reveal neither joy nor anger is one of the characters of noble men

in traditional Chinese concepts. Facial expressions represent internal thoughts, which

demonstrate emotional signals influenced by diverse cultures (Jack et al, 2012).

Generally, the Chinese are more reserved, calm and stoic who makes it difficult

for the observer to read their internal thoughts. According to Hofstede (2016), the United

States culture is strongly individualistic and Chinese culture is more collectivist.

European American people are aware of "I" would love to express personal feelings. On

the contrary, Chinese culture advocates "we" and harmony (Hofstede, 2016). This might

be stemmed from the reason that European American mothers express more positive

emotions than Chinese mothers (Carmas, 2006). Chinese mothers are stricter and usually

demonstrate less smiling and more negative mistrust (Carmas, 2006). As a result, Chinese

mothers' strictness and at times aggravation contribute to their children's rare facial

expressions in response to excitement and revulsion as well as their high levels of anger

and restrained feelings. Mothers are our first intimate and influential teachers, and

therefore, influencing diversity in cultures.

Can Politicians Benefit from Non-verbal Expression? 'Of all the talents bestowed

upon men, none is so precious as the gift of oratory. He who enjoys it wields a power

more durable than that of a great king. 'Churchill, The Scaffolding of Rhetoric, his unpublished essay of 1897

Winston Churchill is viewed as one of the greatest orators of all time, his speeches were articulate, inspirational and delivered with passion and he alone helped to unite a nation in the face of adversity. It's no wonder then that he's named as one of the most influential public speakers; Sir Richard Branson calls himself a "huge fan" of the former British Prime Minister. He was not born orator. Churchill worked very hard to transform himself into a great public speaker. He didn't have a particularly attractive speaking voice. Early in his career, he talked in a monotone, without much change in pitch, pace or volume. He also suffered from a speech impediment and had difficulty pronouncing the letter "s". This was not helpful for public speaking. But he understood the power that words, both written and spoken, could have on an audience and was determined to master public speaking – and do it well. At the age of only twenty-two, when he had only made one public speech, he wrote an unpublished article on the art of speaking. He clearly realized the effect a really good speech could have on its audience. On the other side of the world, another leader understood the power of oratory.

In the preface to *Mein Kampf* (1925), Hitler wrote:" I know that men are won over less by the written than by the spoken word, that every great movement this earth owes its growth to orators and not to great writers." Hitler understood that his political success was not accidental, it was the product of a great deal of practice and careful adjustments specifically in public speaking. Hitler actually characterized different effects for the various poses; below we see a series of photographs by Hitler's personal photographer, Hoffmann, where he exaggerated hand gestures to be used in the future speeches.

Figure 11. Adolph Hitler.

How to Detect High-Stake Liars?

High stake lies are the lies told that hold severe consequences for the liar. In these situations, the liar stands to lose or gain in a physical, emotional, psychological, or even financial way. These high-stake lies are the ones usually though of during high profile trials. A perfect example of a high-stake lie is a murderer denying his crime. This individual has everything to lose, including his freedom. The complexity of these lies hits a much different level than those in the low-stake category. There are many who get away with these lies. These are successful liars who have taught themselves to be confident, to control their behavior, and in some cases, they convince themselves of their lie are the truth. These lies must be precise, believable, and easy to remember so that they will not be confused in the future. The pressure from these lies is more likely to 'leak' through an individual's nonverbal communication more than a low stake lie. The leakage of real emotions appears especially in the upper part of the face (Porter, Wallace, 2012). Emotional leakage has been demonstrated in studies of micro-expressions. According to Ekman (2003), deception may be accompanied by a shorter than one fifteen of a second facial expression of emotion inconsistent with the liar's statements. Liars may have various motivations for concealing emotion. Such motivations are not necessarily deceptive, but deception may be one of the main contexts in which inconsistent microexpressions are expressed. Evidence from studies of microexpressions implies that detection of microexpressions may contribute to competence in the detection of deception (Porter, 2001). The everyday lie may often be accompanied by a facial and verbal inconsistency. Furthermore, deceptive expressions were more common in the lower part

of the face, perhaps because people have difficulty in voluntarily controlling the medial part of the frontalis muscle (Ekman, 2003).

Do Gender and Age Influence Ability to Detecting High-Stake Liar? Analyses of gender differences also lead to inconsistent conclusions. On the one hand women are superior in detecting deception of their romantic partner (McCornack, 1990, Levin, McCornack & Avery, 1992). This difference could be explained with their predominance in reading nonverbal cues including facial expressions. Women are also superior in experimental 'mind-reading' tasks, i.e., inferring the thoughts and feelings of an acquaintance or partner from observing their behavior and in perceptual sensitivity to very subtle non-verbal affective signals, such as positive facial expression (Donges, 2012). This might be due to the qualitative differences between the genders in which parts of the brain are activated during the perception of emotional expressions (Campanella, S, Rossignol M, Mejias S, Joassin Maurage, 2004, Wrase J, klein S, Gruesser SM, Hermann D, Flor H, 2003). Furthermore, females also tend to pay more attention to nonverbal cues and consider more of them during decision making (Hall, 1978). Lastly, women tend to integrate multisensory emotional stimuli more effectively than men (Ruffman T., Murray J., Halberstadt, J., Taumoeepeau M. 2010). Yet there have been recent studies that have failed to show any gender difference in facial emotion decoding (Hoffmann, H, Kessler, K, Eppel, T, Rukavina, S, Traue HC, 2010), or modest female advantage in accurate emotion reading (Montagne, B, Kessels RP, Frigerio, E, Perrett, DI, 2005).

As for age differences in detecting lies, one study concluded that older adult females were more accurate at detecting deception than older males and younger adults

of both sexes (Bond D, Thompson L, Malloy D, 2005). Another study showed that due to the physical changes of aging, this then might assist the inability to detect a mismatch between a body language and a verbal cue; older adults may be most susceptible to deception (Castle e, Eisenberger, N, Seeman T.E, Moons W. G., Boggero I.A., Grinblatt M.S., 2012). Being able to match information from body language, facial expression and voice is a key to detecting deception. Although more matured adults have more experience and wisdom which are crucial in detecting lies, but at the same time, their sensory and cognitive abilities might not be as sharp as younger adults. This was further confirmed when comparing younger and older adults' ability to recognize and match body and facial expressions to vocal expressions. Ruffman, Sullivan and Dittrich (2009) found that older adults were worse than younger adults in recognizing anger, sadness, fear, and happiness in body expressions as well as recognizing anger in vocal expressions. Deception detection requires being meticulous and paying detailed attention to appropriate cues and interpreting them correctly, some studies demonstrated that detecting lies among non-professional such as students and non-trained people as well as professionals like police detectives, customs officers, prison guards, and government security agents only differ slightly at the level of guessing (Vrij A, 2008). As mentioned previously, prisoners are the most knowledgeable about deception cues because their survival in the prison depends on the success of their ability to detect deceit (Vrij A, Semin GR, 1996).

Is High Level of Emotional Intelligence required for Successful Deceivers?

Emotional intelligence (EI) has been a controversial subject in contemporary psychology since the introduction by Peter Salovey and John Mayer in 1990. Emotional

intelligence is the capacity to be aware of, control, and express one's emotions, and to handle interpersonal relationships judiciously and empathetically, i.e., it can be defined as the ability to monitor one's own and other people's emotions, to discriminate between different emotions and label them appropriately, and to use emotional information to guide thinking and behavior (Psychologytoday, Webster Dictionary, 2018). Emotional Intelligence (EI) is a relatively new concept that attempts to connect the emotion and cognition concepts in the past 25 years (Salovey and Mayer, 1990). Mayer and Salovey (1997) have defined this construct as:

> The ability to perceive accurately, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth.

Can EI facilitate deception detection? Is emotional intelligence proved to be crucial for individual effectiveness in detecting "emotional liars"? Mayer and Salovey (1990) indicated two studies have investigated EI in the context of deception. One revealed that individuals higher in the ability to perceive and express emotions feign emotions more convincingly than others, but they were still not immune to emotional leakage (Porter S, Brinke, LM, Baker A, Wallace B, 2011). Similar results were reported by Elfenbein, Foo, Mandal, Biswal, Eisenkraft (2010). They found that only emotion recognition ability, not overall EI, was measured. Both these studies investigated deception skills. The other relevant study performed by Baker, Brinke, Porter (2012), tested whether high EI was a major characteristic of "detection wizards". Their test shows that the total EI score was not related to discrimination of truths and lies, the

perception branch score proved *negatively* related to detecting deceptive targets. Furthermore, a recent study tested 116 undergraduates, they found that the ability to perceive and ability to perceive and express emotion, which is a component of EI, was negatively related to detecting deceptive targets. The high emotionality scorers expressed misplaced confidence in their judgments on detecting deception (Baker, Brinke, Porter, 2012).

Are People Effective Lie-Detectors?

Deceivers experience greater cognitive demands as a result of engaging in deceptive behavior due to more complex information management and constant orchestrating internal and external coherence required by telling a believable lie. We can be trained to acquire the skillset needed to become effective lie detectors (Levine, Sun Park, McCornack, 1999). However, while some may consider themselves to be excellent "lie detectors", a significant body of research suggests that receivers' attempts to detect deception based upon non-strategic cues will typically be in the 50/50 range (O'Sullivan, 2002). This is about the same as a coin toss. Some researchers believe that due to "truth bias", people are more skillful at judging truthful statements than they are detecting lies (Levin, Sun Park, McCornack, 1999, O'Sullivan, 2002). For example, when a stockbroker lies about a high interest rate of the investment when the truth is, he is embezzling his client's funds, the client might be suspicious of the unrealistically high return rate before doubting his stockbroker is a Ponzi scheme.

Most people interact with each other under an implied "social contract" which includes a mutual understanding that we communicate honestly and truthfully with each other (Burgoon, Buller, Floyd, 2001). This powerful concept of "truth bias" is difficult

for receivers to overcome (Millar, Millar, 1997). Furthermore, research supports that the cognitive capacity decreases as the level of interaction increases which in turn makes it even more difficult for receiver to overcome "truth bias" (Millar, Millar, 1997).

Can One Distinguish a Spontaneous vs. Simulated Facial Expression?

In 1862, the French neurologist Guillaume Duchenne published his finding that real and fake smiles are accomplished using different muscles. All smiles require that we flex muscles around the mouth, but the difference is the way we involve the muscles around our eyes, called the orbicularis oculi (Cuthbertson, 1990). In a genuine smile, we contract those muscles, pulling in the skin next to our eyes, Look at the contraction of the muscles around his eyes. This only happens with smiles that reflect true, happy emotions. On the other hand, a fake smile does not use those muscles. When forcing a smile, we use a muscle in each cheek, called the risorius, to pull our lips into the right shape, but the eye muscles don't contract (Cuthbertson, 1990). To demonstrate this, Duchenne (1862) electrically stimulated the risorius muscles of his tooth-less friend. There are creases on his cheeks but not around his eyes. The orbicularis oculi muscles are not contracted. The skin around the eyes is not pulled in tightly as it is in the first picture. Hence the difference in muscle contraction in genuine versus fake smiles illustrated the separation between the habit and the non-habit systems in the brain. When the smile comes naturally, one set of muscle is activated, when we use our conscious power to feign a smile, we alter the pattern of muscle activation which is the mark of a fake smile. Ekman (2011) believes that differentiating between the two can be difficult, he mentioned during an interview: "If it's a very large smile and the lip corners are pulled up intensely then all of those signs will be produced by either a genuine or a non-genuine smile," he continued

"the only place that will reveal the difference in a broad intense smile is the skin between the eyebrows and the upper eyelid. That will move slightly down in the genuine smile and will not move in the social or false smile. Everybody can voluntarily make their lips smile, but very few people can contract the muscle that surrounds the eyes." (https://www.nbcnews.com/healthmain/how-spot-fake-smile-its-all-eyes, March 2011). For example, FACS can be used to distinguish two types of smiles as follows; specifically, insincere and voluntary: contraction of zygomatic major alone. Ekman a (2003) also documents some of the characteristics which often accompany lies. False smiles are often inappropriate (when they occur, how long they last); they are often asymmetrical, they are not accompanied by the involvement of the many muscles around the eye, and they only cover the actions of the lower face and lower eyelid. One of the contributions of FACS research is the identification of different forms of smile: expressions of happiness have been extensively investigated as an expression of emotion. First, different studies have shown that *M. zygomaticus* is the reference muscle for every type of expression of happiness. Second, various types of happiness and different types of laughing as indirect indicators of activation of facial muscles have been described and investigated. They "felt and sincere smile" and the "real laughing" involves the *M. zygomaticus* and *M. orbicularis oculi* muscles, which results in spontaneous involuntary smiling/laughing as an expression of perceived happiness (Ekman, Hager, Friesen, 1981). Another type of smiling is the well-known "phony smile" or "social smile" which involves the isolated use of *M. zygomaticus* major and is important in social contexts and personal relationships see Graph 1 of Facial Muscls).

There have been a number of recent studies reported for asymmetries in facial expression (Ekman, Hager, Friesen, 1981). Ekman, Hanger, Friesen (1981) reported that a simulated emotional expression is a deliberate attempt to appear as if an emotion is being experienced. When perfected or mastered, this simulated expression can be misleading, and people might think they are seeing a spontaneous emotional expression, not a simulation. A simulation of expression is often used to conceal the fact that no emotion is felt or as a mask to cover one feeling with the appearance of another. False smiles can be detected by the muscles involved in their location, timing and duration of the actions. According to FACS, it is the orbicularis oculi (action units 6 and 7) usually is absent in a false smile. This is easy to recognize or measure if the action of the zygomatic major muscle (action unit 12) is not extreme, for without 6 or 7 a moderate or slight action of 12 will not raise the cheeks, bag the skin below the lower eyelid narrow the eye aperture, or produce crows-feet wrinkles Just the smiling lips will appear without the involvement of the eyes.

As noted in Table 1, if the smile action produced 12 is extreme, 12 will produce these changes in appearance almost as if 6 or 7 also had acted. Therefore, Ekman hypothesized that it will be harder to distinguish felt from false smiles when the smile is extreme, and the easier when the smile is slight or moderate in intensity. While the presence of 6 or 7 marks a felt smile, and their absence implies that a smile is false, there are occasions when a false smile will have a 6 or 7. This complication occurs because the orbicularis oculi muscle is involved not just in felt smiles, but in other felt emotions as well. When distressed or sadness or pain is felt, the outer part of orbicularis oculi action unit 7, is usually involved. If someone were trying to conceal those feelings with a false

smile, action unit 6 might still occur. The inner part of orbicularis oculi action unit 7 occurs with anger and with fear. If a false smile were to cover those emotions, there might still be evidence of action unit 7. Another source of confusion is that 6 or 7 may sometimes accompany false smiles making them look more genuine, for reasons unrelated to the person's attempt to mislead by smiling. Paul Ekman considers the absence of 6 or 7 to be strong evidence that a smile is not felt. If 6 or 7 are present in the smile, the expression may be felt smile or a false masking smile, and other clues are needed to help make the differentiation.

Table 1

Emotional Facial Action Coding System

Muscle	FAC Action Unit	Appearance Changes
Zygomatic Major	12	Lip corners pulled up towards cheekbones; when extreme produces same changes as action unit 6.
Orbicularis Oculi, Pars Lateralis	6	Raises the cheek; gathers skin inwards around the eye; bags skin below eye; narrows eye aperture; produces crowfeet wrinkles.
Orbicularis Oculi, Pars Medialis	7	Tightens the upper and lower eye lids; raises the lower eye lid; wrinkles or bulges skin directly below lower eye lid.

(Source: Friesen, Ekman Emotional Facial Action Coding System Unpublished Manual, 1983)

Maslow's Self Actualization Theory

Abraham Maslow, founder of humanistic psychology, developed the classic five-level Hierarchy of Needs pyramid explaining human motivation. In 1943, Abraham Maslow developed his formative work on the hierarchy and progression of human needs, "a theory of psychological health predicated on fulfilling innate human needs in priority, culminating in self-actualization." Maslow noted that the human hierarchy of needs spans

from the tangible, such as food and water, to the intangible, such as self-confidence, self-esteem and creativity. Many firms, enabled by new, digital technologies, are making the shift from providing goods and services to intangible services such as connectivity and information. As a result of this change, companies that provide the intangible services normally have higher valuation in the financial market than those that serve the lower and more tangible needs of customers.

According to Maslow's theory, the ripple effect of one's identification of higher order needs, such as self-actualization and self-esteem that played a major role in fulfilling one's personal potential and leadership development. This exclusive and narrow interpretation of Maslow's theory in over focusing on self-actualization as the highest order of motivation and fostered organizational leaders with uncontrollable egos often leads to destructive leaders. Shareholders, employees and followers place high hope in these leaders, treating them as larger than life heroes who lead a company from deficit to exponential profit, or who lead a troubling region/country to a prosperous modeled region/country. Many of the chief executives of the 350 largest U.S. public companies now average $16,300,000 in compensation, while typical workers average about $53,000 (Economic Policy Institute, June 2015). The big change happened in the 1990s. In 1965 the multiple was 20, and by 1978 it had risen only to 30. The next decade, going into 1990 saw the multiple rise to 60. But then from 1990 to 2000 it jumped from 60 to well over 300 - where it has averaged since. It was long ago that large company CEO pay made its huge gains, and such compensation has now become the norm (Economic Policy Institute, June 2015). Organizational leaders operating from this level of self-actualization with a predominant egocentric focus are in danger of becoming corrupted,

self-centered, distorted, and narrow-minded people with a situational interpretation of rules and regulations. They lack empathy and the ability to understand their co-workers, employees, friends and family due to the reason that they are blinded by their focus on self-reward, success and profit-at-all-cost. The proliferation of organizational corruption in recent times clearly indicates that numerous organizations over the last decades became fixated on the role of senior executives and company leaders to generate revenue and to meet the shareholders' demand, on their ability to positively affect the bottom line regardless of how it was done. This high and sometimes unrealistic expectations facilitated executives to act in self-serving, even blatantly unethical ways (Kulik, 2005).

This is evidenced by the recent scandal of Elizabeth Holmes, the founder and CEO of Theranos, once valued at more than $10 billion. Some critics have come to call the 21st century's Bernie Madoff. In 2018, the U.S. Securities and Exchange Commission charged Theranos and Holmes with deceiving investors by "massive fraud" through false or exaggerated claims about the accuracy of her blood-testing technology. Holmes settled the charges by relinquishing her voting control as the CEO and Founder of Theranos, returning all her shares to the company, paying a $500,000 fine and being barred from working as an offer of a public company for 10 years (Johnson, Carolyn Y. June 15, 2018 "Elizabeth Holmes, founder of blood-testing company Theranos, indicted on wire fraud charges" (*Washington Post*. ISSN 0190-8286). While the entire scandal appears almost blatant in its overarching fraud, Holmes maintains her innocence. Another demonstration of this type of self-serving leadership fueled by egocentric self-actualizing that spun out of control is Ken Lay, previous CEO of Enron. Until November 2001, Enron, an American power company, was one of the most highly respected companies,

an investor-darling and media-favorite. In 1977, *Fortune magazine* named Enron the

most innovative company for seven consecutive years, *Business Week* named CEO Ken

Lay one of the top 25 managers of the year prior to its downfall (Kulik, 2005). In October

2001, the company filed bankruptcy and its auditors, Arthur Anderson, the fifth largest

auditing firm in the world dissolved when it failed to report Enron's inflated assets.

These inflated assets resulted from fraudulent financial reporting that hid billions of

dollars of debt from investors. Shareholders lost $11 billion and the employees who

invested their 401k savings in the company stock, lost everything. In the aftermath

several executives were indicted and later sentenced to prison. Maslow concluded that

leaders like the executives at Enron, WorldCom and Theranos, all have a need to force

attributes of security and sameness unto others by trying to create a sense of

manageability to alleviate their own growing insecurity; they also suffer from an ego-

deficiency status with dichotomous thinking (Frick, 1989). Maslow reasoned that this

type of immoral self-serving behavior is certainly not the self-actualization as a high level

of human need; it is actually the behavior of deficiency motivated personalities who find

their solace in an artificially created, simplistic universe and polarized world (Frick,

1989). All the shareholders of Theranos and no one at Enron in the end had a chance to

think or act differently from the leadership. Like-minded people were hired, and

dissenters were terminated, isolated or punished with demotion. Ironically, while the

organization-wide corruption was taking place at Enron, the company's stated values was

encapsulated in the acronym RICE – respect, integrity, communication, and excellence.

Another irony of Theranos' mission statement that says "By making actionable

information accessible to everyone in the world at the time it matters most, we are

working to facilitate the early detection and prevention of disease, and empower people everywhere to live their best possible lives".

Supported by the two examples mentioned above, individuals in any organization interacts with various systems such as the ideology, organizational culture and social structure and combined, these make up the structure of organizational life. However, it seems that the motivations and behaviors of individual leaders of the organization are the greater force that determines the direction an organization will take (Shadnam & Lawrence, 2011). Hence, the reinforcement of ethical guidelines and governmental regulations will do little to alter the influence from these leaders. Numerous regulatory and ethical guidelines, such as *Sherman Anti-Trust Law* and *Sarbanes Oxley*, already existed in different types of organizations rife with corruption over the last decades and have done little to prevent embezzlement and corruption. Furthermore, victims of financial fraud merely calling on leaders of organizations to become more transparent and honest, although a necessary step will probably have little effect on creating a new culture of leadership. Shadnam & Lawrence (2011) argues that the solution not only lies in leaders and executives becoming honest and transparent, but also lies in the hiring criteria of these chief executives. Most of the time, leaders are selected not for their demonstrated teamwork, but for their ability to compete successfully against their colleagues to generate more profit and increase company valuation.

The written cultural of a corporation is about teamwork, transparency and open communication. The unspoken goal of the corporation is profit-above-all, set by top CEOs that self-actualized in an egotistical manner. leaders often surround themselves with the like-minded direct reports and followers. This type of immoral self-serving

behavior is probably not what Maslow had in mind when he proposed and described self-actualization as a high level of human motivation. The call for new laws, ethical guidelines, or governmental regulations will do little to alter the course set by the leaders, but these guidelines already existed in the numerous different types of organizations rife with corruption over the last years and have done little to stem the flow. For example, the *Sarbanes-Oxley Act of 2002* was passed due to the accounting scandals at Enron, WorldCom, Tyco and Arthur Andersen, which resulted in billions of dollars in corporate losses. However, these regulatory guidelines did not prevent the recent fraud of Elizabeth Holmes from Theranos. These huge losses negatively impacted the financial markets and general investor trust. Merely calling on leaders of organizations to become more transparent and honest, although a necessary step will probably have little effect on creating a new culture of leadership. What is less well-known is that Maslow amended his model near the end of his life, and so the conventional portrayal of his hierarchy is incomplete. In his later thinking, he argued that there is a higher level of development, what he called self-transcendence. Maslow describes the importance of transcendence thusly:

> Transcendence refers to the very highest and most inclusive or holistic levels of human consciousness, behaving and relating, as ends rather than means, to oneself, to significant others, to human beings in general, to other species, to nature, and to the cosmos (Maslow, 1971, p. 269).

According to Maslow, self-transcendence brings the individual what he termed "peak experiences" in which they transcend their own personal concerns and see from a higher perspective. These experiences often bring strong positive emotions like joy,

peace, and a well-developed sense of awareness (Messerly, 2017). Someone who is highly self-transcendent may also experience "plateau experiences" in which they consistently maintain or enter a state of serenity and higher perspective (Messerly, 2017). Transcendence refers to the very highest and most inclusive or holistic levels of human consciousness, behaving and relating, as ends rather than means, to oneself, to significant others, to human beings in general, to other species, to nature, and to the cosmos (The Farther Reaches of Human Nature, 1971, p. 269.). During his research, Maslow concluded that some individuals have reached beyond the level of self-actualization as a salient motivation. He reasoned that the healthy, fully developed person is characterized not by egocentric, selfish behavior, but by his or her transcendence of other people's opinions. Maslow specifically used the term transcendence to differentiate this kind of person from the dichotomization of self and the environment, stating that it is a person freed from the "dichotomous way of thinking," (Maslow, 1968, p. 180).

If we apply Maslow's *Self Transcendent theory* to organizational leaders, they see the purpose of the organization as more than just financial success at-all-cost while taking from society. They find meaning in life by connecting their life's journey and happiness to the condition of others; not only those from the same culture directly around them, but from others all over the world, regardless of race, sex, country, or religion. The person in a state of transcendence is freed from the practice of categorizing, pre-judging and stereotyping the world and other people in it (Venter & Venter, 2010). Therefore, they can view the world and the organization differently and not as dichotomous, different, separate, individual, but, as one interdependent unit (Frick, 1989; Maslow, 1968). Maslow argues that people at this level of motivation transcended their dichotomous

nature and became autonomous, ruled by the laws of their own character rather than by the rules of society (1968). Transcended people become guided from within; they rely on their inner voices to develop values and rules for living (Frick, 1989; Maslow, 1968). According to Koltko-Rivera (2006), at the level of self-transcendence, the individuals own needs are put aside, to a great extent, in favor of service to others and to some higher force or cause conceived as being outside the personal self. According to Maslow (1968; 1973), a healthy personality develops autonomy resulting in people reaching success in appropriate coping behavior involving mastery and competence, typically behavior associated with his fifth level of the pyramid, self-actualization. However, it must also include freeing oneself from surrounding influences that can foster rigidness such as a narrowly defined organizational culture.

Managers and organizational leaders whose behavior is motivated by Maslow's level of self-transcendence will typically be bound together with a common purpose, a global perspective, and joint responsibility for the fate of the organization. They will see the organization as part of a global community that defines itself not by differences, but by the same common purpose. This purpose will no longer be rigidly and egotistically defined such as higher profit margins at-all-cost, although for the longevity of the organization the company's net operating profit does remain important. They will not be bound by rigid conceptualizations and narrow definitions of leadership and will not force attributes of sameness on workers. In contrast the ego-driven leaders, who according to Maslow actually suffer from ego deficiency, are not easily challenged in their actions and thinking. In addition, they are prone to persuade others in the company to think and do as they do. They are prone to create artificial, simplistic, and polarized organizations that

can easily be steered in one direction, in the case of many organizations such as Enron and Theranos over the cliff of ruin.

The transcended organizational leader embodies the opposite of this destructive rigidity; they transcend their own personal, social, and cultural needs, going beyond themselves and their own needs to embrace the cause of others including society around them. These same organizations need to redefine leadership success not only the super-performance of individual leaders alone, but on leadership actions going beyond the self to serve the needs of others. O'Toole and Bennis (2009) opine that companies and board of directors should choose better leaders and reward them in a different manner. Most of the time, leaders are selected not for their demonstrated teamwork, but for their ability to compete successfully against their colleagues in the executive suite, in a sense for their own executive ego. Organizations should not hire executive leadership with a profit-above-all mentality. The cultural tone of business and profit-above-all is set at the top, by executives that self-actualized in a narrowly defined, egotistical manner, ending up with some executives focused solely on generating more revenue and surrounding themselves with like-minded leaders and followers. O'Toole and Bennis (2009) further state that changing the executive selection process is potentially the most powerful institutional lever for cultural change. The solution they propose focuses on honesty and transparency on the part of CEO's lasting leadership transformation.

