Norwegian
Business School

This file was downloaded from BI Open Archive, the institutional repository (open access) at BI Norwegian Business School http://biopen.bi.no.

It contains the accepted and peer reviewed manuscript to the article cited below. It may contain minor differences from the journal's pdf version.

Gottschalk, P., & Benson, M. L. (2020). The Evolution of Corporate Accounts of Scandals From Exposure To Investigation. *The British Journal of Criminology.* https://doi.org/10.1093/bjc/azaa001

Copyright policy of *Oxford University Press,* the publisher of this journal:

The authors retain rights to “upload their accepted manuscript PDF ("a post-print*") to institutional and/or centrally organized repositories, but must stipulate that public availability be delayed until 24 months after first online publication in the journal.”

THE EVOLUTION OF CORPORATE ACCOUNTS OF SCANDALS FROM EXPOSURE TO INVESTIGATION

Petter Gottschalk
Department of Leadership and Organizational Behavior
BI Norwegian Business School
Nydalsveien 37
0484 Oslo
Norway
+4746410716
petter.gottschalk@bi.no

Michael L. Benson
School of Criminal Justice
University of Cincinnati
Cincinnati, OH 45221
USA
+1-513-556-5830
bensonm@ucmail.uc.edu

ABSTRACT
We extend research on how corporations respond to scandals by examining the evolution of the accounts that are developed by corporate agents after a scandal becomes public. Guided by the theory of accounts and a recently developed perspective on crisis management, we examine how the accounts developed by twelve corporations caught up in highly publicized scandals changed from the time of initial exposure to the issuance of an investigative report. Our analysis shows that denial of wrongdoing in several cases is replaced by admission of wrongdoing and scapegoating, while obfuscation of wrongdoing is replaced by denial or acceptance of responsibility and scapegoating. We conclude with a discussion of the broader managerial and social implications of our analysis and how it furthers our understanding of the ability of corporations to weather serious scandals.

Keywords: Corporate scandal; executive deviance; neutralization technique; corporate account; case study; report of investigation; fraud examination.

Petter Gottschalk is professor in the Department of Leadership and Organizational Behavior at BI Norwegian Business School in Oslo, Norway. After completing his education at Technische Universität Berlin, Dartmouth College, MIT, and Henley Management College, he took on executive positions in technology enterprises for twenty years before joining academics. Dr. Gottschalk has published extensively on knowledge management, intelligence strategy, police investigations, white-collar crime, and fraud examinations.
Michael L. Benson is professor in the School of Criminal Justice at the University of Cincinnati, Ohio, USA. He has published extensively on white-collar and corporate crime in leading journals, including Criminology, Justice Quarterly, Journal of Research in Crime and Delinquency.

THE EVOLUTION OF CORPORATE ACCOUNTS OF SCANDALS FROM EXPOSURE TO INVESTIGATION

INTRODUCTION

Corporations occasionally find themselves mired in scandals that threaten their reputation, profitability, and even survival (Fisse & Braithwaite, 1988; Goldstraw-White, 2012; Piazza & Jourdan, 2018). In attempting to respond to and manage these crises, corporations and their executives develop and publicize explanations of their involvement that are designed to forestall or at least mitigate the potential risks to reputation, profitability, and sustainability that exposure of a scandal poses (Bundy & Pfarrer, 2015; Scott & Lyman, 1968; Whyte, 2016). The explanation for a scandal that a corporation puts out technically constitutes what linguists and sociologists call an *account*, which is a statement made by an actor to explain unanticipated or untoward behavior that is subject to some sort of evaluative inquiry by other actors (Scott & Lyman, 1968). While there is no shortage of advice from public relations experts as crisis managers regarding how accounts should be structured (see, for example, Albrecht, 1996; Hearit, 2006), there has been relatively little research on the actual accounts developed by corporations during actual scandals (Huisman 2010; Schoultz and Flyghed, 2016). Further, there has been even less research on how such accounts may change over time (Schoultz and Flyghed, 2019). Understanding corporate accounts is important because of the devastating social and economic effects that failed accounts can have on communities that depend on successful corporations for employment, tax revenues, charitable activities and other community enhancing benefits. It is equally important to understand the other side of the coin, that is, how corporations manage to survive scandals even though they sometimes impose tremendous social and economic harm on society.