Finally, organizations must focus on ethical responsibility and ethical leadership as part of the criteria for success and demand that their executives go beyond the bottom line and expansions alone. Over achievers are rewarded for focusing on a common purpose, a global perspective, and joint responsibility for the fate of the organization and

the society within which it exists. Maslow reasoned that this step-in personal development towards self-transcendence does not mean that a person becomes alienated from his or her culture. In the case of organizational leadership, the self-transcended leader does not become alienated from the financial and production goals of the company in this process. They are able to view the world and his or her purpose in the world in relation to other human beings on a more global scale; they become aware that the organization can have an impact, not just within their own geographical boundaries, but on a global scale (Frick, 1989; Maslow,1968). Self-transcended leaders in organizations focus not only on profit, but on the good they, their products, and their organizations can do to the world around them. Such leaders develop a deeper sense of purpose, not only focused on the organization, but anchored in the plight of the whole world.

Chapter Three: Research Methodology

This chapter addresses research method employed, the rational for selecting the three subjects, data collection and analysis, background research, limitations and contributions of the study, and conclusions. The choice of the research methodology used in conducting this study is determined by an in-depth, detailed study of three individuals whom are narrowly focused, provides a high level of detail, and is able to combine both objective and subjective data to achieve an in-depth understanding of their behaviors. Case studies are an in-depth investigation of one particular individual, group, time-period or event. They encompass a range of qualitative and/or quantitative research tools to investigate underlying principles of an occurrence within a real-life context. Case study design may contain a single or multiple case (Creswell, 2007; Yin, 2009; Yin, 2013).

The case(s) represent a single individual, several individuals, a setting, a program, an event, or an activity (Creswell, 2007). Multiple-case study design consists of a few in-depth, illustrative cases (Hagan, 2006). Stake (2006, as cited in Merriam, 2009) provides a clear explanation of multiple-case study research: In multi-case study research, the single case is of interest because it belongs to a collection of cases. The individual cases share a common characteristic or condition. The cases in the collection are somehow categorically bound together. They may be members of a group or examples of a phenomenon. Stake (1995, p 49) proposes a series of necessary steps for completing the case study method, including posing research questions, gathering data, and analyzing and interpreting data. Yin (2003, 2013) also provides a framework for conducting a case study: 1. Presenting a clear and adequate specification of the theoretical issues and, from this, the questions that frame the study. 2. Clearly defining the unit(s) of analysis,

including possible sub-units if these are warranted. 3. Deciding on the appropriate

number of cases to explore within the study. 4. Clearly specifying the selection criteria

for choosing the cases studies. Choosing an appropriate and effective data collection and

analysis strategy. 5. Developing appropriate test to ensure the validity and reliability of

the approach taken in conducting the case study. The research reported here was a

multiple case study comprised of three financial or political fraud from China, United

States and Taiwan who have been jailed for extraordinary amount of embossment money.

Each person represented a single case; the individual was the primary unit of analysis.

This design was selected to strengthen the precision, the validity, and the stability of the

findings (Miles & Huberman, 1994).

The more cases included in a study, the more compelling an interpretation is

likely to be. Through looking at a range of similar and contrasting cases, a single case

finding can be understood, grounding it by specifying how and where, as well as the why

(Merriam, 2009). Each case in the study, as part of the larger multiple case study, will

serve to strengthen the conceptual framework. Including multiple cases is a common

strategy employed in research to enhance the external validity of the findings (Merriam,

2009). The evidence from multiple case studies is often considered more compelling, and

overall study is considered more robust (Yin, 2014). Theoretical Tradition of Narrative

research originated from "literature, history, anthropology, sociology, sociolinguistics,

and education" (Creswell, 2007, p. 54). In recent history, late 1980s and early 1990s,

research in the social sciences has taken "a sharp turn to narrative to studying experience"

(Clandinin, 2013, p. 10). Dewey's (1938) theory of experience is most often cited as the

philosophical underpinning of narrative inquiry (Clandinin & Connelly, 2000). Dewey's

(1938) two criteria of experience-interaction and continuity endorsed in situations-

provide the grounding for attending to a narrative notion of experience through the three-

dimensional narrative inquiry space with dimensions of temporality, place, and sociality

(Clandinin, 2013). Connelly and Clandinin (1990) argued for the development and use of

narrative inquiry through inspirations by a view of human experience in which humans,

individually and socially, lead storied lives. People shape their daily lives by stories of

who they are, and others are and as they interpret their past in terms of these stories.

Story, in the current idiom, is a portal through which a person enters the world and by

which their experience of the world is interpreted and made personally meaningful.

Narrative inquiry is first and foremost a way of thinking about experience.

Narrative inquiry as a methodology entails a view of the phenomenon. To use narrative

inquiry methodology is to adapt a particular view of experience as phenomenon under

study (Connelly & Clandinin, 1990). The present study applied and incorporated a

Deweyan inspired understanding of experience and Connelly and Clandinin's (1990)

application of narrative inquiry. Narrative inquiry is an approach to the study of human

lives conceived as a way of venerating lived experiences as a source of important

knowledge and understanding. Narrative inquiry is a way of understanding experience. It

is collaboration between researcher and participants, over time, in a place or series of

places, and in social interaction with milieus. An inquirer enters this matrix in the midst

and progresses in the same spirit, concluding the inquiry still in the midst of living and

telling, reliving and retelling, the stories of experiences that made up people's lives, both

individually and socially (Clandinin & Connelly, 2000, p. 20).

For this research, I did not focus on the discovery of a universal, generalizable truth, nor did I look for cause-effect relationships. Instead, emphasis was placed on exploration and description. The most significant benefit of case studies is that they enable a holistic review. Hence, my chosen method for conducting this study is the qualitative research of case study. I believe that case studies enable a researcher to gain a more detailed, un-biased understanding of a complex situation, through the use of a range of research tools. Due to the limited number of verbal and nonverbal signs for high profiled fraud published, a close examination of these cases is the best way to reach a more comprehensive and detailed understanding of how these successful embezzlement and corruption takes place, rather than performing large sample statistical analyses. This study collects data of public speeches, images, pictures and written speeches of the three subjects which provide evidence for the possible motivations in lying for greed. The Case Study method arises out of the need to understand complex social phenomena, such as that of the high-profile political corruption and fraud behavior (Yin, 2009). As mentioned before, since there have not been much publications on the body language and facial expression of most successful corporate and political con artists, the hope is that by doing the case study on a small number of subjects will not only answer the motivation and intend of the lies, but is there also a pattern of the verbal and non-verbal cues across cultures from American to Chinese to Taiwanese. Therefore, one subject is selected from U.S, one from China and one from Taiwan. The reasons for selecting the three individuals are as follows:

1. What separates the usual white-collar crime as opposed to the cream of the crop's fraud like the 3 subjects of this dissertation?

2. What makes these people so good at deceiving that even their closest family members and friends do not see the signs for years and decades?

3. Were these 3 case study subjects learning the skillset needed to be the best deceivers? Or they were born with these character traits?

4. Were they influenced by their wives to be the corrupted individuals?

5. What makes these people so good at deceiving that even their closest family members and friends do not see the signs for years and decades?

6. Were there subtle "hints' through the deceivers' facial expressions and/or body languages that the victims failed to "see"? Or the deceivers all have mastered controlling their facial muscles to perfection when lying?

7. Do these 3 subjects from different countries have the same characteristics as some of the most successful fraud?

Subjects Selections

Madoff was arrested at the $7 million dollar Manhattan penthouse he shared with his wife, Ruth, the man who had run a decade long pyramid scheme made an emotional confession to his sons that "it's all just one big lie". Securities and Exchange Commission investigators spoke of "a stunning fraud that appears to be of epic proportions". Their suspicions proved correct. Madoff's white-collar crime was the largest-ever Ponzi scheme in history. Sadly, all Madoff was doing was running a Ponzi scheme in which he would take funds from new investors, and pay dividends and redemption requests to older investors, pocketing a significant portion for himself. An SEC official even said that the stated returns that Madoff was making were impossible, but the investigation was dismissed until Madoff was eventually turned in by his son. By its end, Madoff had

effectively stolen $17.5 billion. What made Madoff such an efficient con man? Such convincing liar that evens some of his closes circle didn't detect anything for decades.

Chen Shui Bian was chosen due to the reason that his ability to deceive the Taiwanese populations when he succumbed to corruption after assuming office. In June 2002, Keesing's Contemporary Archives cited a poll in Taiwan that indicated that more respondents had perceived the DPP to be more corrupt than the KMT (Copper, 2006, p. 14). From the public recordings of Chen, the observation is that he added animation to his language, he workshopped his delivery, hand gestures and extend his arms. Chen drew on a kind of rhetorical power with a "mesmeric" voice, and the exaggeration of his body languages; raising his arms, shouting slogans with excitement or anger, tied in with the outward pointing thumb this displays authority and confidence, possibly even bragging rights, all of these dramatic animation won large crowds of Taiwanese voters. Ironically even after Chen was found guilty and jailed for embezzlement and corruption, he was still popular to many for being perceived as someone who improved the quality of life of the country and cleaned up corruption. What is it about his ability to blind people with his voice, words and/or the animated body language?

The third subject was selected due to the reason that he is known to be the main character of the trail of the century in China. The case of Bo Xilai, the disgraced politician who had been expelled from the Communist Party and who will likely face a worse fate from the courts, captures all that is unwell in the country. A Chinese court has found disgraced politician Bo Xilai guilty on all charges of embezzlement, bribery, and abuse of power on Sunday, bringing an end to a trial that has gripped the entire country. Mr. Bo was handed down a sentence of life in prison for bribe taking, along with 15 years

for embezzlement and seven years for abuse of power (*BBC News*, Sept 23, 2013). If the allegations of financial impropriety against Bo are accurate, this is yet another example of the massive monetary corruption that permeates politics, government, and business in contemporary China. What is intriguing is that throughout the year long trial, most of the public images of Bo XiLai shows his consistent facial expression with smiling eyes and a perpetual smirk. Bo has one facial expression of the smiling eyes; Chen has the over the top exaggerated body language while Bernie Madoff had the consistent emotionless expression. If facial expression should match the emotional content, then all three people would be challenging and rewarding at the same time. Furthermore, all three men have been married to the same spouse for 2 to 4 decades, one asks if the wives had any influence of the misconduct of their husbands.

Data Collection

My study involves observing the recorded public speech, interviews, and trial proceedings and images of my subjects. By collecting hundreds of facial expressions, body movement and repeated phrases and words, longer or shorter than normal pauses in between sentences, one can interpretive facial expressions, statistical indicator concluded from the verbal repetitiveness and body movement. For information on financial fraud, white collar crime, Ponzi scam, political corruption and embezzlement, there is a large body of narrative data in the public domain, data that is also likely to have a rich source of general background information. Typical public sources for this data would be financial fraud and investigation websites including *findlaw.com, justice.gov, factset.com, Investopedia.com, Wall Street Journal*, Security Exchange Commission and public trial records for the well-known corporate fraud cases such as Enron, Worldcom, Wells Fargo,

Lehman Brothers to as recent as Elizabeth Holmes (Theranos) scandals. The public

speeches are retrieved and analyzed from YouTube. For any YouTube videos located for

Chen from Taiwan and Bo from China, they will be translated from Mandarin to English

by the investigator. Additionally, there are immense number of published books, articles

and website on body language and facial expressions, specifically from authors like Paul

Ekman, Darwin, Sigmund Freud, David Masumoto. However, there is limited published

research on verbal and non-verbal cues for high stake liars across Asian and American

cultures. By researching background and compiling a case study for each top well known

proven fraud from each country (China, U.S and Taiwan), perhaps the results will shed

some light into an area that has been lacking published research.

Chapter Four: Case Studies

Interpretation of the General Facial Expression and Body Language

Body Language is a significant aspect of modern communications and relationships. Body language describes the method of communicating using body movements or gestures in addition to verbal language. As mentioned previously, Charles Darwin in the late 1800s could be regarded as the earliest expert to have made serious scientific observation about body language, but there seems little substantial development of ideas for at least the next 150 years. Darwin's work pioneered much ethological thinking. Ethology began as the science of animal behavior. Where ethology considers animal evolution and communications, it relates strongly to human body language. Ethologists have progressively applied their findings to human behavior, including body language, reflecting the evolutionary origins of much human non-verbal communication - and society's growing acceptance of evolutionary rather than creationist theory. Ethology, like psychology, is an over-arching science which continues to clarify the understanding of body language.

The interpretation of body language, such as facial expressions and gestures, is formally called kinesics. Body language includes subtle, unconscious movements, including winking and slight movements of the eyebrows and other facial expressions. Researches have concluded that the role of body language during communication: (1) only 7% of the information human transmits to others is in the language we use; (2) 38% in how people speak-quality of voice, accent, voice projection, emphasis, expression, pace, volume, pitch, and (3) 55% through body language-posture, position, eye contact, facial expression, head and body movements, gestures and touch (Patel, 2015). Before we

dive into the specific verbal and nonverbal cues of the subjects in the case studies, let's look at the general interpretation of the everyday facial expression and body languages. Patel (2015) argued that body language is not an exact science, no single body language sign is a reliable indicator. Understanding body language involves the interpretation of several consistent signals to support or indicate a conclusion. He provided the general body language interpretations below.

Eyes - body language

Our eyes are a very significant aspect of the non-verbal signals we send to others. To a lesser or greater extent, we all 'read' people's eyes without knowing how or why, and this ability seems to be inborn. People with highly developed awareness, they can detect easily the differences between a 'glazed over' blank stare, a piercing look, a moistening eye long before tears come, and an awkward or secret glance. When we additionally consider the eyelids, and the flexibility of the eyes to widen and close, and for the pupils to enlarge or contract, it becomes easier to understand how the eyes have developed such potency in human communications. Eyes tend to look right when the brain is imagining or creating and left when the brain is recalling or remembering. This relates to right and left sides of the brain - in this context broadly the parts of the brain handling creativity/feelings (right) and facts/memory (left).

Under certain circumstances 'creating' can mean fabrication or lying, especially (but not always - beware), when the person is supposed to be recalling facts. Looking right when stating facts does not necessarily mean lying - it could for example mean that the person does not know the answer and is talking hypothetically or speculating or guessing.

Table 2

Eyes

Signal	part of body	possible meaning(s)	detailed explanation
looking right (generally)	Eyes	Fabricating, creating, guessing, lying, storytelling	Creating here is basically making things up and saying them. Depending on context this can indicate lying, but in other circumstances, for example, storytelling to a child, this would be perfectly normal. Looking right and down indicates accessing feelings, which again can be a perfectly genuine response or not, depending on the context, and to an extent the person.
looking left (generally)	Eyes	recalling, remembering, retrieving 'facts'	Recalling and then stating 'facts' from memory in appropriate context often equates to telling the truth. Whether the 'facts' (memories) are correct is another matter. Left downward looking indicates silent self-conversation or self-talk, typically in trying to arrive at a view or decision.
looking right and up	Eyes	visual imagining, fabrication, lying	Related to imagination and creative (right-side) parts of the brain, this upwards right eye-movement can be a warning sign of fabrication if a person is supposed to be recalling and stating facts.
looking right sideways	Eyes	imagining sounds	Sideways eye movements are believed to indicate imagining (right) or recalling (left) sounds, which can include for example a person imagining or fabricating what another person has said or could say.
looking right and down	Eyes	accessing feelings	This is a creative signal but not a fabrication - it can signal that the person is self-questioning their feelings about something. Context particularly- and other signals - are important for interpreting more specific meaning about this signal.
looking left and up	Eyes	recalling images truthfulness	Related to accessing memory in the brain, rather than creating or imagining.

			A reassuring sign if signaled when the person is recalling and stating facts.
looking left sideways	Eyes	recalling or remembering sounds	Looking sideways suggests sounds; looking left suggests recalling or remembering - not fabricating or imagining. This therefore could indicate recalling what has been said by another person.
looking left down	Eyes	self-talking, rationalizing	Thinking and analyzing through by self-talk - concerning an outward view, rather than the inward feelings view indicated by downward right looking.
direct eye contact (when speaking)	Eyes	honesty - or faked honesty	Direct eye contact is generally regarded as a sign of truthfulness, however practiced liars know this and will fake the signal.
direct eye contact (when listening)	Eyes	attentiveness, interest, attraction	Eyes which stay focused on the speaker's eyes, tend to indicate focused interested attention too, which is normally a sign of attraction to the person and/or the subject.
widening eyes	Eyes	interest, appeal, invitation	Widening the eyes generally signals interest in something or someone, and often invites positive response. Widened eyes with raised eyebrows can otherwise be due to shock, but aside from this, widening eyes represents an opening and welcoming expression. In women especially widened eyes tend to increase attractiveness, which is believed by some body language experts to relate to the eye/face proportions of babies, and the associated signals of attraction and prompting urges to protect and offer love and care, etc.
rubbing eye or eyes	Eyes	disbelief, upset, or tiredness	Rubbing eyes or one eye can indicate disbelief, as if checking the vision, or upset, in which the action relates to crying, or tiredness, which can be due boredom, not necessarily a need for sleep. If the signal is accompanied by a long-pronounced blink, this tends to support the tiredness interpretation.
eye shrug	Eyes	frustration	An upward roll of the eye's signals frustration or exasperation, as if looking to the heavens for help.

pupils dilated (enlarged)	Eyes	attraction, desire	The pupil is the black center of the eye which opens or closes to let in more or less light. Darkness causes pupils to dilate. So too, for some reason does seeing something appealing or attractive. The cause of the attraction depends on the situation. In the case of sexual attraction, the effect can be mutual - dilated pupils tend to be more appealing sexually that contracted ones, perhaps because of an instinctive association with darkness, night-time, bedtime, etc., although the origins of this effect are unproven. Resist the temptation to imagine that everyone you see with dilated pupils is sexually attracted to you.
blinking frequently	Eyes	excitement, pressure	Normal human blink rate is considered to be between six and twenty times a minute, depending on the expert. Significantly more than this is a sign of excitement or pressure. Blink rate can increase to up to a hundred times a minute. Blink rate is not a reliable sign of lying.
blinking infrequently	Eyes	various	Infrequent blink rate can mean different things and so offers no single clue unless combined with other signals. An infrequent blink rate is probably due to boredom if the eyes are not focused or can be the opposite - concentration - if accompanied with a strongly focused gaze. Infrequent blink rate can also be accompanied by signals of hostility or negativity and is therefore not the most revealing of body language signals.
eyebrow raising (eyebrow 'flash')	Eyes	greeting, recognition, acknowledgement	Quickly raising and lowering the eyebrows is called an 'eyebrow flash'. It is a common signal of greeting and acknowledgement and is perhaps genetically influenced since it is prevalent in monkeys (body language study does not sit entirely happily alongside creationism). Fear and surprise are also signaled by the eyebrow flash, in which case the

			eyebrows normally remain raised for longer, until the initial shock subsides.
winking	Eyes	friendly acknowledgement, complicity (e.g., sharing a secret or joke)	Much fuss was made in May 2007 when George W Bush winked at the Queen. The fuss was made because a wink is quite an intimate signal, directed exclusively from one person to another, and is associated with male flirting. It is strange that a non-contact wink can carry more personal implications than a physical handshake, and in many situations more than a kiss on the cheek. A wink is given additional spice if accompanied by a click of the tongue. Not many people can carry it off. Additionally - and this was partly the sense in which Bush used it - a wink can signal a shared joke or secret.

Source from: Body Language: An Effective Communication Tool, Patel, Dipika, S (June 2014)

Mouth - body language

The mouth is associated with numerous body language signals, which is not surprising given its functions; specifically, speech, but also those connected with infant feeding, which connects psychologically through later life with feelings of security, love and sex. The mouth can be touched or obscured by a person's own hands or fingers and is a tremendously flexible and expressive part of the body too, performing a central role in facial expressions. The mouth also has more visible moving parts than other sensory organs, so there's a lot more potential for variety of signaling. Unlike the nose and ears, which are generally only brought into body language action by the hands or fingers, the mouth acts quite independently, another reason for it deserving separate detailed consideration. Smiling is a big part of facial body language. As a general rule real smiles are symmetrical and produce creases around the eyes and mouth, whereas fake smiles, for whatever reason, tend to be mouth-only gestures.

Table 3

Mouth

Signal	part of body	possible meaning(s)	detailed explanation
pasted smile	mouth	faked smile	A pasted smile is one which appears quickly, is fixed for longer than a natural smile, and seems not to extend to the eyes. This typically indicates suppressed displeasure or forced agreement of some sort.
tight-lipped smile	mouth	secrecy or withheld feelings	Stretched across face in a straight line, teeth concealed. The smiler has a secret they are not going to share, possibly due to dislike or distrust. Can also be a rejection signal.
twisted smile	mouth	mixed feelings or sarcasm	Shows opposite emotions on each side of the face.
dropped-jaw smile	mouth	faked smile	More of a practiced fake smile than an instinctive one. The jaw is dropped lower than in a natural smile, the act of which creates a smile.
smile - head tilted, looking up	mouth	playfulness, teasing, coy	Head tilted sideways and downwards so as to part hide the face, from which the smile is directed via the eyes at the intended target.
bottom lip jutting out	mouth	upset	Like rubbing eyes can be an adult version of crying, so jutting or pushing the bottom lip forward is a part of the crying face and impulse. Bear in mind that people cry for reasons of genuine upset, or to avert attack and seek sympathy or kind treatment.
laughter	mouth	relaxation	Laughter deserves a section in its own right because it's such an interesting area. In terms of body language genuine laughter is a sign of relaxation and feeling at ease. Natural laughter can extend to all the upper body or whole body. The physiology of laughter is significant. Endorphins are released. Pain and stress reduce. Also, vulnerabilities show and can become more visible because people's guard drops when laughing.
forced laughter	mouth	nervousness, cooperation	Unnatural laughter is often a signal of nervousness or stress, as an effort to dispel

			tension or change the atmosphere. Artificial laughter is a signal of cooperation and a wish to maintain empathy.
biting lip	mouth	tension	One of many signals suggesting tension or stress, which can be due to high concentration, but more likely to be anxiousness.
teeth grinding	mouth	tension, suppression	Inwardly-directed 'displacement' (see <u>body language glossary</u>) sign, due to suppression of natural reaction due to fear or other suppressant.
chewing gum	mouth	tension, suppression	As above - an inwardly directed 'displacement' sign, due to suppression of natural reaction. Otherwise however can simply be to freshen breath, or as a smoking replacement.
smoking	mouth	self-comforting	Smoking obviously becomes habitual and addictive, but aside from this people put things into their mouths because it's comforting like thumb-sucking is to a child, in turn rooted in baby experiences of feeding and especially breastfeeding.
thumb-sucking	mouth	self-comforting	A self-comforting impulse in babies and children, substituting breast-feeding, which can persist as a habit into adulthood.
chewing pen or pencil	mouth	self-comforting	Like smoking and infant thumb sucking. The pen is the teat. Remember that next time you chew the end of your pen...
pursing lips	mouth	thoughtfulness, or upset	As if holding the words in the mouth until they are ready to be released. Can also indicate anxiousness or impatience at not being able to speak. Or quite differently can indicate upset, as if suppressing crying.
tongue poke	mouth / tongue	disapproval, rejection	The tongue extends briefly and slightly at the center of the mouth as if tasting something nasty. The gesture may be extremely subtle. An extreme version may be accompanied by a wrinkling of the nose, and a squint of the eyes.
hand clamped over mouth	mouth / hands	suppression, holding back, shock	Often an unconscious gesture of self-regulation - stopping speech for reasons of shock, embarrassment, or for more tactical reasons. The gesture is reminiscent of the 'speak no evil' wise monkey. The action can be observed very clearly in young children when they witness something 'unspeakably'

			naughty or shocking. Extreme versions of the same effect would involve both hands.
nail biting	mouth / hands	frustration, suppression	Nail-biting is an inwardly redirected aggression borne of fear, or some other suppression of behavior. Later nail-biting becomes reinforced as a comforting habit, again typically prompted by frustration or fear. Stress in this context is an outcome. Stress doesn't cause nail-biting; nail-biting is the outward demonstration of stress.

Source from: Body Language: An Effective Communication Tool, Patel, Dipika, S (June 2014)

Head - body language

The head tends to lead and determine general body direction, but it is also vital and vulnerable being where our brain is, so the head is used a lot in directional (likes and dislikes) body language and in defensive (self-protection) body language too. A person's head, due to a very flexible neck structure, can turn, jut forward, withdraw, tilt sideways, forwards, backwards. All of these movements have meanings, which given some thought about other signals can be understood. The face, our eyes and our hands, are very powerful parts of our body in sending body language signals. The head - when our hands interact with it - is therefore dynamic and busy in communicating all sorts of messages - consciously and unconsciously.

Table 4

The Head

Signal	part of body	possible meaning(s)	detailed explanation
head nodding	Head	agreement	Head nodding can occur when invited for a response, or voluntarily while listening. Nodding is confusingly and rather daftly also referred to as 'head shaking up and down'. Head nodding when talking face-to-face one-to-one is easy to see, but do you

			always detect tiny head nods when addressing or observing a group?
slow head nodding	Head	attentive listening	This can be a faked signal. As with all body language signals you must look for clusters of signals rather than relying on one alone. Look at the focus of eyes to check the validity of slow head nodding.
fast head nodding	Head	hurry up, impatience	Vigorous head nodding signifies that the listener feels the speaker has made their point or taken sufficient time. Fast head nodding is rather like the 'wind-up' hand gesture given off-camera or off-stage by a producer to a performer, indicating 'time's up - get off'.
head held up	Head	neutrality, alertness	High head position signifies attentive listening, usually with an open or undecided mind, or lack of bias.
head held high	Head	superiority, fearlessness, arrogance	Especially if exhibited with jutting chin.
head tilted to one side	Head	non-threatening, submissive, thoughtfulness	A signal of interest, and/or vulnerability, which in turn suggests a level of trust. Head tilting is thought by some to relate to 'sizing up' something, since tilting the head changes the perspective offered by the eyes, and a different view is seen of the other person or subject. Exposing the neck is also a sign of trust.
head forward, upright	head / body	interest, positive reaction	Head forward in the direction of a person or other subject indicates interest. The rule also applies to a forward leaning upper body, commonly sitting, but also standing, where the movement can be a distinct and significant advancement into a closer personal space zone of the other person. Head forward and upright is different to head tilted downward.
head tilted downward	Head	criticism, admonishment	Head tilted downwards towards a person is commonly a signal of criticism or reprimand or disapproval, usually from a position of authority.
head shaking	Head	disagreement	Sideways shaking of the head generally indicates disagreement, but can also signal feelings of disbelief, frustration or exasperation. Obvious of course, but often ignored or missed where the movement is

			small, especially in groups seemingly reacting in silent acceptance.
pronounced head shaking	Head	strong disagreement	The strength of movement of the head usually relates to strength of feeling, and often to the force by which the head-shaker seeks to send this message to the receiver. This is an immensely powerful signal and is used intentionally by some people to dominate others.
head down (in response to a speaker or proposition)	Head	negative, disinterested	Head down is generally a signal of rejection (of someone's ideas etc.), unless the head is down for a purpose like reading supporting notes, etc. Head down when responding to criticism is a signal of failure, vulnerability (hence seeking protection), or feeling ashamed.
head down (while performing an activity)	Head	defeat, tiredness	Lowering the head is a sign of loss, defeat, shame, etc. Hence the expressions such as 'don't let your head drop', and 'don't let your head go down', especially in sports and competitive activities. Head down also tends to cause shoulders and upper back to slump, increasing the signs of weakness at that moment.
chin up	Head	pride, defiance, confidence	Very similar to the 'head held high' signal. Holding the chin up naturally alters the angle of the head backwards, exposing the neck, which is a signal of strength, resilience, pride, resistance, etc. A pronounced raised chin does other interesting things to the body too - it tends to lift the sternum (breastbone), which draws in air, puffing out the chest, and it widens the shoulders. These combined effects make the person stand bigger. An exposed neck is also a sign of confidence. 'Chin up' is for these reasons a long-standing expression used to encourage someone to be brave.
active listening	head / face	attention, interest, attraction	When people are listening actively and responsively this shows in their facial expression and their head movements. The head and face are seen to respond fittingly and appropriately to what is being said by the speaker. Nodding is relevant to what is

			being said. Smiles and other expressions are relevant. The head may tilt sideways. Mirroring of expressions may occur. Silences are used to absorb meaning. The eyes remain sharply focused on the eyes of the speaker, although at times might lower to look at the mouth, especially in male-female engagements.

Source from: Body Language: An Effective Communication Tool, Patel, Dipika, S (June 2014)

Arms - body language

Arms act as defensive barriers when across the body, and conversely indicate feelings of openness and security when in open positions, especially combined with open palms. Arms are quite reliable indicators of mood and feeling, especially when interpreted with other body language. This provides a good opportunity to illustrate how signals combine to enable safer analysis.

Table 5

Arms

Signal	**part of body**	**possible meaning(s)**	**detailed explanation**
crossed arms (folded arms)	Arms	defensiveness, reluctance	Crossed arms represent a protective or separating barrier. This can be due to various causes, ranging from severe animosity or concern to mild boredom or being too tired to be interested and attentive. Crossed arms is a commonly exhibited signal by subordinates feeling threatened by bosses and figures of authority. N.B. People also cross arms when they are feeling cold, so be careful not to misread this signal.
crossed arms with clenched fists	Arms	hostile defensiveness	Clenched fists reinforce stubbornness, aggression or the lack of empathy indicated by crossed arms.

gripping own upper arms	Arms	insecurity	Gripping upper arms while folded is effectively self-hugging. Self-hugging is an attempt to reassure unhappy or unsafe feelings.
one arm across body clasping other arm by side (female)	Arms	nervousness	Women use this gesture. Men tend not to. It's a 'barrier' protective signal, and also self-hugging.
arms held behind body with hands clasped	Arms	confidence, authority	As demonstrated by members of the royal family, armed forces officers, teachers, policemen, etc.
handbag held in front of body (female)	Arms	nervousness	Another 'barrier' protective signal.
holding papers across chest (mainly male)	Arms	nervousness	Another 'barrier' protective signal, especially when arm is across chest.

Signal	part of body	possible meaning(s)	detailed explanation
Open palms at an angle	Hands	Openness	Gestures with palms showing (tilted to a 45-degree angle) signal candor and openness. When being truthful or forthcoming, people tend to use open gestures, showing their palms and wrists and spreading hands and arms away from their bodies, as if saying, "See, I have nothing to hide."
Palms Up and fingers spread	Hands	pleading position	Palms up. When palms are rotated straight up and fingers are spread, in a prototypical pleading position, it communicates the lack of something that the speaker needs or is requesting.
Palms down	Hands	controlling	Speakers pronate their palms to signal power and certainty. This is also a controlling signal, as when trying to quiet an audience.
one arm across body clasping other arm by side (female)	Arms	nervousness	**Vertical palms.** Vertical palm gestures with a rigid hand are often used to demonstrate the need for precise measurement--or to beat out a rhythm that gives emphasis to certain words.
arms held behind body with hands clasped	Arms	confidence, authority	**Clenched hands.** When a speaker clutches an object tightly, grips his hands behind his back or curls his hands into fists, it signals anger, frustration or a nonverbal way of saying, "I'm holding on to something and I'm not going to open up to you." Depending on the context, the clenched fist gesture can also communicate a warning that unwavering fortitude may be necessary to achieve an objective. I've often seen leaders use a fist to add the nonverbal equivalent of "firm commitment" to their message.
handbag held in front of body (female)	Arms	nervousness	**Finger pointing.** Finger pointing and wagging are parental gestures of scolding, and I've often seen politicians and executives, in particular, use this gesture in meetings, negotiations or interviews for emphasis or to show dominance. The problem is that rather than being a sign of authority, aggressive finger pointing suggests that the leader is losing control of the situation--and the gesture smacks of playground bullying.

holding papers across chest (mainly male)	Arms	nervousness	**Hands on hips.** Whether in a stubborn toddler or an aggressive CEO, hands on hips is one of the most common gestures used to communicate a defiant, super-confident or independent attitude.
			Hidden hands. Hidden hands make you look less trustworthy. This is one of the nonverbal signals that is deeply ingrained in our subconscious. Our ancestors made survival decisions based solely on bits of visual information they picked up from one another. In our prehistory, when someone approached with hands out of view, it was a clear signal of potential danger. Although today the threat of hidden hands is more symbolic than real, our psychological discomfort remains.
			Steepling gestures. It is common to see a speaker using a steepling gesture (palms separated slightly, fingers of both hands spread and fingertips touching) when feeling confident or comfortable about a subject she knows well. Politicians, executives, professors and attorneys are very fond of using these gestures when they speak.
			Hand gestures of enthusiasm. There is an interesting equation of hand and arm movement with energy. If a leader wanted to project more enthusiasm and drive, she could do so by increased gesturing. On the other hand, over-gesturing (especially when hands are raised above the shoulders) can make her appear erratic, *less* believable and *less* powerful.
			Hand gestures of composure. Arms held at waist height, and gestures within that horizontal plane, help you--and the audience-- feel centered and composed. Arms at waist and bent to a 45-degree angle (accompanied by a stance about shoulder-width wide) is also the posture I advise leaders to assume between gestures. It helps keep them grounded, energized and focused.

Source from: Body Language: An Effective Communication Tool, Patel, Dipika, S (June 2014)

Figure 12. Palms moved upwards signalize lack of confidence.

Figure 13. Palms directed downwards show decisiveness.

Figure 14. Hands raised and directed toward the audience are a signal of assurance.

Figure 15. Hands directed towards the speaker express the will of taking control.

"Raised steeple" expresses confidence of the speaker. It is also known as 'the steeple' and is usually done in a seated position. The finger-tips touch each other as the hands are placed out in front, forming a 'church steeple' like structure. This gesture is done by those who feel very confident about what's going on. It's usually done in a conversation when someone feels confident about the topic s/he is talking about. It is also commonly observed in superior-subordinate relationships and is done by superiors when they are giving instructions or advice to subordinates. This hand gesture is mostly used by politicians. See Figure 16 below.

Figure 16. Expressed Confidence of Speaker.

Thumbs

In a kind of loose fist, the politician presses their thumb firmly into the middle joint on their index finger, curling their fingers into their palm. When they want to make a point, they extend the closed hand out toward the crowd, as if handing over a sum of money. It's not a particularly comfortable position to stay in, but former FBI profiler and body language expert Joe Navarro says it has become so common on campaign trails because our bodies tend to reflect what our brains are trying to communicate. Precision grips are used for a variety of fine-motor movements, including writing, eating, and drawing. If a politician makes a similarly precise gesture during a speech, Navarro takes

that as a sign the speaker is trying to make an important or complex point. It is

articulating that you are focusing on a certain item, and you are demonstrating it

cognitively. See additional images in figure 17 below.

Figure 17. Using Thumb to Make a Complex Statement/Point.

Is there any Difference in American and Chinese Body Languages?

There are many body langucultural differences between American and Chinese as

well as many differences in which both show facial expressions and body languages. For

example, when Americans greet the opposite sex with a hug or kiss in public to show

friendliness but kissing or touching are meant only for lovers and married couples in

Chinese culture. They greet the opposite sex with a nod or handshake alone. On the other

hand, two ladies in China can walk hand in hand or hands around shoulder as two close

friends, which is considered as signs of homosexuality in America. It is a habit wide

across the Asian countries to treat their guests with stomach full food as a sign of

generosity. Even if the guest is not able to eat whatever is given they will serve them

more and more. But for Americans it might make them feel uncomfortable as they first

complete what is there in their plates and only then on get more. Similarlyity, the Chinese

do not have the habit of eating with hands and when they find Americans doing so, they

find it as a dirty gesture. There are also many differences in the way an American and a Chinese show their emotional feelings. It is disrespectful for Chinese to say "No" to elders straight to their face. Hence when they want to accept something which they don't like, they just lower their eyes and say "Yes" but such emotions are not so common in American culture. Moreover, Americans normally do not cry loudly at funeral as they think that will spoil their dignity in public. But Chinese put their emotions first and then only dignity in this case. In general, what we see is, Americans give more priority to their image, dignity and personal space in both public and personal life, but Chinese try to be raw in their emotions and prioritize that first. Americans will not hesitate to challenge those in authority. In fact, in the modern American workplace, the atmosphere is collegiate and collaborative, and the camaraderie is that of equals. However, in China, leaders are deeply respected and never challenged. The Chinese respect the decisions made by those above them and consider them final. There are also unspoken rules of deference to seniors and open respect.

The Focus on Politeness

Americans hardly ever back down from an argument. They aren't afraid of disagreeing and will readily point out things they don't like about the other person of their ideas. A Chinese professional will rarely do this. They will do anything to maintain courtesy and politeness in their dealings, even if it means lying to your face just to avoid disagreeing with you. Sometimes their 'yes' might actually mean 'no' because they prefer to offer white lies to save face and prevent conflict. Below is some of the more obvious difference between Chinese and American body languages:

Nod one's head – Means "yes" or "OK" in both cultures.

Shake one's head – Means "no" in both cultures.

Shrug one's shoulders – in English-speaking/Western culture implies that you don't know the answer to a question or that you don't care. In Chinese culture, this kind of body language is relatively rare.

Bow – whilst in the West, bowing is done by male performers at the end of a show (women, traditionally, are supposed to "curtsy"), in the East bowing is used in a variety of situations to communicate gratitude, humility, remorse, etc. However in mainland China and Taiwan, bowing is not common in everyday life, and indeed if the action is performed outside of a ceremony it can have a negative connotation of sucking up to someone.

Shake hands – Since China started opening up to the West, this has become a generally accepted sign to meet or greet someone in both formal and relatively informal situations.

Give the thumbs up/down – "Thumbs up" is known in Chinese, however interestingly there is no exact verb for giving a thumbs down, but it is unclear if this is a natural expression, or if it can actually act as a verb.

Cross one's arms – This movement could convey a number things in either culture; specifically, impatience, anger, confusion, boredom, or even professionalism, amongst other things.

Beckon – If we want someone to "come here" in the West we usually curl our index finger upwards, creating a hook-like sign to draw them closer. In some Asian countries (including China) the beckoning sign is achieved by waving inwards with all the fingers, palm facing the ground. (Source: ttp://carlgene.com/blog/2010/10/translating-

body-language/)

Facial Expressions

Smile – a "micro-laugh" or a subtle laugh.

Grin – Like English, Chinese has a specific word for this facial expression, literally, "showing-teeth-smile" – but it is not that common in conversation.

Smirk – This can be expressed in Chinese, literally, "complacently smile."

Roll one's eyes –in Chinese, it has multiple meanings. Rolling one's eyes could mean 1) the person has a sudden idea, or 2) similar in the West, one rolls one's eyes to express disapproval, indifference or frustration.

Wink – Winking may be translated as flirtatious or a secret that only the winker and the recipeint share.

Blink – Blinking is usually 眨眼 zhǎyǎn, but this can also mean winking too.

Raise one's eyebrows –In China one also raises his/her eyebrows in times when confused or angry; in English it is commonly associated with shock or surprise. 竖起眉毛 shùqǐ méimao and 皱起眉毛 zhòuqǐ méimao are both acceptable translations; see also the formal expression 扬眉 yángméi, part of the expression 扬眉吐气 yáng méi tǔqì (literally, "to raise one's eyebrows and sigh", connotating that one feels proud of one's success). In China one also raises one's eyebrows in times when confused or angry; in English it is commonly associated with shock or surprise.

(Source: http://carlgene.com/blog/2010/10/translating-body-language/)

Tools to Measure Facial Muscles – Facial Action Coding System

Facial expressions provide information about cognitive activity, temperament and personality, truthfulness, and psychopathology. The Facial Action Coding System (FACS) is the leading method for measuring facial movement in behavioral science (Ekman, Friesen, 1978). FACS is currently performed manually by highly trained human experts. Recent advances in image analysis open up the possibility of automatic measurement of facial signals. An automated system would make facial expression measurement more widely accessible as a tool for research and assessment in behavioral science and medicine. Such a system would also have applications in human-computer interaction. he pioneer of this approach to measuring facial expression of emotion were Ekman and Friesen in 1978, which is method that allows the identification of basic emotions over time, using the image of a videotaped face for image analysis and documenting specific expression changes called "Action Units" (www.paulekman.com/product-category/facts, 2018). The advantage of this method is that facial expression of emotion can be studied without biases by the investigator or the technique. Its disadvantages are the dependence on relatively strong emotions and the time needed to analyze the fixed images one by one using FACS method. The time required to use this method is one of the reasons that so few studies have been conducted on expression, compared with those on recognition of emotion. One has to understand that muscle activation is not part of FACS. Movements of the facial expression from eye, nostrils, cheeks, lips, mouth corners, head, winks, neck...etc., in positive and negative directions are encoded to specific numbers. FACS does not provide any information pertaining to the degree of muscle activation, it is merely an index of facial expressions.

Though muscle activation is not part of FACS, the main muscles involved in the facial

expression have been added here for the benefit of the reader. Action Units (AUs) are the

fundamental actions of individual muscles or groups of muscles

(www.paulekman.com/product-category/facts, 2018). Action Descriptors (ADs) are

unitary movements that may involve the actions of several muscle groups, such as a

forward thrusting movement of the jaw. According to Ekman and Friesen's "Action

Coding System Manual" in 1983, below is a list of Action Units and associated

description:

Table 6

List of Action Units and Action Descriptors (with underlying facial muscles) Main Codes

AU Number	FACS Name	Muscular Basis
0	Neutral face	
1	Inner Brow Raiser	frontalis (pars medialis)
2	Outer Brow Raiser	frontalis (pars lateralis)
4	Brow Lowerer	depressor glabellae, depressor supercilii, corrugator supercilii
5	Upper Lid Raiser	levator palpebrae superioris, superior tarsal muscle
6	Cheek Raiser	orbicularis oculi (pars orbitalis)
7	Lid Tightener	orbicularis oculi (pars palpebralis)
8	Lips Toward Each Other	orbicularis oris
9	Nose Wrinkler	levator labii superioris alaeque nasi
10	Upper Lip Raiser	levator labii superioris, caput infraorbitalis
11	Nasolabial Deepener	zygomaticus minor
12	Lip Corner Puller	zygomaticus major
13	Sharp Lip Puller	levator anguli oris (also known as caninus)
14	Dimpler	buccinator
15	Lip Corner Depressor	depressor anguli oris (also known as triangularis)
16	Lower Lip Depressor	depressor labii inferioris
17	Chin Raiser	mentalis
18	Lip Pucker	incisivii labii superioris and incisivii labii inferioris
19	Tongue Show	

20	Lip Stretcher	risorius w/ platysma
21	Neck Tightener	platysma
22	Lip Funneler	orbicularis oris
23	Lip Tightener	orbicularis oris
24	Lip Pressor	orbicularis oris
25	Lips Part	depressor labii inferioris, or relaxation of mentalis or orbicularis oris
26	Jaw Drop	masseter; relaxed temporalis and internal pterygoid
27	Mouth Stretch	pterygoids, digastric
28	Lip Suck	orbicularis oris

Source: Friesen, Ekman Emotional Facial Action Coding System Unpublished Manual, 1983)

Table 7

Head Movement Codes

AU Number	FACS Name	Action
51	Head Turn Left	
52	Head Turn Right	
53	Head Up	
54	Head Down	
55	Head Tilt Left	
M55	Head Tilt Left	The onset of the symmetrical 14 is immediately preceded or accompanied by a head tilt to the left.
56	Head Tilt Right	
M56	Head Tilt Right	The onset of the symmetrical 14 is immediately preceded or accompanied by a head tilt to the right.
57	Head Forward	
M57	Head Thrust Forward	The onset of 17+24 is immediately preceded, accompanied, or followed by a head thrust forward.
58	Head Back	
M59	Head Shake Up and Down	The onset of 17+24 is immediately preceded, accompanied, or followed by an up-down head shake (nod).
M60	Head Shake Side to Side	The onset of 17+24 is immediately preceded, accompanied, or followed by a side to side head shake.
M83	Head Upward and to the Side	The onset of the symmetrical 14 is immediately preceded or accompanied by a movement of the head, upward and turned and/or tilted to either the left or right.

Source: Friesen, Ekman Emotional Facial Action Coding System Unpublished Manual, 1983)

Table 8

Eye Movement Codes

AU Number	FACS Name	Action
61	Eyes Turn Left	
M61	Eyes Left	The onset of the symmetrical 14 is immediately preceded or accompanied by eye movement to the left.
62	Eyes Turn Right	
M62	Eyes Right	The onset of the symmetrical 14 is immediately preceded or accompanied by eye movement to the right.
63	Eyes Up	
64	Eyes Down	
65	Walleye	
66	Cross-eye	
M68	Upward Rolling of Eyes	The onset of the symmetrical 14 is immediately preceded or accompanied by an upward rolling of the eyes.
69	Eyes Positioned to Look at Other Person	The 4, 5, or 7, alone or in combination, occurs while the eye position is fixed on the other person in the conversation.
M69	Head and/or Eyes Look at Other Person	The onset of the symmetrical 14 or AUs 4, 5, and 7, alone or in combination, is immediately preceded or accompanied by a movement of the eyes or of the head and eyes to look at the other person in the conversation.

Source: Friesen, Ekman Emotional Facial Action Coding System Unpublished Manual, 1983)

Table9

Visibility Codes

AU Number	FACS Name	
70	Brows and forehead not visible	
71	Eyes not visible	
72	Lower face not visible	
73	Entire face not visible	
74	unsociable	

Source: Friesen, Ekman Emotional Facial Action Coding System Unpublished Manual, 1983)

Table 10

Gross Behavior Codes

AU Number	FACS Name	Muscular Basis
29	Jaw Thrust	
30	Jaw Sideways	
31	Jaw Clencher	
32	[Lip] Bite	
33	[Cheek] Blow	
34	[Cheek] Puff	
35	[Cheek] Suck	
36	[Tongue] Bulge	
37	Lip Wipe	
38	Nostril Dilator	nasalis (pars alaris)
39	Nostril Compressor	nasalis (pars transversa) and depressor septi nasi
40	Sniff	
41	Lid Droop	Levator palpebrae superioris (relaxation)
42	Slit	Orbicularis oculi muscle
43	Eyes Closed	Relaxation of Levator palpebrae superioris
44	Squint	Corrugator supercilii and Orbicularis oculi muscle
45	Blink	Relaxation of Levator palpebrae superioris; contraction of Orbicularis oculi (pars palpebralis)
46	Wink	orbicularis oculi
50	Speech	
80	Swallow	
81	Chewing	
82	Shoulder shrug	
84	Head shake back and forth	
85	Head nod up and down	
91	Flash	
92	Partial flash	
97*	Shiver/Tremble	
98*	Fast up-down look	

Source: Friesen, Ekman Emotional Facial Action Coding System Unpublished Manual, 1983)

These codes are reserved for recording information about gross behaviors that may be

relevant to the facial actions that are scored.
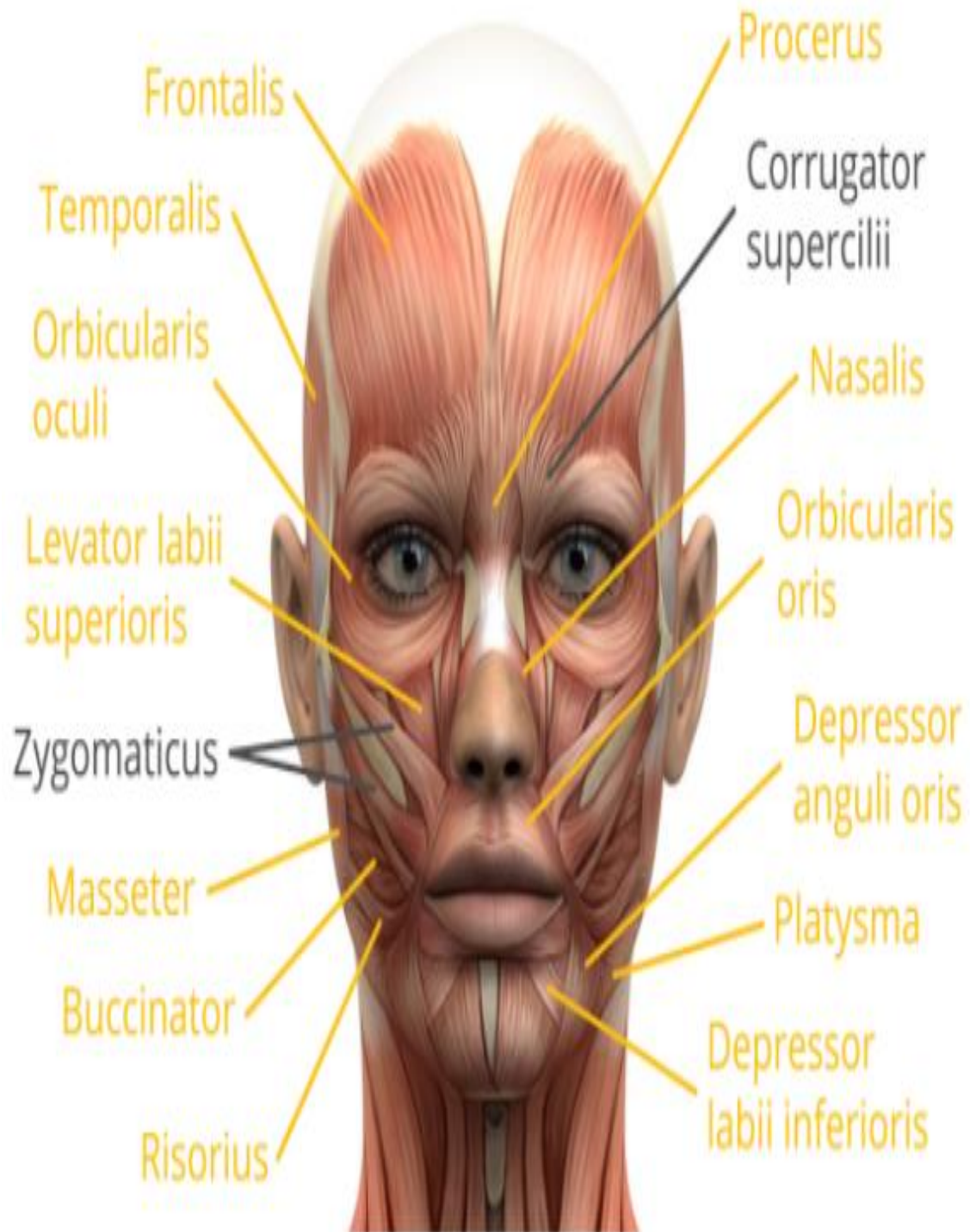
Figure 18. Facial Muscles (Source: retrieved from www. https://cdn.imotions.com/wp-content/uploads/2016/02/Face-muscles.jpg)

Case Study One: Bernard L. Madoff

Barnard "Bernie" Lawrence Madoff was born on April 29, 1938, in Queens, New York, he was the second child of Ralph and Sylvia Madoff, whom emigrated from Eastern Europe and married in 1932 at the height of the Great Depression (CNN.com, March, 2003). At the age of 22, he founded the Wall Street firm Bernard L. Madoff Investment Securities LLC in 1960 with the $5,000 he earned from installing sprinkler systems and lifeguarding (The Independent London, March 2009). He was the chairman until his arrest in 2008. Back in 1960 while he was a 22-year-old and trading stock out of his apartment, no one would trust the young and fresh out of college with a political science major to invest their money. Madoff's first big break came when his father-in-law, Saul Alpern, helped the young Madoff by giving him a small office space his mid-town Manhattan accounting firm (Oppenheimer, 2009). With limited cash flow in the beginning, Madoff avoided paying fees to New York Stock Exchange (NYSE) by trading "over-the-counter" penny stocks which valued less than $1.00 that were traded outside of New York Stock Exchange (*New York Times*, January 2009). A penny stock usually trades outside of the major market exchanges at a relatively low price and has a small market capitalization. These types of inexpensive stocks are generally considered highly speculative and high risk because of their lack of liquidity and very limited discloses from the companies. How it worked was that an investor would call Madoff requesting to buy or sell penny stock, Madoff would then contact other investors or stockbrokers to make the trade at the best price for his client. To clarify the financial responsibility between a stockbroker and an investment broker. A stockbroker and an investment adviser differ according to the type of obligations they have to their clients. An

investment adviser has a fiduciary duty to act in the client's best interest. A stockbroker is a salesman who brokers a deal between buy and seller. Hence as the broker for these Over-the-Counter penny stock transactions, Bernie earned a small commission and did not have the fiduciary responsibility to provide the best financial advice. In a short period of time, his work ethics impressed his father-in-law, Alpern was quite impressed by his work ethics to the point that he loaned him $50,000, which is equivalent to $413,490 in 2017 (Openheimer, 2009). Bernie got another big break when he was introduced to Carl Shapiro, who was a successful businessman and entrepreneur who ran a very well-known national women's apparel company in the country. Shapiro was intrigued by Bernie's ability to complete the trades in three days whereas other stockbrokers usually took up to three weeks to complete. Shapiro loaned Bernie $100,000 to invest on his behalf, Bernie in turn used the $150,000 he received from his father-in-law and Shapiro to subsidize his penny stock brokerage firm (The Wall Street Journal, March 2009). Bernie not only earned substantial fees by investing these funds, he also increased business by offering to pay his father-in-law for every new client he recruited, he could also provide his clients over 10 percent return on their investment. As new clients increased, Madoff Investment Securities LLC was overwhelmed by the filing documents required to operate a small but growing company. At the time, SEC exempted investment advisors with less than 15 clients from obtaining a license to operate. For investment firms with 15 or more clients, they were required to obtain a license, filing statements, paying fees and passing an examination with the SEC. Bernie decided to escape the scrutiny of the SEC and joined the group of illegal unlicensed investment advisors (US Securities and Exchange Commission, December 2018).