A corporate scandal is "an unexpected, publicly known, and harmful event that has high levels of initial uncertainty, interferes with the normal operations of an organization, and generates widespread, intuitive, and negative perceptions" externally (Bundy & Pfarrer, 2015: 350). When a crisis or scandal goes public, corporations are almost immediately called upon to explain and justify what appears to have happened. They do this in different ways. For example, Whyte (2016) found that when safety issues concerning their vehicles arose, Chrysler, Toyota, and Volkswagen all issued statements that were deceptive and designed to resist having to issue expensive recalls. Schoultz and Flyghed (2016) found that Telia Sonera and Lundin Petroleum – Swedish companies involved in financial and environmental crimes, respectively – admitted they were present in areas where the offenses occurred, but they justified their presence by citing the societal benefits of their local business activities. When the recent scandal at Wells Fargo regarding sales practices scandal at their Community Bank emerged, they initially blamed and fired 5,300 employees for secretly opening unauthorized deposit and credit card accounts (Rothacker, 2016). As we show, all of these initial responses changed later.

Thus, in this article, we compare corporations' initial reactions to exposure of wrongdoings to what is later contained in internal reports of investigations by external investigators that they commission. When scandals first emerge into public view, corporations often do not fully understand them as negative events, as there is uncertainty regarding exactly what happened, the potential significance of the events, and how stakeholders and outside observers will respond to it. Most importantly, there is a concern whether individuals or the corporation as a whole will face responsibility and sanctions (Bandura, 1999; Schoultz & Flyghed, 2016).

As part of crisis management, corporate boards sometimes initiate formal investigations that are intended to provide a definitive account of the event. In our study, we

examine the evolution of corporate accounts in twelve international cases involving corporations and executives caught up in financial scandals in Denmark, Japan, New Zealand, Nigeria, Norway, Sweden, and the United States. The timeline begins when the media first report the corporate scandal and ends when the investigation report becomes publicly available.

This article starts by discussing the theory of accounts (Scott & Lyman 1968; Cohen, 2001) which we then link to a theoretical framework on crisis management recently proposed by Bundy and Pfarrer (2005). Next, we present our research methods, which consisted of news media searches for initial accounts as well as searches for investigation reports. Then we present patterns that we identified for our sample of twelve corporate cases.

THEORETICAL FRAMEWORK: ACCOUNTS AND CRISIS RESPONSE STRATEGIES

Accounts. An account is a statement made by an actor to explain unanticipated or untoward behavior that is subject to some sort of evaluative inquiry by other actors (Scott & Lyman, 1968). According to Scott and Lyman (1968), accounts play a crucial role in helping to maintain social order because they can potentially bridge the gap between what happened and what was expected to happen. There are two general forms of accounts: (1) justifications and (2) excuses. In a justification, the actor admits responsibility for the act in question but denies its pejorative and negative content. In an excuse, the actor admits the act in question is wrong, but denies having full responsibility for it. From the point of view of the actor engaged in untoward behavior, accounts may reduce the negative effects of their behavior on evaluations made by others. Finally, related to the justification and the excuse is the apology. In an apology, the actor admits violating a rule, accepts the validity of the rule, and expresses embarrassment and anger at self (Goffman, 1971). In a way, the actor "splits himself into

two parts, the part that is guilty of the offense and the part that disassociates itself from the delict and affirms a belief in the offended rule" (Goffman, 1971, p. 113). As we show below, because corporations can literally split themselves in two, they are especially well equipped to make effective use of apologies as a way of getting past the damaging effects of being involved in a scandal.