Bernie enlisted his father-in-law's help to collect money from various investors, transferred the total amount under one account back to Bernie to invest (The Wall Street Journal, March 2009). The advantage is on paper, it appeared to the SEC that the Madoff Investment Securities LLC had fewer than the required 15 clients. This also meant that Alpern's accounting business firm unofficially merged with Bernie's investment business. Although obtaining the investment advisory license was not an issue for Bernie, it was the fact that his investment firm might be on the SEC radar for an audit of his financial records and discover that Bernie had been violating the licensing laws. This audit finding could ban Bernie from the securities industry forever. Moreover, Bernie never shared his mathematical calculations that his firm used to determine when to sell and buy because this confidential information is considered proprietary especially to the competitors. He did however manage to convince his sophisticated financial backers like Shapiro and his clients that the secret to the remarkable high return on investment was using a complicated three part "split strike conversion investment strategy" (Markopolos, March 2010).

The first move was that he purchased common stock from a pool of 35 to 50 Standard & Poor's 100 Index companies whose performance paralleled overall market performance (Markopolos, March 2010). The Standard & Poor 100 Index represents then 100 largest publicly traded companies based on market performance. Second, Bernie monitored the market closely, existed the stock market and bought U.S. Treasury Bills when market was down, re-entering and sold U.S. Treasury Bills when market was rising. Lastly, he bought and sold option contracts as hedge to limit losses during sudden market downturns. A hedge is an investment to reduce the risk of adverse price movements in an

asset. Usually, hedging is analogues of taking out insurance policy. The advantage of options hedging is that you aren't limited to making a profit only when the market goes up. Because of the versatility of options, you can also make money when the market goes down or even sideways. No one really knew whether Bernie ever invested using this three-part conversion investment strategy. Undeniably, the key to his success was the speed of his trading operations; his clients received their return on investment within 3 business days as opposed to the usual three weeks turn around with other investment firms (Markopolos, March 2010). In 1970, Bernie was one of the first brokers to recognize the role which computers could play in the financial industry and hired his younger brother, Peter Madoff to computerize the entire operations. He subsequently employed more family members, his sons, Andrew and Mark and Peter Madoff's daughter, Shana, all as the compliance officers.

To date, there has not been confirmation when the Ponzi Scheme started. Even Bernie Madoff himself made contradictory remarks about when the scandal began. The government alleges that the former Madoff works engaged in a "conspiracy that dates back to at least the early 1970s" (Forbes, 2017). In addition, Madoff told CNNMoney in an interview in 2013 that it all started in 1987, but he also said in other interviews that the crime started in 1992. Madoff's former account manager, Fran DiPascali Jr, who started working at the firm since 1975, stated in court testimony that financial misleading had been going on "for as long as I remember." (Forbes, 2017). Bernie's fraud was a rather simple scheme. For example, assuming a client was promised an 18 percent annual returns over the course of one year with one million investments. As more clients invested with Madoff's firm during the year, this client decided to withdraw his/her entire

funds on December 31, Madoff would write a check in the amount of $1.18 million to this client even if the true return was below the 18 percent. Since the 70-year-old Madoff was arrested in December 2008, he has been claiming that no one else in the Madoff family was involved or aware of the crime, but it did involve a few loyal employees. DiPascali and few loyal investments employees record price data from Treasury Bills, options and stocks for the last 12 months in the computer to generate a long list of fake trades that come to a $180,000 profit (Forbes, May 2015). The client had no reason to doubt the pages of detailed transactions and fictitious trading tickets when they received the documents in the mail.

What are some of the other reasons to trust Bernie? Technologically, he was the forefront of the computerization of stock trading. In 1986, Bernie's new computer system could calculate the best price for stock orders of up to 3,000 shares in 10 seconds, it was one of the best and fastest computer systems in the industry. Psychologically, investors are drawn to successful fund managers trusted by others, especially someone with a long history in the industry. He had an indisputable reputation of a long track record of successful investing. He was also someone who held a four-year elected term on the NASD Adviser Council, was elected as non-executive chairman of NASDAQ. and was on the SEC advisory committees (Markopolos, March 2011). Socially, Bernie's quiet, stable, seemingly modest and charming personality exhibited a strong sense of honesty, loyalty and family oriented. Many of his clients treated Bernie as one of their own family members. Financially, who would not love to receive a double-digit return on their investment at year end? After all, Madoff Investment Security did not have an open door for all potential investors. Bernie often informed potential investors that his fund was

closed due to reaching its peak capacity from existing investors. Later on, he would

contact them when the fund was re-opened as a huge favor to them. As stated by all the

reasons above, banking with Bernie was a symbol of prestige and a status.

As Bernard L. Madoff Investment LLC quickly expanded from the incoming

cash, Bernie opened a second office in London in 1983 to attract European investors

(Henriques, May 2017). This new office also served as a tool of laundering money.

Bernie and Peter deposited the investment money in the company's New York City

Chase bank account, then transferred to the London business bank account, seemingly

investing in the London based securities, finally transferring the money back to Bernie's

personal Chase bank account. This business expansion along with Madoff's reputation

quickly placed his company at the apex of the investment pyramid. Large hedge fund

investors and managers seek out Madoff in hopes to maximize their clients' financial

returns. The investment pyramid begins with individual investor who desired to

conservatively deposit money in a highly liquid bank account and earn modest interest

rate or pay a broker fee and invest in a riskier mutual fund. The most conservative mutual

funds include blue-chip stocks and Treasury Bills which Bernie allegedly purchased and

sold during market turbulence.

The difference between mutual funds and hedge funds are that mutual funds are

professionally managed, charge management fees and regulated by the SEC. Hedge funds

on the contrary can invest in just about anything, such as startups, private companies or

real estate, they are less regulated by SEC and charge a higher management fees.

However, back in 1980's, mutual funds were only available to "accredited investors"

with an individual net worth of $1 million and annual income of $200,000 or more (U.S.

Securities and Exchange Commission, December 2008). Many hedge fund managers

preferred to invest their clients' money with Bernie for the high double-digit return rate

and the 2 percent commission payment from Bernie. Instead of charging the hedge fund

managers a fee, Bernie paid a commission under one condition which was that they

agreed not to mention his name in their marketing materials. Unknown to the hedge fund

managers, his clients and financial backers, Bernie was still an unlicensed investment

adviser. Some of the largest hedge fund suppliers for Bernie L. Madoff Investment were

Ascot Partner with investment of a total of $2.4 billion, Bank Medici of Austria and

Fairfield Greenwich Group (Markopolos, March 2011). These investment and incoming

cash flow made Bernie one of the 100 highest paid people on Wall Street with some

annual earnings of $6 million in 1986 (Markopolos, March 2011). Prestige, social status

and wealth often come hand in hand, the SEC also honored Madoff Investment LLC for

not shutting down business unlike most of other stock investment firms on "Black

Monday", October 19, 1987 (Markopolos, March 2011). The day Dow Jones Industrial

Average dropped 23 percent in one day of chaotic trading, not knowing at the time that

Bernie was only able to remain open because of his large amount of cash from his illegal

investment fund account.

     As a public acknowledgment of his success, Bernie leased three floors in the new

prestigious Lipstick Building on Third Avenue in Mid-Manhattan. The Lipstick Building

is a tall skyscraper with the red granite and stainless-steel exterior which is considered a

masterpiece and a NYC attraction in Manhattan. The main entrance to Bernie's business

was on the eighteenth floor that housed an information technology office, a conference

room, an administrative office and Ruth Madoff's office. On the nineteenth floor, there

were the state-of-the-art trading floor, offices for Bernie, his two sons Mark and Andrew and his brother Peter. The illegal investment part of the business was located on the seventeenth floor, managed by Bernie's long-time business partner in crime, DiPascali, along with about ten employees behind locked doors with signs written "DO NOT ENTER" and "DO NOT CLEAN" (Kirtzman, August 2010). This part of the business was so secretive that most employees on the eighteenth floor did not know Bernie managed an investments fund one floor down until the news of the Ponzi scheme broke out in 2008. Bernie's Father-In-Law, Alpern handed his CPA business to his employees, Avellino and Bienes when he retired in the early 1970s. These two accountants also inherited Alpern's investment advisory clients and recruited new investors over the past two decades. Bernie continued to pay Avellino and Bienes a commission for investing their clients' money with Bernie just as he paid Alpern. in 1992, one of the new clients recruited by Avellino & Bienes carelessly shared the company's marketing material with a competing investment advisor in Seattle (Moyer, December 2008). This Seattle company registered a complaint to SEC after they researched and realized that Avellino & Bienes was an unregistered company. SEC's investigation revealed that Alpern, Avellino and Bienes had created nine accounts for a total of 3,200 clients totaled a sum of $440 million from 1962 to 1992 (Henriques, Diana B.; Alex Berenson, December 14, 2008). This investigation also involved Madoff Investment firm due to the fact that Avellino and Bienes apparently falsified documents claimed the funds were invested with Bernie. Although Bernie admitted conducting business with Avellino & Beines but blatantly lied to the SEC that he assumed that Avellino & Bienes was a registered investment advisory company.

Avellino and Bienes also shielded Bernie from further investigation and was required to return $440 million back to their clients in addition to finning $350,000. Bernie was quite generous and magnanimous, offered to pay any of the $440 million that Avellino & Bienes could not return to their victims (Patrick Fitzgerald, New York Times, July 30, 2009). To illustrate Bernie as a talented businessman, he took advantage of this what could have been a career ending event into a lucrative opportunity, he convinced many victims the opportunity to invest directly in his fund rather than being reimbursed by Avellino & Bienes. This move from Bernie actually enhanced his reputation when the Wall Street Journal article referred Bernie as an "ace money manager". Ironically, Bernie not only avoided an audit from SEC that could put him out of business and in jail, he received free advertising which attracted even more new clients. As business continues to prosper, Bernie added a second business to his financial empire. It is a proprietary trading firm, managed by his two sons, that traded bonds and stocks using the company's money vs. clients' own money. Moreover, he purchased a $9.5 million mansion in Palm Beach, Florida in 1995 and joined the local country club (Arvedlund, August 2009). In a short period of time, one-third of the country club members invested with his firm.

As Bernie's financial empire grew, the suspicious from other competing investments firms also increased. In 1999, Frank Casey of Rampart Investment management Company expressed interest to do business with Rene-Thierry Magon de la Villehuchet, who is a wealthy French investment fund manager. Villehuchet had been investing with Bernie's firm since 1980s and shared with Frank Casey that he was in no competition with Bernie for premier fund returns. Frank Casey gathered all the marketing materials he could find on Bernie and asked his highly skilled financial analyst, Harry

Markopolos to replicate Bernie's investment fund for Rampart Investment (Markopolos, 2010). Within a few hours, Markopolos arrived at the conclusion that Bernie is running a potential Ponzi scheme; one of the obvious reasons is that Bernie reported being down only three months out of an 87-month time period when the S&P 500 had been down 28 months during the same period (Markopolos, 2010). In May 2000, Markopolos filed an eight-page complaint on Madoff Investment to SEC (Markopolos, 2010). At the time, SEC decided not to perform an audit of his complaint due to understaffed and lack of resources. Later, Frank Casey expressed his concerns and shared the case against Bernie to a financial reporter, Michael Ocrant whom wrote an article titled "Madoff Tops Charts; Skeptics Ask How". This article caught the attention of investigative report Erin Arvedlund, whom later published an article titled "Don't' Ask, Don't Tell" in the financial weekly Barron's (Arvedlund, 2003). Following the publication of these two articles, Markopolos filed a second complaint against Bernie to the SEC (Markopolos, 2010). SEC did nothing again. Two more complaints followed in 2003 and 2004 that Bernie was operating a Ponzi scheme, the SEC finally decided to investigate after receiving four complaints in five years (Markopolos, 2010).

Bernie calmly reminded the SEC investigators that he was one of the few candidates under consideration for the next SEC chairman, which was a lie. He also reminded the investigators that he had served three years as the NASDAQ chairman. When questions about being an unlicensed investment advisor for four decades, Bernie stated that he only had less than 15 clients which was the threshold for a licensed advisor (Markopolos, 2010). He substantiated the statement by providing falsified records produced by his partner in crime DiPascali. SEC was satisfied with Bernie's fraudulent

statements and closed the investigation with no additional follow-up. In November 2005, Bernie had major liquidity issue with his fund (Markopolos, 2010). After using the company funds to support himself, his family members and inner circle's lavish lifestyles for decades, he had only $13 million in his bank at the time and could not pay for the $105 million in client redemption claims. He tried desperately to borrow huge amounts of money from European banks to fund the difference of $92 million (Markopolos, 2010). Markopolos found out about Bernie's crisis and filed his third SEC complaint titled "The World's Largest Hedge Fund is a Fraud". Once more, SEC dismissed the complaint. There are several reasons why SEC dismissed Markopolos' three complaints. One, SEC believed that Markopolos was primarily motivated by the lucrative whistleblowing reward money. Two, when questioned about his consistently high return rate, Bernie explained that he has been successful for decades due to his personal feel for market fluctuations. Some of his competitors like Markopolos had been conspiring to damage his reputation. Although SEC did not find any illegal trading in Bernie's firm, but their investigation made some of Bernie's key conspirators including his two programmers quite nervous.

In the early 1990s, Jerome O'Hara and George Perez were hired to develop computer programs and maintain the "House 05" server. Upon earning the trust of Bernie and DiPascali, they were assigned to manage the "House 17" server on the mysterious seventeenth floor (Guardian.co.uk. November 13, 2009). They became responsible for creating fraudulent client statements. O'Hara and Perez tried covering up their involvement by deleting 218 of the 225 special programs they had designed for the House 17 server in 2006 (*Guardian.co.uk*. November 13, 2009.). They refused to create any new

programs for producing fraudulent records. Bernie agreed for a 20 percent pay increase for both of them to buy their silence. However, as Warren Buffet said one time:" you only learn who is swimming naked when the tide goes out." Bernie's luck continued to run out and he would be caught swimming naked in two years. In August 2006, Bernie was forced to register with the SEC after almost five decades of operating as an unlicensed investment advisor, due to the new SEC rule that banned the practice of allowing an entire feeder fund to count as one client. SEC instructed that feeder funds should be counted according to the actual number of investors in the fund as opposed to treating the entire herd as one umbrella account. Moreover, the stock market and housing market crash started in 2007 which significantly tightened credit availability. By August 2007, almost all major hedge fund reported loss except Madoff Investment LLC. This economic downturn had two contradictory impacts on Bernie's firm. On the one hand, many wealthy clients shifted their money to Bernie's fund because it was the only fund reporting positive returns.

One the other hand, some existing clients withdrew their savings to cover losses from the stock market and/or home mortgage market. More and more clients withdrew their money to cover their expenses and cash needs as recession worsened. This fund fluctuation continued as more clients withdrew their funds until 2008 as a result of the Lehman Brother's bankruptcy further tightened credit and the stock market continued its downward slide. Finally, in November 2008, Bernie's Ponzi scheme fell apart as he simply had no funds to cover any more withdrawals. Client requests for redemptions totaled $1.45 billion against a $487 million in Bernie's investment fund bank account (Markopolos, 2010). As a last attempt to save all his businesses, he marketed a few

investment funds that was exclusive to five clients at $100 million each, two of the five

including founder of Home Depot and a major feeder fund in Spain declined

immediately. As the doom day approaching, Bernie continued to provide false

information to SEC and the public.

On November 30, 2008, his firm reported $64.8 billion in his investment fund

when he only had $266 million in his bank account pending for $7 billion redemptions to

be paid to his clients (U.S. Securities and Exchange Commission. November 13, 2009).

Realizing the $7 billion deficit is beyond anyone of his financial backers could afford to

bail him out and his company was now insolvent, Bernie scheduled a meeting with his

attorney, Ira Sorkin in preparation to turn himself in to the federal authorities in

December 2008. On December 9th, he informed his brother, Peter that he will turn

himself in to the SEC and FBI. The next morning, Bernie invited his sons to his

Manhattan apartment where he confessed everything to Mark and Andrew immediately

sought legal advice after leaving their father's apartment that morning. The legal council

recommended a litigator who informed them that they would be considered partners to

their father's crime if they did not inform federal authorities. Mark and Andrew took the

legal advice and immediately notified the SEC and U.S. Attorney that their father had

been operating a $50 billion Ponzi scheme.

Bernie became suspicious when his two sons did not show up at the company's

annual holiday party on December 10th. At 8:30am the next morning, two FBI agents

showed up at the front door of Bernie's $7.4 million penthouse (*Wall Street Journal*,

March 2009). When he was told that his two sons had reported his financial crime to the

federal authorities yesterday Bernie confessed that he alone was responsible for the Ponzi

scheme. He was arrested that same morning. After almost five decades of committing the fraud, Bernie no longer had to worry about getting caught. News of Bernie's arrest travelled rapidly, investors, financial backers and employees of Bernie were shocked, in disbelief and outraged. Some did not find out until Bernie's bankruptcy that their investment adviser had previously invested their money with Bernie and now their money was all gone. Pension funds, retirement accounts and all employee benefits were worthless for Madoff Investment employees. After Bernie posted a $10 million bail, he was under house arrest. Under the judge's order, all of his assets and bank accounts were frozen, and all his business liquidated. After auditing his firm's financial records, a significant amount of the reported $50 billion in losses. Among over one thousand victims, some of the biggest financial losers lost in the range of $7.5 billion to 15 million from organizations like Fairfield Greenwich Advisors to New York University to Jewish Community Foundation to celebrity like Zsa Zsa Gabor (*Wall Street Journal*, March 2009). However, there were winners too. Jeffrey Picower, for example, invested $1.7 billion and withdrew $6.7 billion (*New York Times*, October 2009).

Additionally, Bernie's co-conspirators and family members earned approximately $67 million in commissions. Six of his employees on the seventeen's floor earned a total of $12 million between 2003 and 2008. The biggest loss is the loss of life. Thierry de la Villehuchet, the French aristocrat lost $1.5 billion of his own personal fortune along with funds from other European royalties (*New York Times*, January 2009). Three days before Christmas in 2008, unable to pay his employees and pay back his clients, he committed suicide in his downtown Manhattan office. At the same time, Bernie continued to be

under house arrest. Outraged clients waited in front of his apartment, protested and demanded their money back.

On March 10, 2009, the government formally indicted Bernie on 11 counts for money laundering, securities fraud, perjury, investment adviser fraud, false statements, mail and wire fraud, and theft from an employee benefit plan. On March 12, Bernie pled guilty to all counts. In his statement to the court, Bernie calmly said to the packed courtroom:" As I engaged in my fraud, I knew what I was doing was wrong, indeed criminal. When I began the Ponzi scheme, I believed it would end shortly and I would be able to extricate myself and my clients from the scheme. However, this proved difficult, and ultimately impossible, and as the years went by, I realized that my arrest and this day would inevitably come. I am painfully aware that I have deeply hurt many, many people, including the members of my family, my closes friends, business associates and the thousands of clients who gave me their money. I cannot adequately express how sorry I am for what I have done" (Newsday, March 2009). Bernie subsequently claimed that the Ponzi scheme began in 1991, after which he fabricated the complex three part "split strike conversion investment strategy" and made no legitimate investment with client money. The prosecutors believe Bernie claimed he started the fraudulent activities in 1991 to protect the properties purchased for his family members prior to this date. He never left the court room that date as a free man, he was handcuffed and locked down and later transferred to the Federal Correctional Institution Butner Medium near Butner, North Carolina, about 45 miles northwest of Raleigh. Four months later, in July 2009, he received the maximum sentence allowable which is 150 years in jail with Bureau of Prisons Register number 61727-054 (Wall Street, July 2009).

Non-Verbal Cues

After studying the widely publicized photos by Don Emmert for Getty Images of Bernie Madoff, we can see that Madoff's chronic lip inversion was symptomatic of hiding something serious or forcing himself from speaking of something. The lips were rolled in and pressed together so tightly that one could barely see them. Tense lips often times signal negative emotions. In the Highlands of New Guinea, when tribal men were asked to show what they would do when angry and were about to attack (Ekman, 1998, 238). According to the Nonverbal Dictionary, "tense-mouth is a gesture produced by compressing, in-rolling, and narrowing the lips to a thin line, and a position of the mount in which the lips are visibly tightened pressed together through contraction of the lip and jaw muscles." Lips, the muscular, flesh, hairless folds surrounding the mouth opening, are one of our most emotionally expressive body parts. Lips and jaw tension clearly reflect anxious feelings, nervousness and emotional distress. As any other tense facial expression, a tense-mouth expression may be chronic or acute. The lips of a chronical upset person may freeze in a perpetual tight-lipped expression, as evidenced by the 1960s photographs of the then FBI director, J. Edgar Hoover (see picture A). During those years, Hoover was viewed by many as a paranoid and rigid man. On the other hand, a temporary or acute tense mouth expression was captured in photos of President Bill Clinton, as he sat in the Map Room of the White House on August 17, 1998, confessing to the American public that he "had a relationship with Ms. Lewinsky that was not appropriate" (picture A0).

Figure 19. Picture A.

Figure 20. Picture AO.

More like Hoover's than Clinton's, Bernie Madoff's tense-mouth reflects a deeply

troubled man, someone who has long felt the torment of trust disfigured. Image A1 below

shows Bernie in a 1980's family picture, and image A2 from a 1990 photo during a

happier time at a party with his wife. His once visible lips display a contrast with the tense-mouth clamped down on his face with a forced smile we see in six pictures before and during his arrest in December 2008 (see images A3 to A8). As a matter of fact, we can see that the only facial feature that best demonstrates a happy and relaxed Madoff to a tensed Madoff is his lips. When relaxed, one can see both the fullness warmth and pliability of both upper and lower lips. When stress was significantly high during his arrest, they begin to disappear and became very thin and compressed together.

Figure 21. Picture A1 (left), Picture A2 (right).

Figure 22. Picture A3 (left), Picture A4 (right).

Figure 23. Picture A5 (left), Picture A6 (right).

Figure 24. Picture A7 (left), Picture A8 (right).

Furthermore, lips convey a lot of information which is often ignored. Our lips are rich with nerves, highly vascular and react immediately to the environment around us. We tighten our lips to seal off the mouth opening in a form of "nonverbal lock-down" to protect the oral cavity from harmful chemicals, for example, or approaching enemies. Bernie's chronic tense-mouth smile is deliberately made as a protective shield, so others are unable to read his true inner emotions. Or it could be deliberately made to convince another person that positive emotions were felt to cover his distress, fear and unhappiness. In a masking smile an attempt is made to conceal the very strong negative

feelings by appearing to feel positive. False smiles are more likely to be perfectly performed if the person is highly practiced in deceitful behavior (Ekman, 2003). Ekman (2003) also describes some facial characteristics that can be used to differentiate between voluntary (deceptive) and involuntary (natural) facial expressions. For example, natural expressions tend to be more uneven, while deliberate expressions are more asymmetrical (Ekman, 2003). Ekman (2003) also indicated that natural expressions tend to be between about half a second and four seconds. Deliberate expressions may be very brief or very long. From reviewing Image A9 below, we can see that Bernie's smile is asymmetrical with the left side of his face (location A9L) shows almost a deeper muscle line than the right side (location A9R). This picture was taken before his arrest, when Bernie was walking back to his New York apartment with a crowd of reporters blocking his way. In reviewing the video, Bernie had the same smile even when he was attacked by one of his victims while managing his way through all the cameras and reporters. The facial expression shown in Image A9 displayed a forced and deliberate smile that lasted until Bernie's arrest. A forced and deliberate smile is a complex activity involving clusters of many muscles. The natural smile uses around 20 muscles (Ekman, 2003). If it is hard for a liar to fake individual expressions, it is far harder to shape multiple simultaneous emotions. It takes a great actor to convincingly express such complex, intertwined feelings. Hence, sticking to one familiar expression is less difficult to manage than faking multiple simultaneous emotions.

The intent for the fake smile is to cover their deception or their fear of being caught with another expression such as happiness or friendliness. As the liar practices this one forced expression whether it is a forced smile, tightened lips, a sincere look, or a

poker face day after day, month after month, year after year, this particular expression becomes a perpetual muscle memory which is always part of their face and their being no matter what the circumstance is. In Bernie's case, this sneer of contempt appeared in his professional picture (Image A8), to prior to his arrest (Image A9), during his arrest (Image A10) to Bernie in jail (Image A11). Keep in mind that this observation of facial expressions varies with the person, for example where they have a natural lop-sided smile, so we may only use this observation as an adjunct to other indicators such as other verbal cues.

Figure 25. Picture A9 (left), Picture A10 (right).

Figure 26. Madoff Lip Inversion.

Bernie Madoff's chronic lip inversion was symptomatic of something very serious.

Figure 27. Madoff Lip Inversion (2).

Bernie Madoff's chronic lip inversion was symptomatic of something very serious.
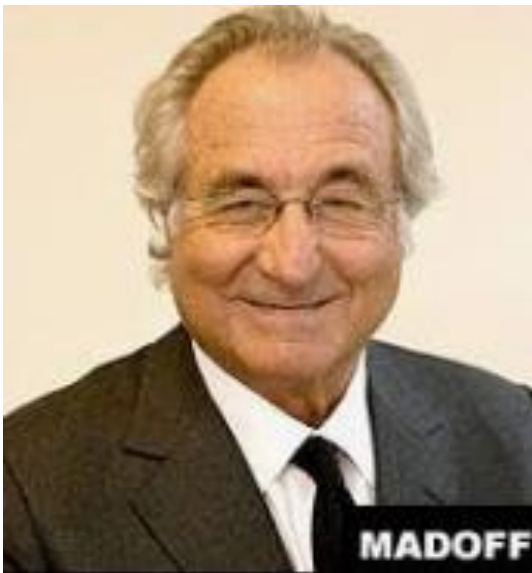
Figure 28. Madoff's Zygomaticus Major Muscle.

Above image demonstrates the activation of Madoff's zygomaticus major muscle which pulls up the lip corners, Duchenne smiles also include the activation of the orbicularis oculi which causes a contraction of the muscles at the corner of the eyes (Duchenne de Boulogne, 1990).

Figure 29. Above images show that his faint smile is controlled and symmetrical.

Figure 30. Madoff Compressed Lips.

Above pictures show that Bernie's tightly compressed lips were rolled in and pressed together to show no emotions and release no information.
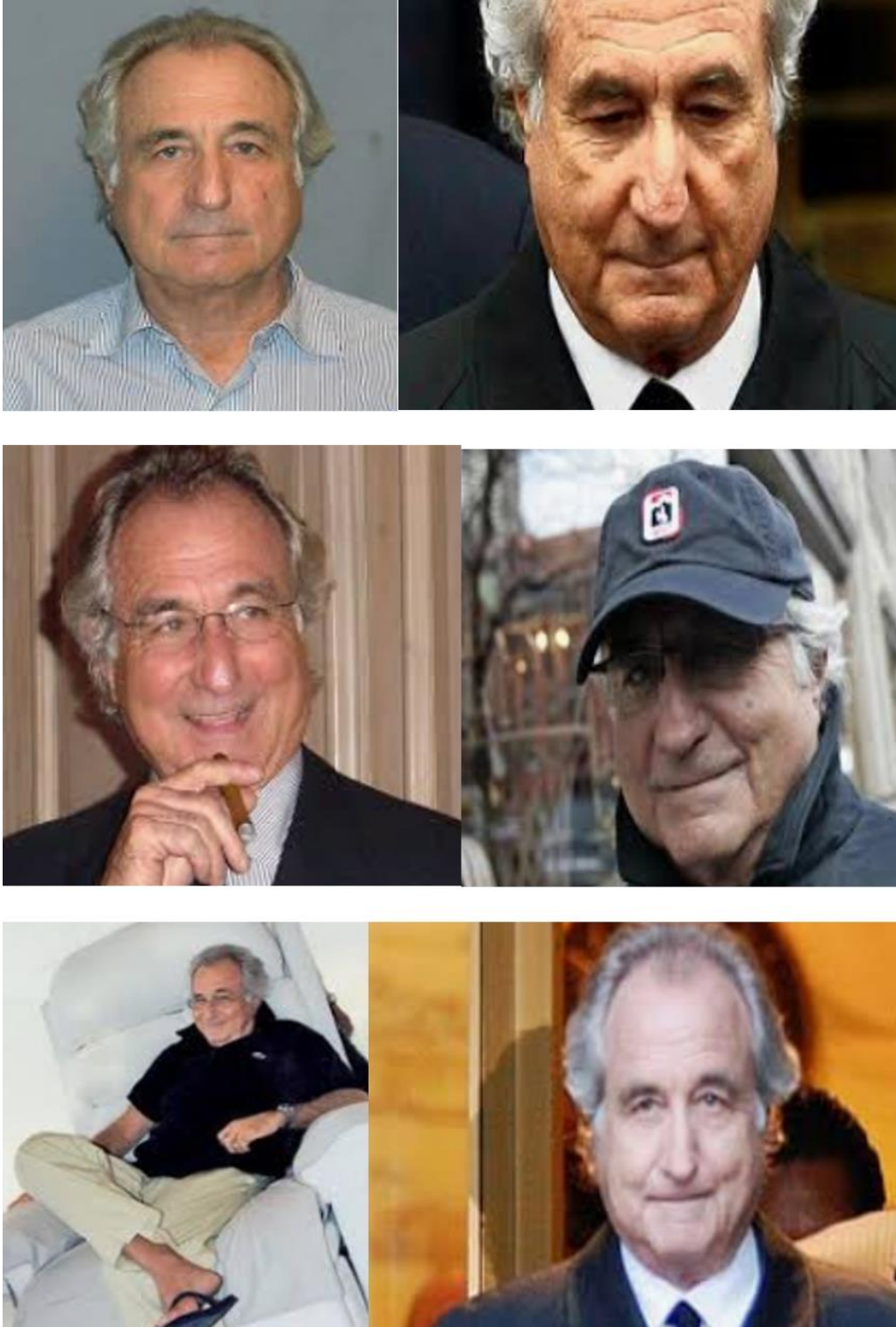
Figure 31. Above images show contradictions of a relaxed smile and a controlled lower facial muscle.

Figure 32. Above images show Madoff's eyes are full of emptiness.

Figure 33. Above images show contradictions of relaxed smiles and direct eye contact comparing to the usual tight lips and emptied stares.

Figure 34. Above two images show that Madoff's fixed smile has become part of his signature look, even under pressure.

Figure 35. Madoff, Morning of Arrest.

The above image was captured the morning Madoff was arrested by the Federal Bureau

of Investigation (FBI) on December 11, 2008, on a criminal charge of securities

fraud. The eyes looked hallowed as if he knew his world was about to collapse.

Figure 36. Madoff, Non-enjoyment Smile.

The images above display a non-enjoyment smile features the same movement of the lip corners as the enjoyment smile but does not involve the changes due to the muscles around the eyes.
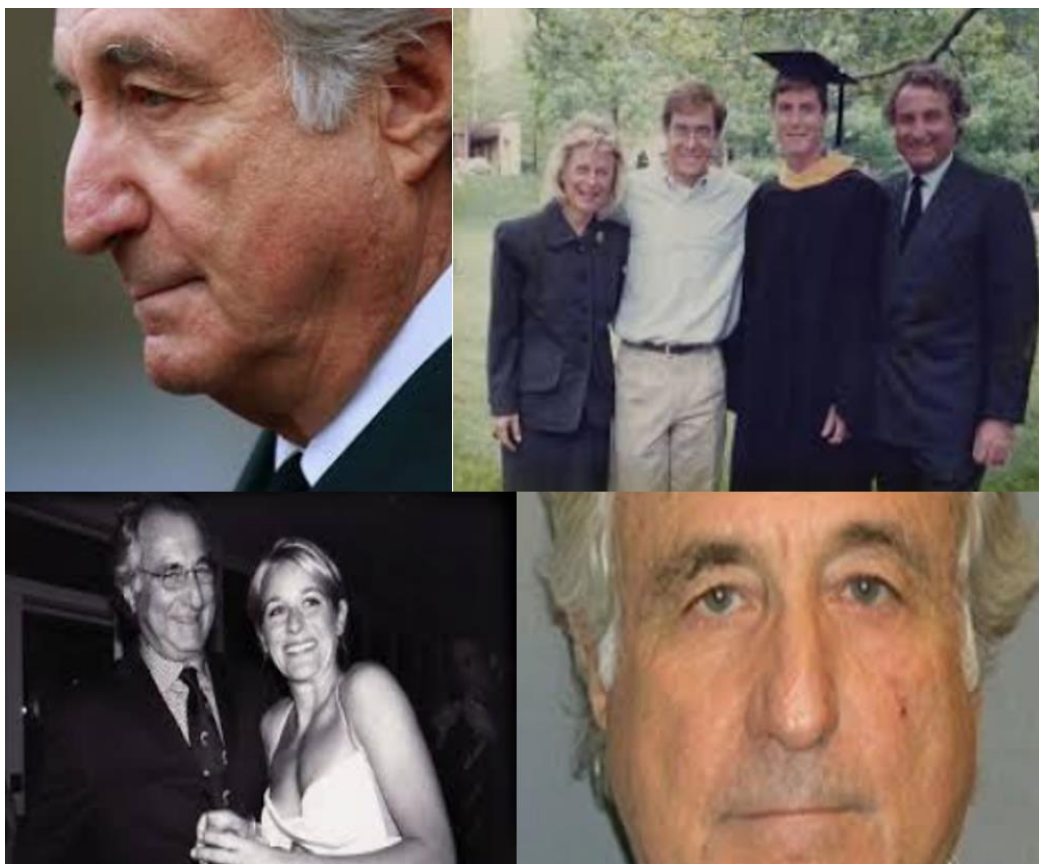
Figure 37. The four images above demonstrate a contrast between a forced unnatural

tight lip and a natural and relaxed smile.
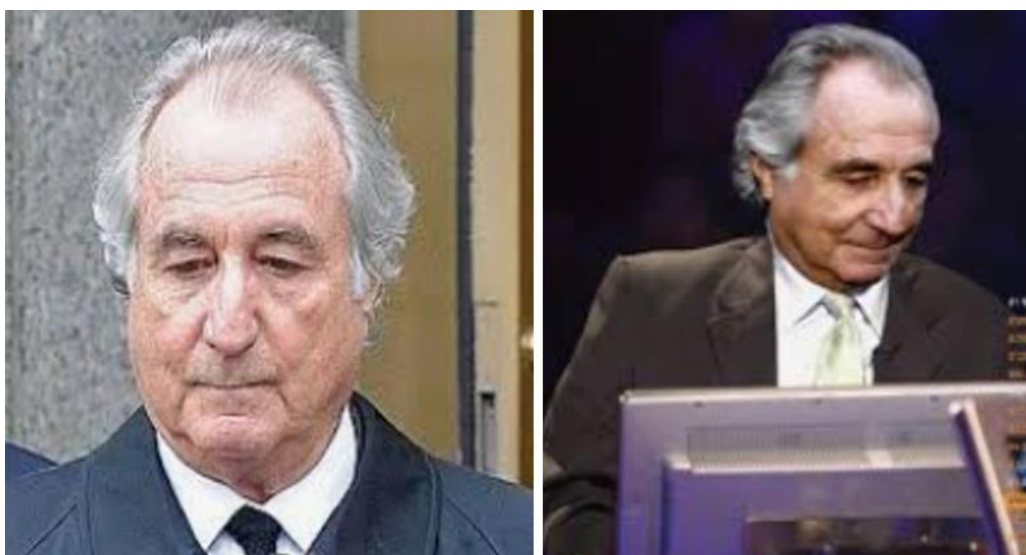
Figure 38. Madoff, Forced Unnatural Tight Lip.

Verbal Cues

The only public speaking recorded for Bernie Madoff was a 2007 roundtable

discussion with Justin Fox, Ailsa Roell, Robert A Schwartz, Muriel Seibert, and Josh

Stampfli where Madoff advised the group on the Modern Stock Market.

(https://www.youtube.com/results?search_query=bernie+madoff+interview+youtube),

Josh Stampli who was the head of automated market making group for Bernard L.

Madoff Securities LLC, the body language of Josh Stampfli as an accomplice of Madoff

was just as telling. His upper body was stiff, the uneven shoulders lacked spontaneous

movement and seemingly weighted down by the weight of his malady, almost a sad and

depressed facial expression, very little eye contact, often times his eyes looked down

when he talked about rationality of the market, his hands clinching to each other when he

was not talking, his overall nonverbal cue subconsciously indicated that he was depressed

and lack confidence. When observing Madoff's behavior, during his 25-minute speaking

to the group, he said "you know" over 80 times. In the first five minutes of his talk, he

appeared to be a bit nervous and had a constant eye twitching. He tends to say "you

know" in the middle of the sentence as if he was using this filler to compose what to say

next. Many times, Madoff would say "you know" and pause for a split second before

continuing to his next sentence as if he needed time to evaluate and think through his

answers to the host's questions. One possibility was that he needed additional time to

choose the right words to camouflage the truth.

Keep in mind that this roundtable panel happened one year before Madoff was

arrested and under tremendous pressure. At the beginning of 2007, Bernie reported $613

million in net capital and 146 employees, making the fortieth largest Wall Street

brokerage firm. Then the home mortgage market collapsed, and credit availability tightened. The stock market declined dramatically. By August, every major hedge fund reported losses, but not Bernie's investment fund. As the recession deepened, more clients withdrew their money for immediate cash needs, such as margin calls. The pressure was mounting for Bernie when in the same year, two more complaints against Bernie were filed with the SEC during this tumultuous period, one from a "concerned citizen" reporting that Bernie kept two sets of books, and another from Markopolos with new details. The SEC, overwhelmed with trying to stabilize the economy and short staffed, did not investigate either complaint. Although SEC ignored the many complaints against Bernie, but the rumors about Madoff's potential Ponzi scheme spread rapidly in the stock investment community. Again, this meeting was a crucial opportunity for Bernie to reestablish his credibility, trust and reconnect with the financial community. Given the circumstance, it is not difficult to understand that the usual low profile, stay under the radar Bernie would attend a public roundtable meeting to re-earn the community's trust. Truthful people do not need extra time to convey information because they recount facts and narrative information in a smooth logical fashion. Increased fillers such as "um, uh, you know" at times indicate an increased cognitive load. Since liars need additional time to process fabricated information and organize their thoughts, they typically use "um, uh, you know" more frequently, which may be a predictor of deception. Another explanation for using "you know" frequently could be that speaker's use you know as a device to determine if listeners understand what is being conveyed. You know also establishes a closer connection between speakers and listeners. For example, speakers try to move psychologically closer to listeners to ensure their message

is heard and properly understood. Another publicly recorded interview was the 2 hours in person interview with news reporter, Barbara Walters at the Butner Federal Correction Complex in Raleigh, North Carolina on October 27, 2011. Madoff said he passes the time by reading and recently finished a book about Wall Street robber barons. He said he is relieved to be free from years of fear he would be discovered as a fraud and finally has overcome thoughts of suicide. He complained about having "horrible nightmares". Below are some additional statements noted from Madoff during the interview:

"Not seeing my family and knowing they hate me" is the worst thing about being in prison, he said. "I betrayed them."

Asked what he'd like to say to his grandchildren, he said, without apparent emotion, "I am sorry to have caused them pain."

Madoff said he passes the time by reading, recently finishing a book about Wall Street robber barons. He said he is relieved to be free from years of fear he'd be discovered as a fraud and finally has overcome thoughts of suicide. He complained about having "horrible nightmares".

"I feel safer here than outside," Madoff said. "Days go by. I have people to talk to and no decisions to make. ... I know that I will die in prison. I lived the last 20 years of my life in fear. Now I have no fear -- nothing to think about because I'm no longer in control of my own life."

Repeatedly throughout the interview he told Walters that he was guilty of the crimes that put him in prison, saying "I deserved to be punished. I deserved to go to jail."

Bernard Madoff on Clients' Anger: 'I Can Live with That.'

Madoff seems to have fewer worries about the victims of his massive fraud.

"I understand why clients hate me," he said. "The gravy train is over. I can live with that."

"The average person thinks I robbed widows and orphans," he added. "I made wealthy people wealthier."

Based on the above verbal statements, Madoff seemed contradictory about his feelings towards his victims, he can live with the clients' anger, he made wealthy people wealthier, and yet he deserves to be punished. His interview also focused more on his feelings, his family, his adjustment in prison than his empathy and sympathy towards the people whom he has hurt.

Case Study Two: Chen Shui Bian

Chen Shui-bian (Chinese name 陳水扁) was born on October 12, 1950 and served as the President of Taiwan from 2000 to 2008. He is colloquially referred to as A-Bian (in Chinese 阿扁). Chen was the first president from the Democratic Progressive Party (DPP) that ended the 51-year monopoly of power held by the Nationalist Kuomintang's (KMT) Party. A charismatic public speaker from a poor rural background, Chen was seen as a steely fighter with a populist touch. Chen was born on October 12, 1950, to illiterate tenant farmers in a village south of Taiwan. As the rest of the Taiwanese people of his generations, he was educated in Mandarin Chinese, which had replaced Japanese as the national language following the end of the Japanese administration of Taiwan (Lam, 2004). Japanese was not permitted school textbooks; a policy spearheaded by the KMT regime to resynthesize Taiwan after more than half a century of Nipponization Education was Chen's ticket out of poverty, and he worked hard to achieve this goal. Academically, Chen was a bright and hardworking student; he graduated with honors from National

Tainan First Senior High School, accepted to the prestigious National Taiwan University on a full scholarship and passed the bar exam during his junior year with the highest score and becoming the youngest lawyer in Taiwan. A year later in 1974, he graduated with a degree in Commercial Law. In Chen's personal life, he married the daughter of a physician, Wu Shu-chen right after he graduated from college in 1975. They have a daughter, who is a dentist in Taiwan, and a son who received a law degree in Taiwan and a Master of Laws from University of California, Berkeley in 2005. Tragedy struck in 1984 when a truck hit Chen's wife, severely shattered her spine and paralyzed her. Ironically, Chen's political career was taking off around the same time.

A formative experience of his early legal experience was defending pro-independence dissidents of the Taiwanese natives in 1979. As an ambitious young lawyer, he joined a maritime legal firm and fell into politics in early 1980's when Chen was asked to defend one of the leaders of an anti-KMT protest who had been arrested in Kaohsiung. Chen lost the case but saved his clients from the death penalty. Chen was won over by his clients' political ideals and saved the seeds for a challenge to KMT hegemony. Ultimately, the defendants and their lawyers including Chen became the core of the democratic opposition members. Chen was elected to the Taipei City Council in 1981, elected to Mayor of Taipei in 1994, and helped found the Democratic Progressive Party (DPP) in 1986. He was jailed in 1985 shortly for libel as the editor of the pro-democracy magazine New-Formosa (Taiwan is also called Formosa) for publication of an article critical of a college philosophy professor (Elmer Fung) who was also a Kuomintang legislator. His future vice president, Annette Lu, was also a member of the DPP and among protesters arrested in the anti-Kuomintang riots.

The Republic of China (ROC) turned a new page in its history on 20 May 2000 with the inauguration of Chen Shui-bian. Many local Taiwanese decedents believe that the true spirit of civil rights and democracy, expressed the sovereignty of Taiwan, and strengthened people's determination against the Chinese government. They also believe that President Chen is the politician who represented the best intention by holding a peace referendum but was blamed by villains. In addition, Taiwanese people were depicted as kindhearted people who were not afraid of armed threats from China and who insisted on achieving a real development of democracy. The PRC government, Taiwanese politicians of the "Blue" side ("Blue" here refers to the KMT and the People First Party).

The PRC government was the main villain that aimed missiles toward Taiwan, refused to recognize Taiwan as an independent nation, and obstructed international forces to support Taiwan (*Liberty Times*, 2004). The inauguration of a pro-independence Democratic Progressive Party (DPP) leader as its 10th-term president did not only mark an end to the Kuomintang's (KMT) 55-year rule in Taiwan but also the first democratic transfer of power between major political parties. This transfer of power after a tough election campaign (Chen took with him 39.3 percent of the vote to James Soong's5 36.8 percent, leaving Lien Chen,6 the KMT candidate, with only 23.1 percent) would not only bring ethnic tensions between Taiwanese and Mainlanders, it would also increase political tensions between Taiwan and the People's Republic of China in addition to its economic impact.

Chen's inaugural speech was translated into English, French, Japanese and Spanish for synchronized broadcast to the world. It was closely watched as a barometer of future military tension between Taiwan and China and a gauge for trade to soothe the

local and regional market fears since countries in the region are concerned about the international ramifications. As remarked by Dickie and Kynge (2000), the status quo in the Taiwan Strait was like a tightrope in that Chen's inaugural speech had to satisfy several different audiences as he would. He said in the speech, "bear the weight of his island's yearning for security, China's dreams of national reunification and the health of Sino–US ties for years to come". His popularity did not last for the entire first term; it dropped sharply following high approval ratings during the first few weeks of his first term due to the accusation of the alleged corruption within his administration and his inability to pass legislation against the opposition KMT.

When Chen and Lu were running for their second four-year term in 2004, the polls showed another very close gap between his competitors, Lien Chan from KMT. And on 20 March 2004, Chen Shui-bian, the incumbent president, once again defeated Lien Chan, the candidate of the Kuomintang-People First Party (KMT-PFP) alliance by a razor-thin margin of less than 0.3 percent in Taiwan's presidential election. In a close outcome, Chen was declared the winner with 50.12 percent of the vote to Lien Chan's 49.88 percent. Following the growing alarm within the few months before the election that Chen planned to adopt a new constitution through a public referendum and was steering Taiwan toward confrontation with China, and the dispute in the presidential election after an assassination on the eve of the poll, Chen's inaugural speech commencing his second four-year term was highly anticipated to 'unite Taiwan, stabilize cross trait relations, seek social harmony, and reinvigorate the economy', as Chen declared.

Many of Chen's opponents suspected that the shooting incident was orchestrated by Chen to gain public symphony for more votes. While the case has officially been closed, with the main suspect Chen Yi-hsiung dead, police are having a hard time proving their theory. Although Chen Yi-hsiung's death was officially ruled a suicide, with both suicide notes (supposedly burned by his family) and a video of his wife apologizing for her husband's crime backing up this theory, opponents of President Chen disagree with this conclusion. President Chen's foes claim that the assassination attempt was planned in order to win sympathy votes, which led to President Chen winning the election by just over 29,500 votes, barely hours after the attempted assassination. Four years later, as Chen finished his second term, within an hour after he left the Presidential Office in Taipei, he was no longer entitled to presidential immunity. Chen was immediately arrested and restricted from leaving the nation by the Taiwanese prosecutors due to allegations of embezzlement and corruption. On August 14, 2008, Kuomintang (KMT) legislators announced the proof for Chen's money laundering as a result of the investigation assistance from the Swiss government, that evening the former president called his own press conference and admitted that all of his past election campaigns including the mayor of Taipei and the two presidential elections, had misstated election finance expenses and had unspent money transferred to Switzerland banks. The Swiss and Taiwan authorities were cooperating in investigating the possibility of money laundering committed by members of the former first family. Taiwan prosecutors on August 16 interrogated Chen's wife, Wu Shu-jen and asked her to explain overseas money transactions as she was the person who initiated all the wire transfers. Chen has $21 million at overseas banks held in the name of family members. Shih Ming-teh, a

former leader of Chen's Democratic Progressive Party accused Chen of laundering at least NT $85 million NT (equivalent to $3 million US dollars) from an entrepreneur bidding for bank ownership in 2005 (*Taiwan AP News*, August 17, 2008).

Chen's probe concerns NT$14.8 million (US$ 480,500) in special expenses from the government, while he was president, and his wife is on trial for corruption and document forgery. Prosecutors found at least NT$1.5 million had been spent on diamond rings and other luxury items for his wife (*Newsinfo.inquirer.net*, September 15, 2008). A KMT party member alleged that Chen's wife bought jewelry to launder money, they charged that Chen's family opened four bank accounts in Switzerland, with total deposits of US$32 million, which Chen remitted through his daughter-in-law, Huang Jui-ching (bloomberg.com, Taiwan Ex-President Chen's Home Searched Over Funds). They claimed that roughly US$32 million were wired to the account from Taiwan to the Swiss account and was then forwarded again to an account in the Cayman Islands.

Chen stated during the conference:

My conscience has told me that I cannot continue to lie to myself or to others, so I will choose to be bluntly honest: I have, in the past, committed deeds that are against the rule of law, and I am willing, for all campaign finance dishonesty from my four elections for mayor and for president, to apologize to the people (Yahoo! Taiwan via NOW News, 坦承有海外帳戶！扁道歉：良心告訴我，不要繼續騙己騙人.

Chen's August 14 admission was a reversal of his statements to the media just one day earlier, when he vehemently denied the same story. Chen commented upon the public's suspicions that he had engaged in money laundering by colorfully stating:

"*Money is dry, it cannot be laundered; money is clean, not dirty, it does not need to be laundered*" (*The Financial Times*, January 2009). The following day, August 15, Chen announced that both he and his wife will resign from the DPP and apologized to the party members saying "Today I have to say sorry to all of the DPP members and supporters. I let everyone down, caused you humiliation and failed to meet your expectations. My acts have caused irreparable damage to the party. I love the DPP deeply and am proud of being a DPP member. To express my deepest regrets to all DPP members and supporters, I announce my withdrawal from the DPP immediately. My wife Wu Shu-jen is also withdrawing from the party" (Jennings, 2008). Many of the DPP members reacted negatively to Chen's admission including Chen's vice-president, Annette Lu, who said "If I had not heard it with my own ears, I would not have believed it; I am still in disbelief. Any person who genuinely loves Taiwan will not wire money of contributors. The former first family has betrayed Taiwan and the Taiwanese people" (*United Daily News*, 2008).

On August 17, 2008, The Taiwanese government announced that Chen and his wife were prohibited from leaving the country. Moreover, Supreme Court Prosecutor's Office announced Taiwanese investigators took away boxes of documents from Chen's home in Taipei, his office in Taipei, and his brother-in-law's home in city of Tainan. On November 10, 2008, Chen was served a subpoena for the fifth time by the Special Investigation Division (SID), and he opted to exercise his right to remain silent as he has been during the five-month embezzlement investigation period. The very next day, he was escorted by security guards into the Taipei prosecutor's office for questioning. Chen claimed:

The KMT and the Chinese Community Party see me as their number one prisoner

as I am the biggest obstacle blocking their way to reunification. Ma Ying-jeou

(Taiwan's President) wants to jail me as a sacrifice to appease China. I am very

proud and honored to play such a role, the voice of Taiwanese people can never

be suppressed by heavy-handed riot police presence….Taiwan independence, my

will and heart are with all 23 million people…I will spend the rest of my limited

life to fight for justice with the public, the prosecutors could file a request to

detain me and the Taipei District Court would grant the request for detention. I

am not afraid. Long Live Taiwanese democracy! Long Live Taiwanese

Independence (*CNN.com*, 2008).

Chen was released after 6 hours in the Supreme Court Prosecutor's Office and

immediately arrested and detained. The charges carry each a minimum penalty of 5 years

of imprisonment. He held up his handcuffed hands and shouted to journalists "Political

persecution! Long Live Taiwan ...Tucheng Jail will only lock up my body, not by heart"

(*AP News*, November 11, 2008). Taipei district court spokesman announced the ruling:

"The court, after questioning the suspect, believes the suspected crimes to be severe, and

there are enough facts to believe there were buried evidence, fabrication, altered evidence

and conspiracy amount suspects or witnesses" (*AP News*, November 11, 2008). Chen

was assigned prisoner number 2630 and was banned from communicating with anyone

outside the Taipei Detention Center along with nine others including the ex-vice premier,

Chiou I-jen and Chen's brother-in-law, Wu Ching-mao, all detained on alleged

laundering and embezzlement (*Bloomberg.com*, 2008). Within a few days, Chen's

lawyer, Cheng Wen-long stated that Chen;

…intends to go on a hunger strike in protest the death of justice and the regression of democracy….he can sacrifice his life for the Republic of China", his lawyer further stated that Chen has only had water and without solid food since he has been jailed (*AFP.google.com*, October 7, 2012).

One week later, Chen collapsed and was rushed to hospital due to complications and weakness from dehydration caused by malnutrition. Chen was treated with saline, glucose injections and possible force-feeding (*Bloomberg,* November 11, 2008).