Accounts are related to vocabularies of motive (Mills, 1940) and the techniques of neutralization originally identified by Sykes and Matza (1957), including the denial of responsibility, the denial of injury, the denial of victim, the condemnation of the condemners, and the appeal to higher loyalties (Maruna & Copes, 2005). Recently, researchers have suggested more forms of neutralization techniques, including the claim of a larger blunder quota for elite members, where the deviant act was a necessary shortcut to get things done (Gottschalk, 2017), and the denial of deviance, in which the supposed deviant behavior is presented as normal business practice and therefore culturally acceptable (Whyte, 2016). Accounts are also related to what Bandura (1999) has called moral disengagement, which refers to the strategies used by corporate leaders and employees to disengage themselves from the harmful effects of the actions of their corporations. Moral disengagement can be a collective process in which the members of a group engage in communication rituals that have the effect of making members comfortable with the harmful consequences of the group's actions (Bandura, 1999).

Accounts, neutralizations, and moral disengagement are related forms of linguistic behavior because the content of a neutralization technique can form the basis of an account (Maruna & Copes, 2005). For example, if an individual neutralizes the inner feelings of guilt associated with the contemplation of a deviant act by denying responsibility for the act to himself or herself, he or she can later also deny responsibility to an audience of evaluators. Thus, accounts, neutralizations, and moral disengagement serve different functions and their

temporal ordering is different. Neutralizations and moral disengagement involve verbalizations that actors make to themselves beforehand in order to excuse themselves from standard moral prescriptions against certain types of untoward behavior. Their function is to allow the actor to engage in deviance while still maintaining a positive self-image (Sykes and Matza, 1957; Benson, 1985; for a comprehensive review, see Maruna & Copes, 2005). Accounts, on the other hand, are presentations made after the behavior has occurred and represent communications to others. Their function is to protect the actor's reputation and social standing from negative evaluations by others.

Originally, the theory of accounts was developed with individual actors in mind, not corporate or organizational actors, although it was recognized that organizations provide a potential resource for individuals to develop certain types of socially acceptable accounts (Scott & Lyman, 1968). For example, an organizational employee can account for an untoward act by saying that he or she was only following a superior's orders or a specific company policy.

But there are important differences between corporate and individual accounts. Public authorities and other external actors often call upon corporations to account for the untoward behavior of their members or of the corporation itself. In responding to these calls, a corporation can do something that an individual cannot and that is to ask an external party to develop an account for its actions. They do so by hiring external parties, typically law or accounting firms, to investigate the incident in question and to develop a formal explanation of what happened, why, and how. This allows corporations to defuse one of the main criticisms leveled by external evaluators at account givers, which is that accounts are self-serving. It also begins to lay the groundwork for the eventual separation of corporate from individual interests (Schnatterly, Gangloff, & Tuschke, 2018), which is another unique feature of corporate apologies. In addition, corporate accounts usually address the activities

of multiple individuals at the same time, rather a lone individual. Finally, as we show below, unlike individuals, corporations can engage in obfuscation in describing their actions. That is, they can claim to not really know what has happened or what they did. This strategy is not available to individuals confronted with accounting for their own individual behavior. Although, as Cohen (2001, p. 60) notes, individuals can claim that they do not know exactly *why* they did what they did. Thus, corporate accounts cannot be treated as identical to individual accounts, because they have dimensions that are not available to individuals. Nevertheless, corporations use many of the same accounting techniques and strategies that individual use to account for untoward behavior, and because of their social and economic power they have many advantages over individuals in surviving the harmful consequences that follow the exposure of wrongdoing (Cohen, 2001).

Even though individuals, such as chief executive officers, public relations officials, board members, or investigative commissions, always perform the communication of accounts, corporate accounts nevertheless are designed to benefit the corporate actor's reputation rather than an individual's. Of course, individuals may benefit personally as a side effect of the corporate account if the account somehow exonerates the corporation from responsibility for a negative event, but individuals can also be harmed by a corporate account if it shifts blame to the individual. Thus, as corporations respond to crises their interests may not always coincide with the interests of individual members. While a corporation cannot feel, does not have a mind, and does not think; it is nevertheless treated as an actor when executives and others attempt to preserve the reputation of the corporation by communicating accounts on behalf of the corporate entity.

Crisis Response Strategies. In theory, corporate accounts of a crisis represent an organization's response strategy, which is the set of coordinated communications and actions

used to influence external stakeholders and the public in their perceptions of the crisis. A response strategy serves to minimize the loss of social approval, legitimacy, and reputation.

Corporate accounts are concerned with limiting the likelihood and magnitude of social approval loss that accompanies a crisis or scandal. A crisis is an unexpected, publicly known, and harmful event that is associated with uncertainty. Similarly, a scandal is a publicized instance of transgression that runs counter to social norms, typically resulting in condemnation and discredit and other consequences such as bad press, disengagement of key constituencies, the severance of network ties, and decrease in key performance indicators (Piazza and Jourdan, 2018). Scandals have become a key mechanism used by news media, pressure groups and social movements to demand inquiries and investigations into alleged corruption, incompetence, and immorality. According to Greer and McLaughlin (2017), existing research indicates that scandals can have a corrosive impact on the reputational standing, credibility and legitimacy of organizations.

Timing and Evolution. Initial corporate accounts occur at the onset of a crisis, and different individuals in different positions may communicate initial accounts, such executives or public relations personnel. A typical characteristic of the initial situation is some level of uncertainty both within the organization and among external evaluators. As argued by Bundy and Pfarrer (2015: 351), "crises often have multiple explanations, ambiguity regarding responsibility and potential damages, and several feasible solutions." As a crisis evolves, so does the scandal. More information will frequently come to light through the efforts of news media, which may reduce uncertainty about an organization's responsibility.

RESEARCH METHOD

Data. Our data come from two sources: (1) reports issued by external investigators who were hired by companies to investigate a scandal and write a report explaining what

happened and why; (2) news stories that appeared in various news outlets when a scandal first comes to public attention.

Private and public organizations sometimes hire investigators from global auditing firms or law firms to investigate suspicions of executive deviance related to white-collar crime (Brooks & Button, 2011; Button, Frimpong, Smith, & Johnston, 2007a; Button, Johnston, Frimpong, & Smith, 2007b; Button & Gee, 2013; Schneider, 2006; Williams, 2005, 2014). At the end of their inquiry, a report is typically produced and given to the client organization as their property. Unfortunately, most clients keep reports secret (Gottschalk & Tcherni-Buzzeo, 2017). Only a few reports are publicly available, and they are often hard to find. Via Internet searches, we were able to identify and retrieve 20 reports written in English, but seven of the reports focused on individual wrongdoing and one involved a political squabble in a Canadian municipality rather than corporate wrongdoing. Thus, these eight cases were excluded. The remaining twelve reports focused on corporate scandals and serve as our data source for the final account developed by each corporation. Bibliographic details regarding the reports can be found in the reference list.

Initial accounts are important, because stakeholders as well as the public quickly begin to associate a crisis with the organization (Bundy & Pfarrer, 2015). An organization's initial response may be influential because it may anchor first impressions externally. The initial account might be an active statement about unknown internal circumstances, or a response to allegations already out there in the public. To trace how corporate communications about the scandals change, we started with the first media coverage of the scandal that included any explanation or interpretation of the scandal that a corporate insider delivered. To identify initial accounts we used the online database 'Newsbank' and the function Access World News (AWN), which archives stories from thousands of U. S. and global news sources. The stories form a written history of an event as it occurs (Newsbank,

2018). From the investigative reports, it was possible to identify approximately when reports of the scandal first appeared in the news media. We searched AWN for stories about each of the scandals in the appropriate timeframe. We used keywords that included the name of the corporation and the names of corporate executives, and then keywords tailored to the nature of the scandal, such as financial fraud, securities fraud, tax evasion, unethical sales practices, or faulty ignition switch (in the case of General Motors). We used a similar strategy with AWN to find information about the executives who were in charge at the time of the scandal.