Chen was released on December 13, 2008 after his lawyer Cheng Wen-long completed the motion to release from detention. Chen and his wife Wu Shu-chen were to remain in Taiwan to face pending trial. He continued to protest the "political persecution" against him while reaffirming his innocence. In addition to Chen's indictment, his wife, their son Chen Chih-chung and their son's wife Huang Jui-ching, top aids and few of their relatives were all indicted for money-laundering and misuse of public funds. Taiwan prosecutor Lin Che-hui said that Chen and his wife embezzled NT $104 million which is equivalent to US $3 million from a special campaign fund account and received US $12 million in bribes from a government land procurement and construction deal. The most damning piece of evidence was the US $22 million in cash stashed in Chen's bank safety vault in Taipei.

While the Supreme Court spokesman announced that "Chen Shu-bian's crimes are major, we will ask the courts to give the strictest punishment" and "Former president of Taiwan condemns corrupt politicians". (*Taiwan News* December 12, 2008). Despite of all the evidence of embezzlement and bribes, the Democratic Progressive Party leaders demanded that Chen be released on bail. Out of fear that Chen and his wife may flee

Taiwan, prosecutors filed an appeal to reverse Chen's release and to resume his detention in December 2008. Their concerns were that "Chen is very familiar with the national security system being the president for eight years; he has a greater chance of fleeing the country than ordinary citizens" (*The China Post*. December 17, 2008). The appeal cited all the instances of these leaders mentioned below who fled their respective countries after they have been charged with graft and corruption. For instance, some of the high profiled government official corruption cases in the recent decades are 1) Fujimori, president of Peru from 2002 to 2010. He was sentenced to 25 years in prison for human rights violations, assignations and murders. 2) Pavlo Lazarenko is a former Ukrainian politician and former Prime Minister who in August 2006 was convicted and sentenced to prison in the United States for money laundering, wire fraud and extortion.

According to United Nations, approximately US$200 million was embezzled by Lazarenko during 1996 to 1997 from the government of Ukraine (*Associated Press* August 25, 2006. A telecommuting-cations billionaire, Thaksin Shinawatra was the first prime minister in Thailand's history to lead an elected government through a full term in office. Thaksin Shinawatra was stripped $1.4 billion in contested assets by the Thailand Supreme over allegations of corruption and conflict of interest. Lastly, Ferdinand Marcos was a Filipino politician, who was President of the Philippines from 1965 to 1986. He ruled as a dictator under martial law from 1972 until 1981. His regime was infamous for its corruption, extravagance and brutality (*ABC News,* March 1986). On December 18, 2008, the judge ruled that Chen be released without bail against the warning from the Taiwan High Court that Chen might flee the country. On December 27th, 2008, the former President of the Republic of China Lee Teng-hui said that the country's power

transfer in the year 2000 only "provided someone with the opportunity to take bribes and launder money" (*Taiwandc.org*, January 1, 2017). He also added that:

> It is a pity that one man was able to mess up the administration's governance so badly… What is even more pitiful is that some people continue to support the corrupt politician in defiance of his approaching court trial…. they (the supporters of Chen Shuibian) cannot tell right from wrong (*Taiwan News*. December 12, 2008).

The former President responded by stressing that he never took bribes concerning the payoff involving the construction of the Nangang Exhibition Hall or the transaction of a land parcel related to an industrial park in Longtan, Taoyuan County. Concerning the deposits at bank accounts abroad, Chen stressed that the money deposited abroad was all left over from political contributions he received and expenditures on campaigns. His lawyers also defined the money as residual funds from election campaigns and said Chen did not break any law because there were no regulations requiring candidates to report their finances at the time when the money was wired abroad. Concerning the land transaction, the prosecutors pointed out that Chen used his position to force the Cabinet to change its position to approve the deal. As a result, Taiwan Cement Corporation paid NT$400 million (equivalent to US $13 million) as commission for the land purchase. A total of US$6 million of the total amount was passed through several bank accounts held by the former first family and friends abroad to hide the illegality of the fund, the prosecutors said. They also stressed, as in the first appeal, the necessity to place Chen under detention because there are several other scams allegedly related to him which are still under probe (*Taipei Times*, December 29, 2008).

The prosecutors have so far uncovered at least NT$740 million (US $32 million) in illegal gains tied to the Chen family but they were able to seize only NT$172 million (equivalent to US $5 million dollars) of the total fund (*The China Post*, December 30, 2008). On November 11, 2010, the Republic of China Supreme Court sentenced Chen and his wife, Wu Shu-jen to 11 years in prison for taking bribes for a land procurement scam in Longtam and 8 years in separate office-buying scandal. The rulings were the final convictions in a string of corruption cases implicating Chen and his wife. By law, the High Court can decide whether the combined 19-year sentence should be served concurrently or consecutively. It was ruled that Chen's total prison time should be 17 ½ years. Chen made history as Taiwan's first former head of state to be jailed. In addition, Chen was ordered to pay a fine of NT$154 million. Both the Chinses Nationalist Party (KMT) and the Democratic Progressive Party (DPP) sated that they respected the court's final decision.

<div align="center">

Verbal Cues-Chen Shui-Bian

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This section will explore how the Taiwan President Chen Shui-bian used political language rhetoric in his two inauguration speeches as a powerful tool to defuse dangerously tense relations with China and ease fears of such strife, repair crucial relations with the US government and gain public support in the country. My analysis will be based on Chen's original speeches in Chinese with the official translation as a reference. The president's rhythm of speaking, in which he echoes the same phrases and descriptors, has been on display since he entered the presidential race. Over the past decades of being in the political limelight, Chen Shui Bian has mastered the art of political manipulation. As for Chen's rhetoric, and more specifically his speaking style

that had a habit of punctuating each argument with short, declarative sentences which he often repeats. Below are some of his most repeated short phrases:

General Repetitive Phrases:

Is that serious?

Is a-bian wrong?

Repetitive Phrases on the Message of "I shall improve the economy Taiwan"

I shall set up National Economic Development Advisory Conference to improve the economy in Taiwan (during the official speech of its first anniversary of presidency, May 19, 2001)

I'm going to improve the economy of Taiwan.

After I improve our foreign affairs, I shall improve the economy in Taiwan (CKS Airport, June 5, 2001)

Now my daughter's wedding is finished, I shall improve the economy in Taiwan. (During his daughter's wedding banquet, September 27, 2001)

I will improve the economy in Taiwan with full force! (DPP Campaign speech, November 5, 2001)

Now I am a grandfather, I am content. I can focus on improving the economy in Taiwan now. (After his daughter gave birth to his grandson on October 7, 2002)

In the future I will focus on improving the economy, making big changes to win back the support from the public. (DPP Campaign speech, December 7, 2002)

The most important task is my term is to improve the economy. (During his campaign for re-election, April 12, 2002).

After my son get married, finally I can focus on improving the economy of Taiwan

(During the engagement party of his son, June 11, 2005)

Repetitive Phrases on the Message of "Regarding the Government Will Improve the Economy of Taiwan."

The new government will have three major improvements. It is time to improve the economy in Taiwan. (Speech to the World Federation of Taiwanese Associations, March 17, 2002)

The government will improve the economy in Taiwan with full force. (Speech to the Rotary Club, May 12, 2002)

I would like to use the opportunity to emphasize again the determination of the government to work with the private sectors to improve the economy, (During the opening the Longan Season in Nantau, August 30, 2003)

Regarding Plan and Action of Improving the Economy of Taiwan

To improve the economy is not just a slogan, it required tangible actions! (During the opening of the Formosa Freeway, January 11, 2004)

After KMT elects its leaders, we can together start to improve the economy of Taiwan. (June 27, 2005)

After the end of the year election and the setup of the second National Economic Development Advisory Conference, I shall start to improve the economy, November 1, 2005

In my remaining term of around two years, I shall improve the economy in full force! (During the meeting with his supporters from Hwalien, April 8, 2006.

The son of Taiwan is the cattle of Taiwan. (Chen refers to himself as the son of Taiwan,

and this means he will work hard on the economy issues like a farm cattle. September 9,

2006.

Regarding Money Laundering

Money id dry, it cannot be washed, money is clean, not dirt, it does not need to be washed

Regarding to settle up the new constitution and independence of Taiwan

I just cannot declare the independency of Taiwan, even if Lee Teng-hui was the president

now, he could also not do it! (During Sanlih News Channel interview, 2005).

All the problems in Taiwan are caused by a lack of adequate and new constitution of

Taiwan.

The most repetitive short phrases, such as: "The government will improve Taiwan

economy" could have been a tactic to overcompensate the fact that the government could

not systemically and effectively improve the economy. Or his statements that "Money is

dry, it cannot be cleaned, is not dirt, does not need to be washed" could have been a

distraction to move people's attention away from his very publicized money laundering

transactions to Switzerland. If the audience members constantly hear Chen's repetitive

phrases, some might start to believe his point of view as the "truth". The brain is made of

interconnected neurons that form circuits, which carry out every word or thought we

have. When circuits are activated by words or sights, they become stronger, and if

repeatedly activated, can become permanent. Put simply, if someone repeats something, a

person can be trained to think a certain way. American voters are already familiar with

short catchphrases; President Obama's slogan, "Yes we can," was plastered all over

posters, buses, yard signs and bumper stickers in 2008. Another example would be the

repetitive words of President Donald Traump's "Fake News," and they go back much farther than that; "All the way with LBJ" was Lyndon Johnson's campaign slogan, while Dwight D. Eisenhower had one of the most famous of all: "I like Ike" (Neroscience, 2nd edition. https://www.ncbi.nlm.nih.gov/books/NBK11154).

Non-Verbal Cues Chen Shui Bian

A charismatic public speaker from a poor rural background, Chen was seen as a steely fighter with a populist touch. This fighting spirit was distilled in Chen since his birth. His exact birthdate is unknown. According to his government biography,

> Because [Chen] was very weak as an infant, the family did not register his birth with the local census bureau until 1951. Thus, his identification certificate shows his date of birth as February 18, 1951.

He had to fight for both his own identity and Taiwan's identity throughout his life. He had to fight to retain his authority as the president, and the authority of his DPP party in China's eyes, He had to fight his way out of poverty through beating out his competition from grade school to graduate school and succeeded by being the youngest lawyer in Taiwan. He had to fight to be the prominent leader of the pro-independence movement that sought to establish statehood for Taiwan. He had to fight to for the regain his popularity especially when his approval rating dropped to 5.8% during his second term from 79% during his first term as president. He had to fight to clear his name and his family's reputation in the embezzlement and corruption scandal during the last two years of his second term. Hence, his body language leans towards the gestures of a rebel or a fighter. The size of gestures may also be used to signal levels of aggression, from simple finger movements to whole arm sweeps, sometimes even with exaggerated

movements of the entire body. Hand gestures that are larger than the outlines of your body communicate a large idea or concept. Arm movements also become less pronounced in those trying to avoid detection. In Iraq during the hostilities, one of the tells for spotting a suicide bomber was that the bomber exhibited far less arm movement than those around him. This is because the bomber subconsciously thinks that by not moving his body as much, he is making himself less noticeable. (It's a microcosm of the freeze response.) Similarly, a shoplifter will often have non-animated arms as he tries to make himself inconspicuous. Also, an individual caught in a lie will momentarily stop his arm movements as he tries to steer around that part of the conversation.

Chen tends to use his arms and hands as much as his facial expression. From the images below, we often seen his arms are raised in the air as if he was protesting (see image 1A to 1D). When people are passionate about a certain speaking points, their gestures automatically become more animated as if they are emphasizing points and conveying enthusiasm. This is demonstrated by Image 1A which shows Chen Shui Bian raising his two arms at the prosecutor's office in Taipei immediately after being arrested on November 11, 2008. Image 1B shows Chen shouting that he is the Commander in Chief in a public speech in June 2006. Chen was expanding his arms as he was trying to say that "I am bigger than life" that can signify confidence or perhaps aggression. Along with his body language, his jaws were tense with the facial muscles around the mouth were pulling opposite direction. Visually, Chen was determined to express his message to the public which was that 1) he was innocent (Image IA) and he was in power (Image 1B), Furthermore, from reviewing many of Chen's pictures of his public appearances, the observation of all these images is that he tends to express his emotions through the

lower part of his face, mainly the jaws. In Image 1C, 1D and 1E, Chen's lower facial

features were tensed, lips show square shape as if he was shouting, eyes hard staring or

bulging, nostrils were dilated, and the lower jaw juts out. All of these expressions

suggested emotions of anger and determination (Eckman, Microexpression). To recap

Chen's change in his facial expression from before to during and after his money

laundering trail, we can see in Image 1F with his head down and no eye contact with the

reporters when they were asking many questions of the speculations on August 23, 2008.

A month later, Image 1G shows that Chen looked uncomfortable with sweat coming

down his left cheek while answering many reporters' non-stop questions during a

conference on September 3, 2018. It was in this conference; Chen was trying to direct the

reporters' attention to current president Ma Ying Jeou and ex-president Li Teng Hui for

conspiring against him. (*BBC Taiwan*, September 2008).

In the subsequent months from September to November 2018, one can see that

Chen was putting on a brave smiling face in the public in Image 1H and II. However, if

we look at these two pictures more closely, we can see that his smile is forced in 1I as the

facial muscles of the two sides of his lips appear un-natural. This behavior was quite

different than what Chen displayed when he stepped out of the Taiwan Supreme Court

with handcuffs and excitedly shouted to the reporters:" Political Persecution" in Image

1J. During the same month (November 2008), Chen was stripped from his presidential

title and all authority as the commander by the highest court, Image 1K shows his somber

expression from the back of the police car. 1L and 1M displayed his eyes looking down

and unnatural lower facial expression on the same day in November 2008. As mentioned

in the beginning of this chapter, at the end of Chen Shui-bian's two terms as the president

of Taiwan, it was widely viewed as a disappointment by the Taiwanese people, if not an outright failure. A decade later, the Chen years (2000-2008) are remembered mostly as eight years of challenges as opposed to an era of consolidation. Mostly for relentless partisan fighting over cross-Strait relations and national identity questions, prolonged political gridlock, and damaging corruption scandals.

Figure 39. Chen: Picture IA (left), Picture IB (right).

IA Former Taiwan's president Chen Shui-bian raises his hand at the prosecutor's office in Taipei after being arrested on Nov. 11, 2008. IB I am the Commander in Chief – June 2006 (Figure 40 below).

Figure 40. The above iamges show Chen's over the top exaggerated hand gestures and

facial expressions (Pictures 1C (top left), 1D (top right), and 1E (bottom center).

IF

IG

IH

II

IJ

IK

IL   IM

Figure 41. Above images show lack of eye contact and lack of sincerity.

1N   1O

1P   1Q

Figure 42. Above images of Chen demonstrated over dramatic body language

specifically with his arms and hands.

1R

1S

Chen Shui-bian, former president of Taiwan, bottom right, ma

1T

1U

1V

1W

1X

1Y

1Z

1AA

Figure 43. Chen: Various Body Language Poses.

Case Study Three: Bo Xilai

Bo Xilai was expelled from the Chinese Communist Party because of his central role in one of the most closely watched political scandals in China. Culminating in a suspended death sentence for a murder charge against his wife, Gu Kailai, the dramatic soap opera offers a glimpse into the workings of the highest echelons and pervasive corruption of the Chinese Communist government in recent decades. Bo Xilai was born on July 3, 1949. He is the fourth child and second son of the prominent Communist Party leader Bo Yibo, who was one of the Eight Elders of the Communist Party of China. This makes Bo Xilai as one of the "princelings" of the Chinese politics. Bo Yibo at one time was the Minister of Finance in the early years of the People's Republic of China but fell from favor in 1965 for supporting more open trade relations with the West. When the Cultural Revolution began in 1966, Bo Yibo was labeled a "rightist" and a "counterrevolutionary" and purged from his posts (*New York Times*, January 1997). He spent the next twelve years in prison, where he was reportedly tortured. His wife, Hu Ming, was abducted by Red Guard in Guangzhou, and was either beaten to death or committed suicide (*Foreign Policy*, March 29, 2012). Bo Xilai was only 17 years old when the Cultural Revolution began in 1966 and attended one of the best high schools in the country, the No. 4 High School in Beijing. But during the Cultural Revolution, Bo's father was purged from his official posts and the Bo himself was sent to a labor camp in the countryside. Bo is reported to have been an active member of the Liandong Red Guard organization and may have at one point denounced his father (Singtao News Network, November 27, 2008). After the Cultural Revolution ended, Bo was released, enrolled and majored in world history at the prestigious Peking University. It was in

college that Bo met his first wife, Li Danyu, the daughter of former Beijing Party First

Secretary Li Xuefeng, they wed in September 1976 and had a son the in 1977. After Bo

graduated from college, he joined the Communist Party in 1980 and earned a master's

degree in international journalism from the Chinese Academy of Social Sciences in 1982.

Bo married his second wife, Gu Kailai in 1986, two years after his divorce with his first

wife. Gu was a prominent lawyer and founder of the Kailai law firm in Beijing. She was

said to have overcome a trying childhood during nationwide strife and worked her way to

become a well-regarded lawyer and prominent politician's wife. Gu's father, Gu

Jingsheng, was a Communist revolutionary (*The Big Story* August 22, 2013).

After the death of Mao Zedong in 1976, the chaos of the Cultural Revolution was

officially attributed to the Gang of Four (Mao's wife and three of his trusted top

officials), and Bo's father was released. Gradually in the 1980's, Bo Yibo was politically

rehabilitated and ultimately became one of the powerful "Eight Elders" of the Communist

Party. He came to prominence through his tenures as the mayor of Dailan and was then

promoted to the governor of Liaoning. He was again moved up to be the Minister of

Commerce from 2004 to 2007 and served as a member of the elite 25-member Politburo

and Communist Party Secretary of Chongqing which is a major interior municipality.

Rising up in rank within the party helped his son's political career tremendously. Within

eleven years after Bo Xilai earned his master's degree, he became acting mayor of Dalian

in 1993 and formally assumed the post during the same year. He remained mayor until

2000. Bo served as Dalian's deputy party secretary from 1995, was promoted to party

chief in 1999 and served in this position until 2000. Bo Xilai ruled like an emperor over

Chongqing, a city-province with a population of 33 million and a land area the size of

Austria. Bo's tenure in Dalian was marked by the city's phenomenal transformation from a dirty port city to a modern metropolis, a flagship model city of China's rapid economic growth. In the early 1990s, Bo XiLai took some credit for the construction of the Shenyang Dalian Expressway, which is China's first controlled access freeway. This project won praises and accolades for the rapid expansion of infrastructure and for its environmental work.

During Bo's tenure in Dalian, the city became known as one of the cleanest cities in China, having won the UN Habitat Scroll of Honor Award in 1999. Additionally, Bo was also an advocate for free enterprise and small businesses and successfully courted foreign investment from South Korea, Japan and Western countries. Unlike his colleagues, he earned a reputation among foreign investors for "getting things done." (Naughton, 2012). To make way for his large-scale projects, Bo's administration moved large numbers of local residents from downtown areas into new homes in the city's outskirts. Dalian's greenery was dubbed "Xilai Grass" (Naughton, 2012). He also reputedly had a remote control in the Mayor's office for the fountains on the city's main square. Bo spent seventeen years in the Dalian, a lengthy term in comparison to colleagues of the same rank, who are often transferred to different locales throughout their careers. Despite the accompanying economic growth and rise in living standards, Bo's tenure in Dalian has sometimes been criticized as having been too focused on aesthetic development projects such as expansive boulevards, monuments, and large public parks (Roberts, 2004).

Bo XiLai cultivated a casual and charismatic image in a marked departure from Chinese political convention. He was also a controversial figure when cultivated the

image of perceived lawlessness of his anti-corruption campaigns. In Chongqing, Bo initiated a campaign against organized crime, increased spending on welfare programs, maintained consistent double-digit percentage GDP growth, and campaigned to revive Cultural Revolution-era "red culture". Bo's promotion of egalitarian values and the achievements of his "Chongqing model" made him the champion of the Chinese New Left, composed of both Maoists and social democrats disillusioned with the country's market-based economic reforms and increasing economic inequality. Moreover, in 2000, Bo was frontrunner for the post of Mayor of Shenzhen, based on his success in making Dalian the "Hong Kong of the North" (Li, 2009). It was suggested that Bo was too independent and outspoken for the post, and the position went to his colleague Youjun instead (*South China Morning Post* May 4, 2000). Mo Zhixu wrote in *China Change*:

> When Bo Xilai was elected a member of the CCP Political Bureau during the 17th CCP Congress in 2007, he was in effect excluded from the future lineup for top leadership of the party and the country. He was not appointed to be one of the deputy prime ministers of the State Council as he had desired; he wasn't even appointed the party secretary of a more important area such as Shanghai or Guangdong. Instead, he was sent to Chongqing to replace Wang Yang, while Wang Yang was appointed to be the party secretary of Guangdong province. For Bo Xilai, proud and ambitious, it was no doubt a humiliation. The political practices he introduced in Chongqing were not about vying for a top leadership position in Beijing, but an act of resentment meant to showcase his unique political ideas and his unique political ideas and his personal charisma. (Mo Zhixu, September 30, 2013)

Although Bo was initially unhappy about his reassignment in Chongqing, he soon resolved to use his new position as a staging ground for a return to higher national office (*ABC News* April 19, 2012). Bo made no secret of his desire to enter the nine-member Politburo Standing Committee (PSC) during the 18th Party Congress in autumn 2012, as all but two of the PSC members, this included President Hu Jintao and Premier Wen Jiabao, were expected to retire (Ewing, 2010). In Chongqing, Bo pioneered a new style of governance dubbed the "Chongqing Model". This was a set of social and economic policies intended to address diverse challenges facing modern China following economic reforms (*Asia Times Online* June 16, 2011). The Chonqging model was characterized in part by increased state control and the promotion of a neo-leftist ideology. Along with his police Chief Wang Lijun, Bo launched a sweeping campaign against organized crime, and increased the security and police presence in the city. Critics noted these policies were accompanied by the erosion of the rule of law, and allegations surfaced of political and personal rivals being victimized amidst Bo's anti-corruption drive. As a means of addressing declining public morality, Bo launched a "red culture" movement to promote Maoist-era socialist ethics. On the economic front, he actively courted foreign investment, much as he had done in Liaoning.

The Chongqing model was also characterized by massive public works programs, subsidized housing for the poor, and social policies intended to make it easier for rural citizens to move to the city, thus reaping the benefits of urban status (*The Economist* June 23, 2011). Bo's leadership in Chongqing dramatically raised his profile, both nationally and internationally. In 2010, he was named as one of the 'World's 100 Most Influential People in 2010 by *Time (Time* April 29, 2010). Observers noted that, in China's non-

electoral political system, Bo's high-profile presence and bold political maneuvers essentially amounted to a public 'election campaign' for the top leadership (Lam, 2012). However, he drew the ire of some of the country's leaders; President Hu and Premier Wen were reluctant to acknowledge Bo publicly, ostensibly due to a discomfort over his leadership style

Organized Crime

Bo's tenure in Chongqing was dominated by a protracted war against organized crime and corruption known as 打黑 *dǎhēi* ("striking the black"). Between 2009 and 2011, an estimated 5,700 people were arrested in the sweeping campaign that ensnared not only criminals, but also businessmen, members of the police force, judges, government officials, and political adversaries. The campaign was overseen by Chongqing police chief Wang Lijun, whom Bo had worked with previously in Liaoning.

Wen Qiang, one of the most prominent figures implicated in the trials, had been a prominent municipal official since the days of party chiefs He Guoqiang and Wang Yang. Wen, the former executive deputy commissioner of the Chongqing police force Public Security for 16 years, was tried and convicted of a litany of crimes and sentenced to death in a sensational headline-grabbing trial. Contrary to the popular perception at the time that the campaign was part of Bo's perceived penchant for self-promotion, China observer Willy Lam suggested that such a large-scale crackdown will have received approval from central authorities, including Hu Jintao, and that Bo became careful to not let Chongqing appear to be trying to 'set an example' for the rest of the country so he could benefit from the success politically (Lam, 2009). The *dahei* campaign earned Bo national recognition and widespread popularity in Chongqing; even more because of the city's historical

reputation as a center for criminal activity (Ewing, 2011). In contrast to often colorless

and orthodox politicians, Bo gained the reputation as a party boss that "got things done

(*The Guardian* March 20, 2012). The apparent success of *dǎhēi* earned Bo 'rock star

status' and resulted in calls to replicate the campaign on a nationwide scale. Through the

campaign, Bo gained the support of a number of powerful members of the Politburo

Standing Committee, including Wu Bangguo, Jia Qinglin, Li Changchun, Xi

Jinping and Zhou Yongkang, all of whom visited Chongqing or praised Bo's

achievements sometime between 2010 and 2011 (Liu, 2011). However, Bo's campaign

was criticized for running roughshod over judicial due process and eroding the rule of

law (Lubman, 2012).

Individuals targeted in the campaign were arbitrarily detained by the authorities,

with an estimated 1,000 being sent to forced labor (Keith & Richburg, 2012). Lawyers

for the accused were intimidated and harassed, and in at least one case, sentenced to 18

months in prison (Branigan, 2012). Allegations also surfaced over the use of torture to

extract confessions. Moreover, assets seized during the campaign were allegedly

redirected to help pay for Bo's popular social housing programs (Righter, 2012).

The *Wall Street Journal* reported that $11 billion went into government coffers through

the campaign (*The Wall Street Journal* April 12, 2012). Li Jun, a fugitive businessman,

asserted that he became a target of Bo anti-corruption drive as a result of a land dispute

with the government. When he refused government demands to give up the land, he

claims that he was abducted and tortured, and that $700 million worth of assets in his

business were seized (Levin & Wines, 2012).

Economic Policies

Another major component of Bo's Chongqing model concerned the city's economic policies. Just as he had done in Liaoning, Bo ambitiously pursued foreign investment in the city, lowering corporate income tax rates (15% compared to the 25% national average), and sought to stimulate rapid urbanization and industrialization (Zhiyue & Gang, 2012). He also carried on with policies initiated by his predecessors which focused on domestic consumption, rather than export-led growth. During his tenure, Chongqing reported annual GDP growth far exceeding the national average. In 2008, for instance, nationwide GDP growth was reported at 8%, while Chongqing reported 14.3%; the same year, foreign trade rose by 28%, and bank loans were up 29% (Zhiyue & Gang, 2012). Bo's model of economic growth won national and international praise for seamlessly combining foreign investment and state-led growth. However, Bo's critics called the model of "red GDP" – subsidized infrastructure, housing and public works projects – unsustainable and a drain on the city's budget. Some civil servants complained that they were not getting salaries on time. Chongqing received a disproportionately high share (some $34 billion) of stimulus money from Beijing in 2008. Political rivals such as Bo's predecessor Wang Yang also suggested that economic figures in Chongqing were "rigged"; in other words, artificially inflated through unnecessary construction and public works projects (Liu, 2009).