Analysis. The analytic method applied in this study is content analysis of initial news reports and final investigation reports. Content analysis is any methodology or procedure that works to identify characteristics within texts in order to make valid inferences (Krippendorff, 1980; Patrucco, Luzzini, & Ronchi, 2017). The goal of content analysis is to identify and determine relevant text in a context that will permit one to address relevant theoretical questions (McClelland, Liang, & Barber, 2010). For this study, we were guided by the theory of accounts and neutralizations. We used content analysis to identify passages in the public utterances or written documents of corporations and corporate personnel that seek to account for or in some way characterize the corporation's relationship to a particular scandal. For example, corporations or their executives may attempt to excuse a scandal by denying responsibility for it or they may attempt to justify it by appealing to higher loyalties or they may apologize for it or they may attempt to blame employees by scapegoating. This form of analysis is most akin to what is called "directed content analysis," in which the goal is to "validate or extend conceptually a theoretical framework" (Hsieh & Shannon, 2005).

After identifying the initial stories in which the scandal was first exposed, we performed a content analysis in which we looked for statements by company officials or press releases issued in the company's name that addressed the scandal in question. Sometimes the statements took the form of direct quotes from company officials, while at other times the

statements were summaries of what the company or its representatives had told journalists. For the purposes of this study, we assume that these journalistic summaries accurately capture the company's account of their position on the scandal. For example, if a news story reports that a company denies or disputes particular charges of wrongdoing, then we assume that the company did indeed deny or dispute the charges at that point in time.

We examined the initial statements and initially sought to code them as denials, justifications, excuses, or admissions. In a denial, the actor either disavows that anything untoward happened or denies responsibility for whatever it is that happened. Denials of wrongdoing are indicated by the use of words such as "reject accusations," or "we have been exonerated" or "no issues," while denials of responsibility are indicated by words to the effect that the corporation or its board were not in a position to know or do anything about the scandalous behavior. Thus, the corporate entity is not responsible. Typically, denials of responsibility are accompanied by what we call "scapegoating" in which blame is placed on an individual or group of individuals. An admission of responsibility is indicated when the description of what happened refers to the corporate entity by name as having engaged in unethical or illegal behavior. Like denials of responsibility, admissions may be accompanied by scapegoating.

We used the same procedure to analyze the investigative reports. These reports can be quite lengthy and typically include a great deal of material that is not relevant to our analysis in that it does explain the corporation's view of what happened. For the final accounts, we concentrated on confirmation of initial reading observations in the executive summary of each report and sought again to code the descriptions of what happened contained therein as denials, justifications, excuses or admissions. We then compared the accounts in the final investigative reports to see whether and how they differed from the initial accounts. We expected to see a pattern in which initial denials would morph into justifications, excuses, or

admissions in the time between the exposure of the scandal and the release of the investigative report. In some cases, this pattern was, indeed, observed.

RESEARCH RESULTS

We begin by first presenting a brief synopsis of the twelve cases as they were described by the internal investigations that were made public (see Table 1). The cases cover scandals ranging from accounting irregularities to unsafe computer products to deceptive sales practices.

Insert Table 1 about here

In Table 2, we present a condensed version of how the accounts for our 12 cases changed from initial exposure to the final investigative report. For the sake of insight, the cases showing similar initial accounts are grouped together, starting with denial of wrongdoing, followed by obfuscation, and denial of responsibility.

Insert Table 2 about here

Initial Accounts. As indicated in Table 2, the first corporate response to exposure of a scandal is never an outright admission of wrongdoing and an acceptance of responsibility. Rather, the initial response tends to take one of three forms: (1) deny wrongdoing, (2) acknowledge but obfuscate the nature of the wrongdoing, or (3) acknowledge but deny responsibility for some kind of wrongdoing.

Five firms appeared to us to simply deny any wrongdoing at first, including Fuji Xerox in New Zealand, NNPC in Nigeria, along with Lehman Brothers, World Com and Enron in the United States. For example, a representative for Fuji Xerox said “the company

had always been confident there were no grounds for action" after the Serious Fraud Office decided to take no action, while NNPC accused its accuser (a government official) of ignorance and political motivations. Finally, senior executives at Lehman, World Com and Enron, at first simply denied that there were any accounting or financial problems at their firms. In these cases, there is no acknowledgement that something untoward may have happened and no mention of organizational deficiencies or irregularities, a pattern that changes with obfuscation.

As examples of obfuscation of wrongdoing consider that Dansk Bank's initial response to charges of money laundering by one of its subsidiaries referred to "deficiencies in controls and governance" and Toshiba reported it was "looking into irregularities," while Olympus admitted "it had covered up losses" but "declined to provide details" of its ethically challenged accounting practices. General Motors acknowledged that ignition switch failures had led to deadly crashes but then obscured this fact by referring to speed, driving conditions, failure to wear seat belts and substance abuse by drivers. Obfuscations such as these mentioned fall somewhere between outright denials of any wrongdoing versus an acknowledgement of wrongdoing. Rather, than simply denying wrongdoing, these accounts tend to obscure what has happened by avoiding references to individuals or to personal agency and instead speaking of the organization as if it existed separately from people and as if it were like a faulty piece of software that has bugs that need to be fixed. That something untoward may have happened, however, is acknowledged.

Three firms – Telenor in Norway, Nordea in Sweden, and Wells Fargo in the United States – appeared to us to acknowledge that something untoward had happened but they denied responsibility for it. For instance, Telenor acknowledged that corruption involving a company that it partially owned (VimpelCom) was occurring in Uzbekistan, but it described itself as a "minority shareholder" that had no say over day to day operations. Nordea

acknowledged that some of its wealthy customers may have used Panamanian accounts to avoid taxes but asserts that it did not help them do this. Finally, Wells Fargo initially blamed its scandal on wayward and greedy employees who had financial motivations.

Final Accounts. In all of the cases cited above, the initial accounts were not successful in that they did not completely quell media, public, or legal interest in the various scandals. Rather, enough negative publicity was generated that the firms felt it necessary to sponsor an independent investigation by outsiders and to have a report of the investigation results issued by the outside entity. Although the investigation accounts often included descriptions of deviant corporate cultures and weak corporate control structures, they differed from the original ones in that they were more likely to be personalized and more critical of top executives in the various firms.

Beginning with the firms that originally denied wrongdoing, the report for Fuji Xerox admitted to “inappropriate accounting practices” being carried out in New Zealand and blamed these practices on pressure from headquarters that was transmitted by managers to salespeople and accountants. NNPC eventually admitted some wrongdoing in its accounting practices but minimized its seriousness. In the investigation reports for the three firms located in the United States, two admitted serious wrongdoing (World Com and Enron) and blamed high level executives for failing to carry out their substantive responsibilities to their companies. The report for Lehman concluded that senior officers were only guilty of making poor business decisions. Thus, in four out of five cases, blame for the scandal was to some degree placed on senior individuals at each firm.

The investigation reports for the four firms that appeared to engage in obfuscation varied in their admission of wrongdoing and where blame was placed. At Danske Bank, money laundering in its Estonian branch was acknowledged and former and current employees were blamed, but senior officials, including the Board and CEO, were cleared of

responsibility. Olympus admitted the use of the maligned accounting practice of ‘tobashi’ to cover losses, but the individuals who should be held responsible were not identified. At Toshiba, top management figures were blamed for allowing unethical accounting practices to continue even after top management became aware of them. The final report on the scandal at General Motors blames the legal department for not acting sooner to force a recall when knowledge of the ignition switch problems first became available in April, 2013.

Finally, of the three firms that originally acknowledged untoward behavior related to their organizations but denied responsibility, all of them eventually admitted wrongdoing. Nordea admitted deficiencies in procedures regarding the backdating of documents that helped wealthy clients to avoid some taxes. Wells Fargo admitted wrongdoing in its community bank, but shifted blame from low level employees to senior leaders, in particular Carrie Tolstedt. The final report on the Enron scandal admitted wrongdoing and blamed senior managers.