Many of Bo's campaigns earned popular support, especially from the city's poor, his leadership style has been described as "propagandistic," "ruthless," and "arrogant" by subordinates and city officials, academics, journalists, and other professionals (Demick, 2011). Michael Wines of *The New York Times* wrote that:

Although Bo was possessed of "prodigious charisma and deep intelligence," these qualities were offset by a "studied indifference to the wrecked lives that littered his path to power...Mr. Bo's ruthlessness stood out, even in a system where the absence of formal rules ensures that only the strongest advance.

Bo placed onerous demands on government officials in the city, requiring them to be available to work all day and all night, seven days a week (Demick, 2011). He reportedly called subordinates to late-night meetings, publicly criticized and humiliated those with whom he disagreed, and even hit underlings who failed to meet his demands (Earp, 2016). According to a psychologist quoted by the *Daily Telegraph*, since Bo Xilai assumed power, "depression, burn out and suicides have all risen among officials... Officials now make up the largest share of patients seeking counselling in the city (Demick, 2011). In late 2009, a popular investigative television show on China Central Television aired a critical story on Bo's anti-crime drive, expressing concern over the apparent disregard for legal due process. In response, Bo utilized his connections to have the show's host temporarily banned from the airwaves, and its producer moved to another program. Others who opposed Bo's initiatives were also met with retribution. Li Zhuang, a defense lawyer from Beijing, was sentenced to two and a half years in prison (later reduced to 18 months) in 2009 for attempting to defend one of the high-profile targets of Bo's crackdown (Earp, 2016). Cheng Li, a scholar at the Brookings Institution, said that "Nobody really trusts [Bo]: a lot of people are scared of him, including several princelings who are supposed to be his power base (Earp, 2016).

Bo Xilai's inner circle included Xu Ming, 41, listed by Forbes as China's eighth-richest person in 2005; Yu Junshi, a former intelligence agent; and Ma Biao, a

businessman, known for his girth. Edward Wong and Jonathan Ansfield wrote in the *New York Times*, Yu moved to Chongqing before Bo arrived in December 2007 for his posting as party chief. Mr. Bo had sent him to gather information and build relations, according to people who have met Mr. Yu, a former intelligence officer for the People's Liberation Army. Mr. Yu had been posted to Bangkok in the 1990s, but an agent in his network defected, and the members of his group were recalled and punished. After Mr. Yu left the intelligence service, he returned to his hometown, Dalian, where Mr. Bo was mayor and Mr. Xu was building up his companies (Wong & Ansfield, 2012).

Mr. Yu was investigated by the police over his business activities, and he enlisted the help of Gu Kailai, a lawyer married to Mr. Bo. He soon became friends with Mr. Bo; Mr. Xu, the billionaire; Mr. Ma, the businessman; and Mr. Wang, who was a police officer in the surrounding province of Liaoning, said people familiar with this history. "Bo Xilai is fascinated by spies, so he likes to make friends with intelligence agents," said Yang Haipeng, an investigative journalist in Shanghai. In a microblog post on April 24, Mr. Yang wrote that Mr. Yu was an ex-spy turned "henchman" for the Bo family who had been detained in March. Censors deleted Mr. Yang's microblog account, and security officials asked him for his source. "Mr. Yu, well read and well mannered, moved in rarefied circles in Chongqing and kept a low profile. He was thrust into the spotlight only once, when two dogs he kept at a home in Olympic Garden Villas, a German shepherd and a pit bull terrier, bit a man to death last July, said one person who has visited Mr. Yu at the home." Wang Lijun, the police chief at the center of the scandal that brought Bo down in 2012, "persuaded Mr. Yu to put the dogs to sleep. "A dog that has caused so much trouble for you will make trouble again; it will jinx your future," Mr. Yu recalled

Mr. Wang saying, according to the person. The episode was reported in The Chongqing

Evening News. Mr. Yu told the reporter he worked in the financial industry.

Barbara Demick wrote in the *Los Angeles Times*:

Just 21 when Bo came to Dalian, Xu became a billionaire within a few years. At

one point, according to Forbes, he was the eighth-richest man in China. He

showed his appreciation by showering the Bo family with his largess. Xu

allegedly flew the family on first-class trips to Europe and paid for Bo's son to

attend the $40,000-a-year Harrow boarding school in London. He hired a law firm

run by Gu. He is also suspected of buying various properties for the Bo family,

including the stunning villa in Cannes. "It was a typical relationship between a

politician and a businessman — they traded power and money," said Jiang

Weiping, a Chinese journalist who was imprisoned after reporting on corruption

in Dalian (Demick, 2013).

When Bo was on trial in 2013, it is believed that Bo wrongfully using his position

in power to receive bribes totaling 20 million Chinese Yuan or equivalent to $3.2 million

US dollars. (Hatton, 2013) Furthermore, Edward Wong and Jonathan Ansfield wrote in

the *New York Times*:

In the 1990s, Mr. Xu built up his main conglomerate, Dalian Shide, whose

holdings range from home appliances to finance to building materials, by winning

contracts from local officials, including a lucrative deal to provide window frames

while Mr. Bo was mayor of Dalian. Mr. Xu also received generous loans from

state banks, including from China Guangfa Bank, where Mr. Ma was a branch

chief. Mr. Ma left the bank years ago and started an insurance company. After Mr.

Bo arrived in Chongqing, Mr. Ma and Mr. Xu set up several companies to

develop Chongqing real estate, according to financial records and information

from government and company Web sites. Mr. Xu and Mr. Ma have roles in at

least three companies founded in 2009: Chongqing Heshengyu Real Estate

Development, Chongqing Shenghe Construction and Guanghua Huihuang (Wong

& Ansfield, 2012).

Family

Bo met and began a relationship with his first wife, Li Danyu, a military doctor

who was also from an elite political family. The couple married in September 1976 and

had a son, Li Wangzhi (Brendan Li), the following year. Their son graduated

from Columbia University in 2001(Wong & Barboza, 2012). After their divorce in 1984,

Bo's ex-wife, Li Danyu insisted that her son change his last name from Bo to Li

following her divorce from Bo Xilai in 1984 (*South China Morning Post.* March 20,

2019*).* Li Wangzhi was reportedly low-key and modest and was not commonly

associated with his father during the latter's political heyday. As mentioned previously,

Bo married his second wife, Gu Kailai in 1986, two years after his divorce with his first

wife. Gu was a prominent lawyer and founder of the Kailai law firm in Beijing (*Want

China Times* March 19, 2012). Bo and Gu have one son, Bo Kuangyi, who is better

known as Bo Guagua (Page, 2012). He attended Harrow School in the United Kingdom,

and was later admitted to Balliol College, Oxford, where in 2006 he started studying for a

degree in Philosophy, Politics and Economics. Guagua then went on to study public

administration at Harvard's Kennedy School of Government (Zhai,2014*).* Bo Guagua's

high-profile and privileged lifestyle, including luxury cars and frequent social events, has

provided tabloid fodder for Chinese-language media. Both Guagua and his father had repeatedly denied allegations that Guagua was the 'playboy prince' that he was often portrayed, claiming that Guagua got by on a modest allowance and attended social events to only to "broaden his horizons (Zhai, 2014). *Reporters* asked how he could afford his son's tuition fees on his estimated annual salary of $22,000, Bo replied that his son received "full scholarships" from the respective institutions which is not accurate according to the university's record (*BBC* August 19, 2012). The veracity of this assertion has been questioned by several sources (*Reuters*, April 14, 2012) Maclean's reported that Bo's family associate Heywood pulled strings to have Guagua accepted into Harrow, shortly after becoming involved with Bo. In 2013, Gu was convicted of the murder of Neil Heywood after a dispute over Heywood's commission for transferring Gu and Bo's money out of country, it was reported that Heywood the dispute escalated to the point that he threatened her son's life.

On 14 November 2011, British citizen Neil Heywood was found dead in his Chongqing hotel room. At the time, local authorities declared he had died from alcohol over-consumption, though his family noted that he was not a heavy drinker. The official cause of death was not scrutinized until several months later, when revelations emerged that Heywood's death was a homicide, and Bo Xilai was implicated. Heywood worked as an intermediary linking western companies to powerful Chinese politicians. He spent more than a decade in China, was fluent in Chinese and a long-time associate of the Bo family: he reportedly shared a close personal relationship with Bo's wife, Gu Kailai, and had helped the couple's son Bo Guagua earn admission to Harrow School in England (*The Daily Telegraph*, May 6, 2012). Heywood also allegedly served as a middleman for

the family, helping them clandestinely move large sums of money overseas (*The Daily Telegraph*, May 6, 2012). In October 2011, Heywood reportedly had a business dispute with Kailai when he demanded a higher commission for his services. The dispute escalated, with Heywood ultimately threatening to reveal the family's business dealings and overseas assets, estimated to total in excess of $136 million (*Bloomberg*, April 23, 2012). Heywood was then allegedly poisoned by Gu and an assistant. Media reports have suggested the former chief of police under Bo, Wang Lijun, may have had information concerning Heywood's death. Soon after Heywood's death (*The Daily Telegraph*, April 6, 2012), Wang fled to the US consulate in Chengdu, and allegedly told US diplomats of Heywood having been poisoned, and Bo's family was involved in corruption. The incident precipitated Bo's high-profile sacking two weeks later. According to a reinvestigation by the Chinese authorities, evidence indicates Heywood having been murdered, with Gu Kailai a prime suspect of the murder (*Xinhua News*, 2012). In 2012, a court in the Chinese capital Beijing has commuted the suspended death sentence of Gu Kailai for the murder of Heywood. Meanwhile, the trail of Bo XiLai begun on August 22 at the Intermediate People's Court in Jinan, Shandong province.

Bo Xilai's Trial

In July 2013, Chinese prosecution authorities charged Bo with bribery, abuse of power and corruption, paving the way for his trial (*Financial Times* May 14, 2012)*.* Defense counsel for Bo was Beijing-based DeHeng Law Offices, a corporate law firm with deep political connections to the state (*Hille, 2012*). A *Wall Street Journal article* on the law firm's role in the trial described it as acting as an "intermediary" that facilitated between Bo, his relatives and prosecutors the negotiation

of "an outcome acceptable to all sides in the run-up to the trial—and to help ensure that the trial itself goes according to plan" (*Demick, 2013*). Beginning on 22 August 2013, the Jinan Intermediate People's Court heard Bo's case.

The proceedings of the trial were relayed in real-time by the court's official microblog account, though journalists covering the trial needed to belong to a pre-approved list. Bo faced three charges: bribery, abuse of power, and embezzlement. The prosecutors alleged that Bo received the equivalent of some 21.79 million yuan (US$3.56 million) in bribes from businessmen Xu Ming and Tang Xiaolin. At the trial Xu Ming testified that he gave Bo's wife Gu Kailai $3.23 million in 2000 to buy the villa *Fontaine St-Georges* in Nice, France, and that he paid for their son Bo Guagua's travel and credit card bills. Bo Xilai cross-examined Xu and denied knowledge of many of the payment " 薄熙来受贿、贪污、滥用职权案将于8月22日在济南开庭审理" (*Xinhua News Agency* August 18, 2013). Bo's trial, which featured a testy exchange between Bo and his former lieutenant Wang Lijun, concluded on 26 August 2013. During the trial, Bo recanted a series of confessions he had made during the investigation, denying all charges against him. On 22 September, the court found him guilty on all counts, including accepting bribes and abuses of power, stripped him of all his personal assets, and sentenced him to life imprisonment. (来案一审庭审结束 97名当事人知情者被调查" [Trial ended, 97 party officials under investigation] (*China National Radio*, August 27, 2013). Chinese attempts to confiscate a €6.95 million villa in Cannes, bought and held for Bo through intermediaries, are ongoing (*Reuters* November 12, 2013*).

Verbal Cues

Oratory plays a more crucial role in Western politics versus Asian politics. For example, in Great Britain, parliamentary debates lie at the center of political life, and leaders like Lloyd George to Winston Churchill to Margaret Thatcher to Tony Blair to David Cameron to Theresa May have all been skilled verbal duelists with their weapons barbed words. The contrast between Western and Chinese politicians is stark. Chinese political speeches are notoriously mechanical, formulaic and boring. Why does China have a much stronger focus in written vs. oral tradition? This written system goes back to the Spring and Autumn dynasty (771-476 BC), Chinese from different parts of China spoke a minimum of 7 dialects. Academic linguistics classify the dialects into 5 main groups (Mandarin, Min, Yue, Wu, Hakka) but the subgroups add up to at least 200 dialects. Often times, different dialects could sound like a foreign language, which places emphasis on sharing a common writing system. Mandarin was only made China's national language in the 20th century; as recently as 2014. Prior to the 20th century, emperors and politicians could communicate to the people in the form of rhetoric and writing as opposed to speaking. An exception to this concept was Mao Zedong, the founding father of the People's Republic of China, who was a fiery speaker. From his declaration that "the Chinese people have stood up," to his assertion that "a revolution is not a dinner party," Mao is immensely quotable even with his heavily Hunan-accented As a revolutionary, Mao needed to be able to use rhetoric to inspire, mobilize and at times create chaos even after he attained power. Nowadays, ultimate political power in China is determined by "behind the scene" negotiations and power struggles as opposed to public support; Chinese politicians seem to view the art of rhetoric with disdain. As

Rebecca Mackinnon, a former Beijing bureau chief for CNN stated: "In Chinese culture, if you are already powerful you don't want to act as if there is a need to win anybody over. If you act as if you care what people think of your speeches, you are admitting weakness."

The only prominent Chinese political orator in recent years was the ill-fated Bo Xilai. Charismatic and popular, he had a reputation as an unusually good speaker and campaigned openly to be elevated to the Politburo Standing Committee, the highest political echelon (incidentally, he also promoted a revival of Maoist "Red Culture"). From the recorded public speech made by Bo on "Chinese Commerce Minister Comments on Talks with US Side" (https://www.youtube.com/watch?v=nkULqtMusUE), one can see that Bo was a telegenic self-promoter who spoke passable English. He dressed sharply and has a flair for the dramatic. In the recording of "Bo Xi Lai Comments on Scandals" (https://www.youtube.com/watch?v=JA3dslyx6i4&t=67s), he pauses and says "uh" in almost every sentence or in the middle of the sentence. It appears that this word "uh" is Bo's way of pausing to think for the next right words to use to best express his message. In the short 2-minute video, he used 35 "uh" which is about one "uh" every other second. "The way [Bo] spoke was so different from the usual Chinese politicians," says Michael Forsythe, a China correspondent for the *New York Times*. "Listening to him speak was like listening to Bill Clinton. He was very eloquent." His directness and independent streak impressed foreigners but annoyed peers, who prefer to rule through backdoor consensus and often stilted slogans.

Former Secretary of State Henry Kissinger visited him in Chongqing in 2011.

Arian Eunjung Cha wrote in the *Washington Post*:

> Charismatic, handsome and majestically tall, by Chinese standards at 6-foot-1, Bo
>
> has become a poster child for China's princelings. "While other senior-level
>
> officials tend to be shy and awkward in dealing with the public and the media, Bo
>
> has managed to charm everybody. He has led crowds of thousands in sing-alongs
>
> of "red culture" songs, sat down for TV chats with protesting workers and
>
> communicated with students via mass text messages.

Many regarded him as too controversial and too populist to be president or premier, but

he stands a good chance to make it into the Communist Party's nine-member Standing

Committee. Bo was accused of being more concerned with his own rise than China's. "I

didn't trust Bo Xilai because he seemed so liberal in so many of his positions, and then all

of a sudden became this leftist nationalist when he moved to Chongqing," David Zweig, a

China scholar at Hong Kong University of Science and Technology, told Reuters. "I think

that surprised people and suggests that he was much more of a chameleon than dedicated

to a particular set of policies."

> John Garnaut wrote in the *Sydney Morning Herald*:
>
> Bo's methods were not pretty but they certainly worked. His control over
>
> propaganda, ability to mobilize the masses, and disregard for legal process and
>
> institutions kept the Chongqing population in check. He's trying to mobilize
>
> society like Mao did during the Cultural Revolution and, to do that, you usually
>
> have to brainwash people first," said Wang, the Caijing publisher, in an interview
>
> last year. Bo's resurrection of Maoist iconography and methods offered a way of

preserving the power of the ruling families, in a post-communist nation that was growing more cynical and fractious by the day (Garnaut, 2013).

Non-Verbal Cues

From the recorded public speech made by Bo on "Chinese Commerce Minister Comments on Talks with US Side" and "Bo Xi Lai Comments on Scandals" (https://www.youtube.com/watch?v=JA3dslyx6i4&t=67s), One can see from the videos that Bo has a commanding presence and rhetorical eloquence but also ruthlessness that other Chinese politicians lacked. Bo was a telegenic self-promoter who spoke passable English. He was widely lauded in China and abroad. He dressed sharply and has a flair for the dramatic. His directness and independent streak impressed foreigners but annoyed peers, who prefer to rule through backdoor consensus and often stilted slogans. We can see from the 6 images below that Bo is very comfortable communicating and expressing himself. From image 1A to 1F below, one can see that Bo's relaxed body gestures and smiling facial expressions tell us that he is accustomed to speaking his mind in the public; although we don't know the context, but he is very confident taking about the topic in the pictures and is in this instant being forceful and reassuring.

1A

1B

1C

1D

1E

1F

Figure 44. Bo: Various Body Language Poses.

Image IG and IH below shows a placid sadness in the countenance of Bo and his wife Gu. They appear to be grieving but also resolved, as though something has happened that was expected, or is natural, and they have accepted the circumstances. Moreover, Bo is tilting his head towards her which shows he cares about her. He is trying to hide his feelings for social-public reasons, but his sadness leaks out in his eyes which are heavy and in pain. She is accessing her feelings, but she is also processing thoughts. Unfortunately, we don't know enough about the context and the moment when the photo was taken to know where her thoughts are taking her. She is trying to be strong, even though her eyes indicate that she has been emotional, perhaps even crying. The clothing is somber and consistent with what appears to be a somber event. There is a certain amount of strength that we see in her face. It is fleeting but she has a strong disposition which is a contrast with the sadness in her eyes. The two pictures are in direct contrast with 1I and 1J during happier times of the couple. The facial muscles appear much more relaxed, the smiles are natural as opposed to the forced smile on Bo's face in IG and IH.

1G   1H

1I   1J

Figure 45. Bo and Wife Gu (4 images).

Images 1K and 1L show Bo is blocking his left eye, or if he is touching his eyebrow as a pacifier. The corners of his mouth are compressed and dimpled, which is usually indicative of dislike or contempt. He looks downtrodden and resigned to whatever is occurring. He is listening to things that are painful, or he disagrees with. He is enduring a process. His eyes are puffy which suggests this has been a stressful day or that the day or days before were stressful. In Chinese cultures, looking up "at the stars" is a way of expressing exasperation and/or lack of control. In other cultures, it is a look for heavenly assistance. In image 1M and 1N, Bo does look exasperated, bored, and looking up to the starts as guides to find his way. His facial expression almost says he cannot bear whatever he is experiencing any longer.

1K

1L

1M

1N

1O

Figure 46. Above two images show a contrast of Bo's more relaxed facial expressions.

Figure 47. The above two images show a contrast of Bo's more relaxed facial

expressions.

Bo Xilai, Secretary of the Chongqing Municipal

Bo Xilai, then Minister of Commerce of China and son of former Chinese Vice Premier Bo

Bo Xilai, left, Secretary of the Chongqing Municipal Committee of the Communist Party of China (CPC), and

from 2013 The Guardian

465 × 300

Figure 48. Bo: Numerous Photo Profiles.

Chapter Five: Conclusion

Today, corporate fraud and political embezzlement not only causes significant financial losses to investors it also has the potential to cause immeasurable damage to the U.S. economy and investor confidence. How do we detect fraud before it happens? We have government regulatory standards such as *Sarbanes-Oxley Act* of 2002. One can also attempt to detect deception signs from verbal cues, body language and facial expressions of the con artists before the crime is committed. Facial expressions of emotional liars and truth tellers differ in the muscles that are activated and, in the intensity, duration, laterality, and timing of this activation (Ekman, Hager, & Friesen, 1981; Hill & Craig, 2002). As we can see from the three case studies above, deception does not reliably produce negative emotions and negative emotions do not reliably signal deception. During social interaction, the three case subjects purposely regulate and withhold expressions of felt emotions, and they enact expressions of emotions they do not feel. "Emotional expressions, then, can be used purposely in deception to communicate symbolically information that has very little to do with the communicators' felt emotions" (Buller and Burgoon, 1994, p. 387).

We can see from the images of Madoff, Chen and Bo show appeasement or higher intensity and more fixed social smiling that can be mistaken as signals of pleasure, comfort, or enjoyment. In addition to the activation of their zygomaticus major muscle which pulls up the lip corners, Duchenne smiles also include the activation of the orbicularis oculi which causes a contraction of the muscles at the corner of the eyes (Duchenne de Boulogne, 1990). If we make the assumption the famous philanthropists like Warren Buffett and Bill Gates are truth tellers, and Taiwan ex-president Ma Ying

Jeon who has not been accused of any embezzlement is also a truth teller. The images below substantiated that the Duchenne smile is an expression that signals true enjoyment. From the 9 images of Buffet, Gates and Jeon, they occur when the zygomaticus major muscle lifts the corners of your mouth at the same time the orbicularis oculi muscles lift their cheeks and crinkle their eyes at the corners.

Figure 49. Duchenne's Smile Signals True Enjoyment.

Duchenne smiles are considered true signals of enjoyment; however, they can be

displayed deliberately and without experiencing enjoyment. Deception produces positive

as well as negative emotional experiences and sometimes no emotions at all. In reviewing

a total of 33 images of Bo XiLai, 30 of those images show the absence of movement in the outer part of the muscle that orbits the eye (orbicularis oculi pars lateralis) as a fabricated smile from the genuine smile. A non-enjoyment smile features the same movement of the lip corners as the enjoyment smile but does not involve the changes due to the muscles around the eyes. FACS research shows that in a true enjoyment smile and in doing this, the skin above and below the eye is pulled in towards the eyeball. By doing this, the following changes in appearance: the cheeks are pulled up; the skin below the eye may bag or bulge; the lower eyelid moves up; crow's feet wrinkles may appear at the outer corner of the eye socket; the skin above the eye is pulled slightly down and inwards; and the eyebrows move down very slightly. If the smile is slight or moderate in scope, it is easy to spot the absence of this movement because there are no crow's feet present and the cheeks are not raised by the muscle's action, which narrows the eye aperture. Bo's signal facial expressions with deliberate, symmetrical smile and lip corners pulled up, cheeks are not raised by the muscle's action, a very slight lowering of the eyebrows and the skin between the eyebrows with crow's feet around the eyes. He had the same perpetual smile and he was the popular political uprising star to his trial days and when he was handcuffed by security guards (see image below). Bo's fixed facial expression can also be interpreted as a deliberately induced blank expression which is characterized by neutral positioning of the facial features, implying a lack of strong emotion, and attempting to conceal one's emotion. Bo's signature smile is an effective way to prevent people from reading his thoughts.

Figure 50. Bo

Source: Getty Images https://www.gettyimages.com/photos/bo-xilai

In Madoff's case, his constant expression of tightly compressed lips were rolled in and pressed tightly together. This is the same expression that he displayed in his public pictures for three decades, and it is the same chronic lip inversion expression before, during and after his trial in 2009 (see image below). Due to the extensive and repeatedly activation of zygomaticus major muscle that pulls the upper lip corners, Madoff's signature tight lipped smile turned from temporary lines to permanent lines. From the 32 images, it is the same professional subtle smile in most situations from before arrest, during trial or after he was found guilty.

Figure 51. Madoff.

Source: Getty Images www.gettyimages/photo/Barnard-Madoff

Chen Shui Bian understood the benefit of being a great orator along with outwardly body movement. Unlike Bo and Madoff, who focused more on not releasing information by masking with a constant facial expression, Chen Shui Bian's body language was loud, larger than life, alpha and at times, hyper-alpha. In many ways, Chen often addressed the public with his arms extended in the air, passionately repeating the same phrases and by doing this, he was aggressively pressing his message into people's mind. He grasped the difference between the literary world of preparing a speech or presentation, and the world of *orality* in which that speech is delivered. He realized that to beat his other political competition, his stage presence had to be dramatic and his speech material had to come alive to capture his audience. Chen learned how to become a charismatic speaker over his 30-year political career, and the Taiwanese became enamored with him. They were willing to follow him, because he seemed to have the right answers in a time of enormous political upheaval with KMT.

There are limitations on the nonverbal communication analysis purely based on studying the 105 images of Madoff, Chen and Bo. One limitation is that we can only analyze one body language or facial expression at a time. One could have misinterpreted any focused expression while something else significant is not captured. For example. while studying the risorius facial muscle to determine if the smile is fake or genuine, we could have missed s significant hand gesture that is not in the photo. Another limitation is that Madoff and Bo protected their true feelings by showing the same perpetual facial expression in most of the pictures. Specifically, Madoff has tensed lower facial muscle and tight lips resulting in a faint smile; Bo had the same smiling eyes and smirk before and during the trial. Chen in most images had exaggerated upper body movement. All

these disguised facial expression (or lack of) and larger than life body movements are not effective method to determine what true emotions are going through the deceivers' mind at that specific point. How about the patterns of verbal cues of the three subjects? Madoff's favorite repetitive words were "you know" to open a sentence in his few public interviews. Chen's favorite phrases were:" Ah-Bian will improve Taiwan's economy", while Bo did not have any favorite phrases or repetitive words, his public speeches were very different from the usual Chinese politicians, he was "very eloquent" (Michael Forsythe, *New York Times*). At a deeper level, one would notice that Chen often used third person (he calls himself Ah-Bian) to distance himself from the deceptive statements. Madoff tend to be negative on a subconscious level due to the guilt about lying and a narcissist view of constant focus of oneself. During the interview with Barbara Walters, Madoff complained that he was "wracked by horrible nightmares in prison", and the stress he had to endure every day waiting and thinking today is the day. Bo capitalized on his charisma and eloquent speeches to persuade his followers. There are no consistent patterns of Madoff, Chen and Bo in their verbal cues from this research.

Does cultural difference have any influence in Madoff, Chen and Bo's facial expression and body language? As stated in Literature Review (Chapter 2), some scholars believe that Chinese respondents' express emotions primarily through eyes while European Americans respondents reveal through eyebrows and mouths (Jack, Caldara, Schyn, 2012). Comparing to European American respondents, Chinese in general rarely express interest, excitement and disgust facial expressions (Chan, 1985). Generally, Chinese are more reserved, calm and stoic who makes it difficult for the observer to read their internal thoughts. According to Hofstede (2016), American culture is strongly

individualistic and Chinese culture is collectivist. When observing the 100 images of

Madoff, Chen and Bo, there are no patterns of facial expression or body language that

suggest that Chinese are more reserved in expressing their emotions. Chen Shui Bian

consistently demonstrated larger than life powerful body languages, Madoff and Bo tend

disguise their true emotions by showing fixed facial expression of a smirk, perpetual

subtle smile, or tighten lips. In summary, there are no consistent patterns for any verbal or

nonverbal cues between the 3 case-study subjects selected for this research. There was

almost no involuntary nonverbal leakage through facial expressions, body language or

public speeches because Madoff, Chen and Bo were well rehearsed and disguised their

true feelings with a commercialized smile or large body movement. Lack of involuntary

nonverbal leakage directly conflicts with the emotions Madoff, Chen and Bo were

expressing. The research concluded that there are no consistent nonverbal or verbal cues

to detect Madoff, Chen and Bo as deceivers.