DISCUSSION

The theory of accounts was originally developed to describe and explain how individual actors react when they are observed or accused of behaving in an untoward manner. According to the theory, accounts are crucial to maintaining social order, because they help smooth over conflict and dissension that may arise when someone behaves in an abnormal or unexpected way. For example, as individuals we are expected to obey the law and when we do not, we have to in some way justify, excuse, or apologize for our infractions if we hope to have any chance of being trusted and accepted by others in the future. As with individuals, business corporations are surrounded by a multitude of social and legal expectations. For instance, among other things, they are expected to conduct their businesses honestly, to treat their customers, employees, investors, and competitors fairly, and to not

damage the environment excessively. When they violate these expectations they face a potential loss of social approval and acceptance. Hence, like individuals, they must in some way account for their indiscretions when they become public.

In this article, we have shown that when corporations are caught up in scandals they initially pursue one of three strategies to account for their actions – denial of wrongdoing, obfuscation, or denial or responsibility. In our sample of twelve cases, these initial responses were not successful in that they did not quell public interest and condemnation of the corporations involved. So, the corporations eventually appointed or hired outsiders to investigate the scandals and prepare reports that in theory were supposed to fully explain what happened and why. These reports can be treated as accounts that are similar to the accounts developed by individuals but they also have unique characteristics in that the account is not prepared directly by the actor and because corporations can do something that individuals cannot do when they apologize and that is to literally split themselves in two. Corporate entities can apologize for wrongdoing, while at the same time blaming it on individual members. Hence, the entity survives but not some of its individual members. In our sample, this was a common pattern. In our view, this pattern differs in an important way from accounts of atrocities that are given by political entities.

As Cohen (2001, p. 77) notes, when political entities must account for their involvement in an atrocity, they develop accounts that mirror the internal logic of individual accounts. They put forth narratives that acknowledge that something has happened but they refuse to accept how the act or their role in it is being characterized by outsiders. For example, officials of the U.S. government have disputed that waterboarding is "torture" (Beam, 2008; Defrank, 2009). Members of political entities also frequently deny knowledge of an atrocity as a way of denying responsibility for it (Cohen, 2001). What political entities do not do is to apologize for the atrocity. At least they do not apologize within a

contemporary time frame, though they may apologize after enough time has passed so that all of the original participants are either dead or out of office. For example, it was not until 2008 that the U. S. House of Representatives passed a resolution apologizing for the enslavement and racial segregation of African-Americans.

Like political entities, corporations start by denying responsibility or disputing the characterization of a wrongful act. However, unlike political entities, they often later acknowledge their wrongdoing, apologize for it, and resolve to mend their ways going forward (Schoultz & Flyghed, 2019). As proof of their sincerity, senior leaders are either reassigned, forced to resign, or fired. It is beyond the scope of the present article to fully theorize why this happens, but we speculate that a root cause involves the difference between citizens and consumers. Nationhood represents an important aspect of the identities of citizens, so when political leaders acknowledge and apologize for wrongdoing, it reflects negatively on the identities of its citizens. Thus, political leaders must be exceedingly careful about acknowledging wrongdoing. On the other hand, the identities of consumers are less invested in the companies they trade with than are the identities of citizens in their nations. Hence, corporations can afford to apologize without worrying about offending their customers; indeed they often must do so, if they want to keep consumers happy.

Finally, we acknowledge limitations to our study. We have a small sample of cases which necessarily makes our results provisional. Future research should expand the number of cases. In addition, our sample was limited to cases in which a formal investigative report was produced and released, and not all scandals end with formal reports. There may be something unique about the scandals examined here in that they led to formal reports and this same factor may have also influenced the nature of the accounts provided by the corporate entities. We encourage future researchers to investigate whether information on the evolution

of corporate accounts can be traced in the news media even if there is no formal report and then linked to the theoretical perspective advanced by Bundy and Pfarrer (2015).

REFERENCES

Albrecht, S. 1996. ***Crisis Management for Corporate Self-Defense: How to Protect Your Organization in a Crisis-- how to Stop a Crisis before it Starts***. New York: American Management Association.