Figure 52. Chen.

In order to map the 150+ images of Madoff, Chen and Bo to a timeline of series

of events was created so I could visually see a pattern of their facial expressions and body

language over time. I then crated a coding system. The most comprehensive definition of *code* by Saldaña (2009). He states:

> A code in qualitative inquiry is most often a word or short phrase that
> symbolically assigns a summative, salient, essence-capturing, and/or evocative
> attribute for a portion of language-based or visual data (Saldana, J, 2009).

In order to analyze the idiographic themes from each of the three case-studies and discover the nomothetic themes (which are frequent and recurring), I created a spread sheet. On the spread sheet I transferred the idiographic themes from each of the transcriptions. Recurring idiographic themes are renamed nomothetic themes. Vogt (2005) defines nomothetic as "research that attempts to establish general, universal, abstract principles or laws." (p. 207). The following table (Table Eleven) summarizes the coding of each of the 150-image linking to the timing of the incident of when the image was taken. Each coding presents a specific interpreted facial expression or body language for each event per researched subject. The second table (Table Twelve) is the timing of each incident used as a sub-set and support of the summarization of the coding of each of the 150-image. Here are spread sheet common labels for the columns for Table Number Eleven.

Below are spread sheet common labels for the columns for Table Number One.

1. Column 1, Timing of Each Event/Incident

2. Column 2, Description of Each Event/Incident

3. Column 3, 4, 5, Name/code number of the first subject, second subject and third subject

Codes: Subj   = Subject

                 T   = Timing of Each Specific Incident

Below are spread sheet common labels for the columns for Table Number Two.

1. Column 1, Number of each theme

2. Column 2, Name of each theme

3. Column 3, 4, 5, Name/code number of the first subject, second subject and third subject

Codes: Subj = Subject

I = Image Number of Subject

T = Timing of Each Specific Incident

Table 11

Timing of Event

Timing of Image	Description of Event/Incident
T1	Party or Vacation
T2	Family and Friends
T3	Campaigning
T4	Public Speech
T5	Before Trial
T6	During Trial
T7	After Trial
T8	In Jail
T9	In Meeting
T10	In Office
T11	Bio/Profile Picture

Table 12

Coding Recap

Theme Number	Theme Name	Subj. # 1 Bernie Madoff	Subj. # 2 Chen Shui Bian	Subj. # 3 Bo Xilai
#001	Anger			I16T10, I23T10, I26T10
#002	Contempt		I3T10	
#003	Disgust			
#004	Enjoyment	I22T10, I38T8, I44T2, I46T2, I47T2, I40T2, I42T2, I52T2, I153T2, I54T2, I48T11, I51T2, I57T2, I58T2	I21T3, I26T4, I27T11, I30T5, I38T11, I39T3, I41T11, I42T3,	I1T2, I5T2, I17T10, I18T3, I19T4, I25T4, I27T4, I34T9, I35T9, I37T4, I43T3, I44T9, I47T4, I51T1
#005	Fear			
#006	Sadness	I13T6	I18T7, I19T7, I20T706	I2T2, I3T3, I4TS
#007	Surprise			
#008	Neutral or No Expression	I9T6, I14T5, I26T5, I27T5, I31T7, I36T7, I37T8, I38AT11, I49T4, I50T10, I55T11, I7T5, I20T5	I4T10, I25T10, I28T4, I29T5, I40T11,	I10T6, I13T6, I24T11, I25T4, I29T11, I42T9,
#009	Embarrassed			
#010	Smirk (The definition of a smirk is a conceited or arrogant smile or facial expression)	I7T5, I20T5		I6T6, I7T4, I8T6, I9T6, I11T6, I12T6, I14T9, I19T4, I21T4, I28T4, I139T9, I40T9, I41T9, I48T9, I49T9, I50T6,
#011	Tightly Compressed Lips	I1T5, I2T5, I3T5, I4T5, I6T5, I10T7, I11T6, I12T5, I15T5, I16T6, I17T6, I18T6, I19T6,		

		I21T5, I23T6, I24T5, 125T5, I28T6, I29T5, I30T5, I32T5, I33T5, I34T7, I38T11, I41T4, I43T10, I45T10, I56T11		
#012	Relaxed Lips			
#013	Arms Reaching Out		I1T3, I5T3, I9T3, I11T4, I12T4, I16T3, I21T3, I33T3, I35T3, I37T3, I51T3, I52T3, I56T4, I55T4,	
#014	Arms Folding			
#015	Appears Shouting/Excited		I2T3, I6T3, I7T3, I8T3, I10T3, I13T6, I14T6, I15T4, I22T3, I23T3, I24T3, I34T3, I36T3, I43T3, I44T3, I45T3, I46T3, I47T3, I48T3, I49T3, I50T3, I53T4, I54T4,	
#016	Looking Fatigue/Tired		I31T10, I32T10	I20T9, I15T10, I22T9, I30T9, I31T9, I32T9, I33T9, I36T4, I38T9, I45T9, I46T9,
#017	Depressed	I5T5, I8T6,		
#018	Disappointed			
#019	Stressed			

As we can see from the above results of Table 2, the goal is to utilize the coding analysis for each subject by 1) mapping each image to the timing of the event, 2) interpreting of the non-verbal cues for each incident in a specific time of the subject's life, 3) group the number of images by each event, and 4) calculate percentage of these

images comparing to total images to determine if there is a consistent pattern in a specific facial expression or body language for each subject. Below are the statistical results for Madoff, Chen and Bo.

Bernie Madoff

A total of 23 out of 58 images were taken at before, during, after trial and in jail, 5 images were taken while in office or performing public speech. All these 28 pictures account for 50% of all images show tightly compressed lips. We see total relaxation of Bernie' facial muscles in all of 11 family, party vacation picture. With one exception that he finally showed relaxation and enjoyment in the most recent jail picture (see image I38T8). If we exclude the 11 family pictures from the total of 58 images, the images of tensed lips and facial expression accounts for 59.5% of the remaining 47 pictures (28 images of tensed lips / 47 total images excluding family images = 59.5%)

Chen Shui Bian

A total of 37 out of 56 images (66.1%) showed Chen excitedly with his arm(s) out and/or appeared to be shouting during campaigning, public speeches or during trial. A total of 7 pictures in the category of Enjoyment: Chen demonstrated less dramatic body language and true enjoyment during campaigning or in his bio/profile pictures as opposed to showing relaxation with family like Bernie. These pictures were taken before the embezzlement trial where Chen showed more of enjoying public attention. As a matter of fact, Chen shifted his dramatization of "larger than life" body language before trial to over sadness expression after trial demonstrated by the image # I18T7, I19T7 and I20T706.

Bo Xilai

A total of 16 out of the 51 images showed Bo had a slight arrogant smirk/smile on his face when campaigning, performing public speeches, in meetings and during trial. Like Bernie, some of Bo's most natural smiling expression was when he was with his wife and son during family outings, see image # I1T2, 15T2, 151T1. A total of 10 pictures showed Bo's sincere smiling during public obligations during his early career prior to the corruption, see image # I17T10, I18T3, I19T4, I25T4, I34T9, I35T9, I37T4, I43T3, I44T9, I47T4. A total of 11 images demonstrated Bo in the same professional setting (meetings, public speeches, in office) during later career where he showed absolute impatience and fatigue, looking up the sky as if he was asking "when will this be over?" See image # I20T9, I15T10, I22T9, I30T9, I31T9, I32T9, I33T9, I36T4, I38T9, I45T9, I46T9.

I1T5   11   I2T5   11

I3T5   11

I4T5   11

I5T5   17

I6T5   11

I7T5   10   And 11

I8T6   17

I9T6　　　　　08

I10T7　　　　　11

I11T6　　　　　11

I12T5　　　　　11
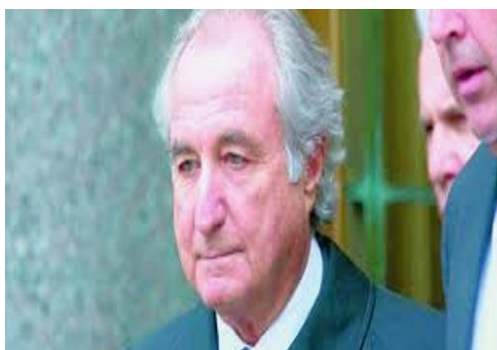
I13T6　　　　　06

I14T5　　　　　08

I15T5   11

I16T6   11

I17T6   11

I18T6   11

I19T6   11   I20T5 10 AND 11

I21T5   11   I22T10   04

I23T6   11   I24T5   11

I25T5   11   I26T5   08

7T5   08   I28T6   11

I29T5   11   I30T5   11

I31T7   08   I32T5   11

I33T5   11   I34T7   11

I35T5   10   I36T7   08
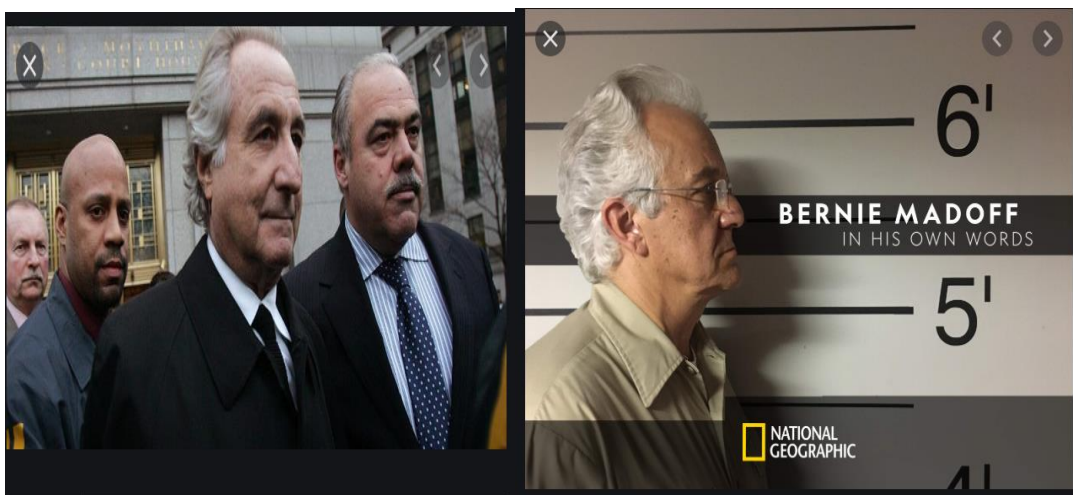

I37T8   08   I38AT11   11

I38T8   04   I39T8   08

I40T2   04   I41T4   11

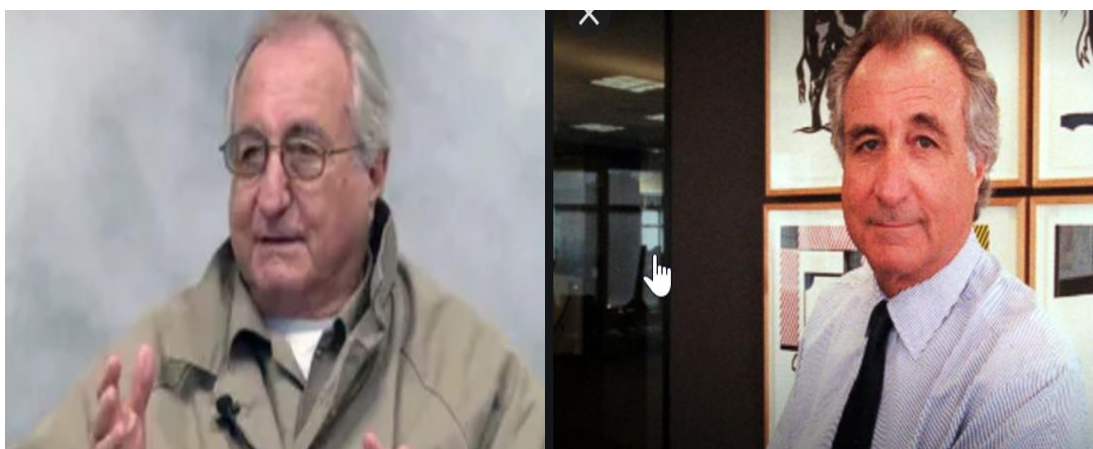I42T2   04   I43T10   11

I44T2 04

I45T10   11

I46T2   04

I47T2   04
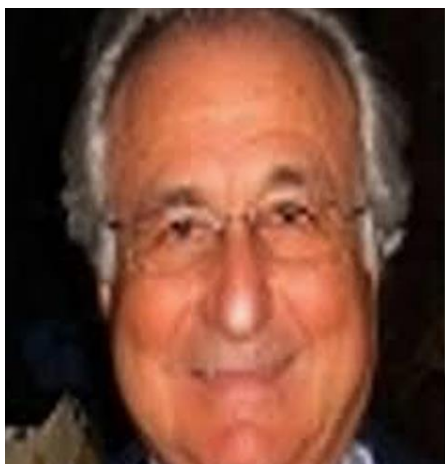

I48T11   04
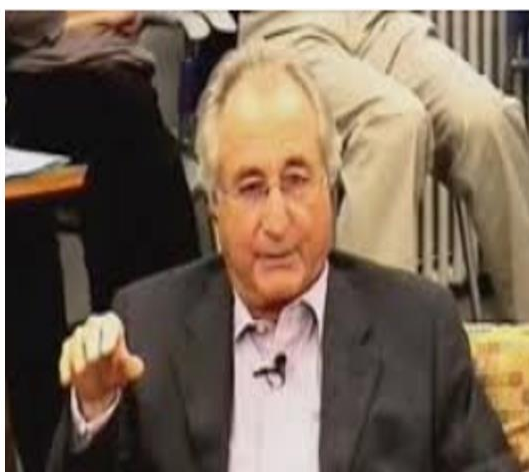
I49T4   08

I50T1008

I51T2   04

I52T24

I53T2   04

I54T2   04

I55T11   08

I56T11   08

I57T2   04
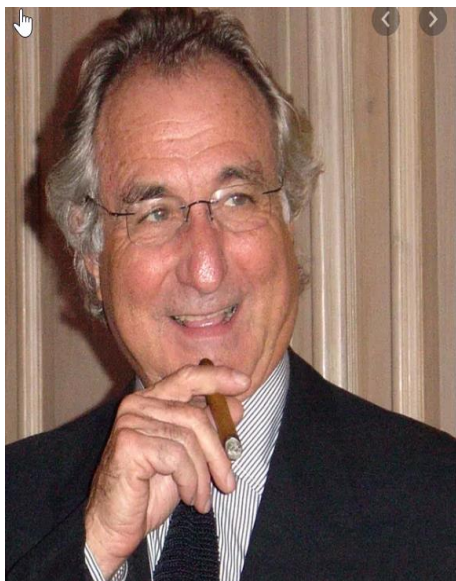
I58T2   04

I1T3 13 I2T3 15

I3T10 10 I4T10 08

I5T3 13 I6T3 15

I7T3   15   I8T3   15

I9T3   13   I10T3   15

I11T4   13   I12T4   13

I13T6   15   I14T6   15

I15T4   15   I16T3   13

I17T7   08   I18T7   06

I19T7 06

I20T7 06

I21T3 04

I22T3 15

I23T3 15

I23T3 15

I25T10 08

I26T4 04

I27T11 04

I28T4 08

I29T5 08

I30T5 04

I31T10   16   I32T10   16

I33T3   13   I34T3   15

I35T3   13   I36T3   15

I37T3   13   I38T11   04

I39T3   04   I40T11   08

I41T11   04   I42T3   04

Taiwan President Chen Shui-bian ...
People: Chen Shui-bian

I43T3   15   I44T3   15

I45T3   15   I46 T3   15

I47T3   15   I48T3   15

I49T3　　　　　　　　15　　　　　I50T3　　　　　15

I51T3　　　　　　　　13　　　　　I52T3　　　　　13

I53T4　　　　　　　　15　　　　　I54T4　　　　　15

I55T4   13   I56T4   13

I1T2   04   I2T2   06

I3T2   06   I4T2   06

I5T2   04   I6T6   10

I7T4   10   I8T6   10

I9T6   10   I10T6   08

I11T6   10   I12T6   10

I13T6   08   I14T9   10

I15T10   16   I16T10   01

I17T10   04   I18T3   04

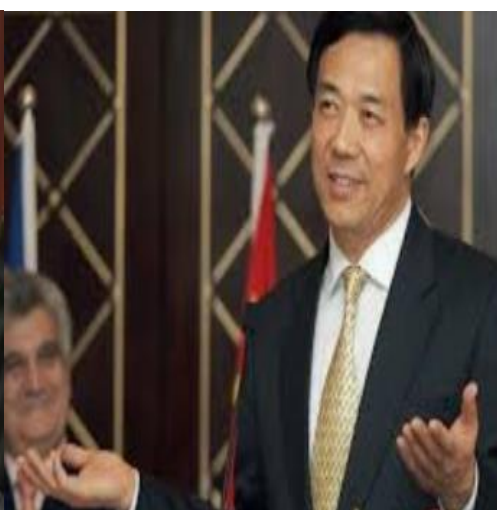I19T4   10   I20T9   16

I20T9   16   I21T4   10

I22T9   16   I23T10   01

I24T11   08   I25T4   04

I26T1   00   1I27T4   04

I28T4   10   I29 T11   08

I30T9   16   I31T9   16

I32T9   16   I33T9   16

I34T9　　　　　　　04　　　I35T9　　　　　　　04

I36T4　　　　　　　16　　　I37T4　　　　　　　04

I38T9　　　　　　　16　　　I39T9　　　　　　　10

Bo Xilai, then Minister of Commerce of China and son of former Chinese Vice Premier Bo

--FILE--Bo Xilai, then Minister of Commerce of China and son of former Chinese Vice Premier

I40T9 10 I41T9 10

I42T9 08 I43T3 04

I44T9 04 I45T9 16

I46T9   16   I47T4   04

I48T9   10   I49T9   10

I50T6   10

How does Maslow's Self Actualization Theory impact the deceivers?

To Maslow, self-actualization is the ability to become the best version of one-self. Maslow stated, "This tendency might be phrased as the desire to become more and more what one is, to become everything that one is capable of becoming." Yes, we all hold different values, desires, and capacities. As a result, self-actualization will manifest itself differently in various people. One person may self-actualize through artistic expression, while another will do so by becoming a philanthropist, and yet another by inventing scientific discoveries. Maslow believed that, because of the difficulty of fulfilling the four lower needs, very few people would successfully become self-actualized, or would only do so in a limited capacity. He proposed that the people who can successfully self-actualize share certain characteristics. He called these people *self-actualizers*. According to Maslow, self-actualizers share the ability to achieve peak experiences, or moments of joy and transcendence. While anyone can have a peak experience, self-actualizers have them more frequently. As mentioned previously, the focus on self-actualizing as the highest level of motivation in the context of corporations fostered a self-serving and narcissistic leadership style can be a different perspective of self-actualization.

Leaders such as these not only embarked on out of control self-serving behavior, but also displayed total moral collapse that eventually produced the most skillful fraudsters, such as Madoff, Chen and Bo. To illustrate, Bernard Madoff was a successful operator in the financial market and was able to transform the wealth management branch of his company into a huge Ponzi scheme that eventually lost $65 billion. In reviewing Madoff's childhood and his relationship with his immediate and extended families, it appears that his 'self-actualization' depended on two factors; specifically, the character of

individuals involved and the kind of interaction that exists between him and the community. In other words, if the ties are weak the character of the individual becomes the dominant factor. Family was an important part of the Madoff story and followed his lead for decades. His wife, Ruth was not involved in the family business and was an obedient wife, other family members like his brother, sons and nephews and a niece all worked for Madoff. Perhaps the outcome would have been entirely different had Ruth Madoff, Peter Madoff (brother), or any other family member taken over the central figure replacing Bernie in running the family business.

This is a different situation with Chen Shui Bien and Bo Xilai, both of the politicians' wives were equally dominant in their relationship which made them the perfect partners in crime. As the wife of President Chen Shui-Bian, Wu was the First Lady of the Republic of China from 2000 to 2008. In 1986, Chen Shui-bian was imprisoned because of a document in the Formosa Magazine, in which he libeled the KMT. Wu was elected as the seventh of eight available seats in one of the five branches of the government stipulated by the Constitution of the Republic of China. When Chen left prison, he became a special assistant to her. Furthermore, Wu is the only First Lady of Taiwan to have been charged, convicted of a crime and later sentenced to 17 years as her husband. Wu was investigated and charged with money laundering of roughly $31 million USD to Switzerland. As we can see here, Wu was anything but the submissive wife, she was Chen's manager at one time, she was a government official at one point in her career while her husband in in jail, and she was the one who actually coordinated the money laundering. Funny, personable, attractive and charismatic are just some of the words used to describe Bo Xilai's wife, Gu Kailai. At one-time rising star of the Chinese

Communist Party she had it all: a powerful husband, a dynamic career and vast wealth. But it all unraveled in November 2011 when Gu and her household aide Zhang Xiaojun poisoned British businessman Neil Heywood in a Chongqing hotel room. Gu is the dominant partner in committing the murdering; she admitted that she decided to kill Neil Heywood when he threatened to harm her son if he does not get the money demanded. Bo Xilai and Chen Shui Bian were obviously weak-minded, dependent husbands who were transformed into the roles that their wives desired. In fact, it appeared that wives propelled Bo and Chen in the direction of self-actualization in the most destructive manner.

When it comes to family member's influence on committing fraud, in the cases of the three subjects, all of them involved at least one family member as their partner(s) in crime. After they were caught, Madoff was the only one who vehemently denied the involvement of his immediate family members. Chen initially admitted then changed his mind and denied that his wife was involved in the money laundering. Bo blamed his wife for criminally insane and accused her for the murder of Neil Heywood. Again, it was Madoff who demonstrated a certain level of unquestioning loyalty for his wife and sons whereas Chen and Bo exposed their spouses as the dominant or equal partners in the act of committing fraud.

While Maslow's concept of self-actualization involves developing to one's fullest potential, it became narrowly defined and interpreted over time. Specifically, the focus on self-actualizing as the highest level of motivation, especially in the context of corporations, fosters a self-serving and narcissistic leadership style. This leadership style erroneously holds that success, especially financial at any cost, equals self-actualization.

Based on Maslow's theory, the focus of a multitude of personal development and motivational programs are on the desire of individuals to actualize and fulfill their personal potential. Financial success and reward became the most important criteria of success and a benchmark of actualizing one's potential. However, organizational leaders operating from this level of self-actualization with a predominant egocentric focus are in danger of becoming narrow minded, distorted, and ruthless people with a flexible interpretation of rules and regulations. They run the risk of losing the ability to understand or empathize with the plight of others in the Maslow refers to leaders such as the executives like Madoff, Bo and Chen. All three suffered from an ego-deficiency status with dichotomous thinking and they had a need to force attributes of security, familiarity, and sameness unto others, trying to create a sort of manageability to alleviate their growing insecurity (Frick, 1989). This toxic environment for the workplace is a result of destructive leadership, a conducive environment and susceptible followers. Arguably, Madoff's family and employees lacked a clearly defined self-concept and the fed their leader's ego and values and this made them conformers and colluders. Bo's superior and his direct reports embezzled as a team, they were not only conformers and colluders but also partners in crime. Chen's followers continued to protest his innocence even after the evidence of his money laundering was published to the mass public. The final leg of the destructive leadership is a conducive environment. All the three case studies demonstrate that there was an absence of checks and balances. Although the SEC did perform audits on Madoff Security LLC, the auditors merely interviewed Madoff and took his statements at face value without substantiation. The solution is that corporations and government need to focus on honesty and transparency on the part of CEOs and

government officials. In part, this type of dominant corporate culture focuses exclusively

on the bottom line and from years of narrowly focusing on Maslow's 5th stage of human

motivation, self-actualization, as the culmination of personal fulfillment. There was no

strong sense of authentic and moral voice in Chen and Bo's inner circle that could have

eradicated their fraudulence. Our need to believe, to embrace things that explain our

world, is as pervasive as it is strong. Given the right cues, we are willing to go along with

just about anything and put our confidence in just about anyone. In summary, Madoff,

Chen and Bo created an artificial polarized universe that was convenient for them to

commit/conceal a crime and engage in deviant behavior to satisfy their desire for

personal financial gain. Losing one's social status, or "failing" in the eyes of the

employees and supporters, are unacceptable to Madoff, Bo and Chen. They did anything

they could to avoid being what they see as a failure. At some critical point all three

decided that there was no turning back. At the end, it was not their greed, or their

outstanding ability to commit the almost perfect fraud, it was the vulnerability of their

victims and the loopholes in the system that permitted them to conduct the high stake

fraud in which that it would have been stupidity not to be deceived by them.

Substantial: In the Discussion section, I did not see any reflection of the requested

revision to describe Connections to and Implications for the field of Conflict Analysis

and Resolution. As mentioned previously, there are immense number of published

articles and books on white collar crime, but there is extremely limited research on high

stake fraudsters like Madoff, Chen and Bo. The more we understand their motives,

thinking, behavior, background and lifestyle, we more we can "see" the lies through their

body language and facial expressions. Man-made crises caused by ethical misconduct and

financial fraud can destroy an organization. Regaining employee and stakeholder trust once such a crisis have occurred can be very difficult and at times impossible. In the cases like Madoff, Chen and Bo, the crises they created for their families, organizations and countries are intractable conflicts that are beyond repaired. However, as we learned from case studies as such, having a plan in place that specifically outlines steps for working through an ethics and fraud crisis can improve the chances of rebounding as well as create an organizational learning opportunity. For this reason, it is imperative that organizations create a crisis management plan specifically for ethical misconduct and financial fraud. In an ideal world, creation of such a plan will include pre-emptive measures and safeguards to head off such a disaster. The responsibility for crisis management in an organization ultimately lies with top leadership. The fact that we continue to learn senior corporate executives committing fraud and top government officials embezzling, this pattern tells us that the best practices and the checks & balances are not preventing these financial frauds from occurring. We understand now that there is no consistent indicator for the three subjects' verbal and non-verbal cues for us to spot the lying real time. We need to continue exploring other avenue of solving this high-stake financial fraud conflict.

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