Agence France (2014). Telenor involved in Uzbek corruption case: report, ***Agence France-Presse***, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&maxresults=20&f=advanced&val-base-0=telenor&fld-base-0=alltext&bln-base-1=and&val-base-1=VimpelCom&fld-base-1=alltext&bln-base-2=and&val-base-2=2014&fld-base-2=YMD_date&bln-base-3=and&val-base-3=corruption&fld-base-3=alltext&docref=news/151A057C74610AD8, retrieved November 3, 2018.

Associated Press (2016). The latest: Ex-PM for Georgia said to have 'nothing to hide', ***The Associated Press***, April 4, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&page=8&maxresults=20&f=advanced&val-base-0=nordea&fld-base-0=alltext&bln-base-1=and&val-base-1=panama%20papers&fld-base-1=alltext&bln-base-3=and&val-base-3=2016&fld-base-3=YMD_date&docref=news/15C0ADA08E6FFBE0, retrieved November 3, 2018.

Bandura, A. (1999). Moral disengagement in the perpetration of inhumanities, ***Personality and Social Psychology Review***, 3 (3), 193-209.

Beam, A. (2008) "The New Tricky Dick." ***Boston Globe.*** June 5 http://archive.boston.com/news/politics/2008/articles/2009/06/05/cheney_the_new_tricky_dick/ Retrieved December 19, 2019.

Benson, M.L. (1985). Denying the guilty mind: Accounting for involvement in a white-collar crime, ***Criminology***, 23 (4), 583-607.

Brooks, G. and Button, M. (2011). The police and fraud investigation and the case for a nationalized solution in the United Kingdom, ***The Police Journal***, 84, 305-319.

Bruun Hjejle (2018). ***Report on the Non-Resident Portfolio at Danske Bank's Estonian branch***, law firm Bruun Hjejle, https://danskebank.com/-/media/danske-bank-com/file-cloud/2018/9/report-on-the-non-resident-portfolio-at-danske-banks-estonian-branch.pdf, published September 19, downloaded September 25.

Bundy, J. and Pfarrer, M.D. (2015). A burden of responsibility: The role of social approval at the onset of a crisis, *Academy of Management Review*, 40 (3), 345-369.

Button, M. and Gee, J. (2013). ***Countering Fraud for Competitive Advantage – The Professional Approach to Reducing the Last Great Hidden Cost***, Chichester, UK: Wiley & Sons.

Button, M., Frimpong, K., Smith, G. and Johnston, L. (2007a). Professionalizing counter fraud specialists in the UK: assessing progress and recommendations for reform, ***Crime Prevention and Community Safety***, 9, 92-101.

Button, M., Johnston, L., Frimpong, K. and Smith, G. (2007b). New directions in policing fraud: The emergence of the counter fraud specialists in the United Cressey, D. (1972). ***Criminal Organizations: Its Elementary Forms***, NY: New York, Harper & Row publishing.

Cohen, S. (2001). ***States of Denial: Knowing about Atrocities and Suffering***. Cambridge, UK: Polity Press, Blackwell Publishers.

DeFrank, Thomas (2009). "Former Vice President Dick Cheney 'a strong believer' in Waterboarding. ***Daily News*** (June 1), https://www.nydailynews.com/news/world/vice-president-dick-cheney-strong-believer-waterboarding-article-1.374025. Retrieved December 19, 2019.

Deloitte (2011). ***Investigation Report. Olympus Corporation. Third Party Committee***. Kainaka, T., Nakagome, H., Arita, T., Sudo, O., Katayama, E. and Takiguchi, K., https://www.olympus-global.com/en/common/pdf/if111206corpe_2.pdf, published December 6, retrieved September 10, 2018.

Deloitte (2015). ***Investigation report. Summary version***. Independent Investigation Committee for Toshiba Corporation. 90 pages, July 20. Ueda, K., Matui, H. Ito, T. and Yamada, K., http://www.toshiba.co.jp/about/ir/en/news/20150725_1.pdf, downloaded September 5, 2018.

Deloitte (2016). ***Review Ownership VimpelCom***, https://www.telenor.com/wp-content/uploads/2016/04/Deloitte-Report_Telenor_290416_FINAL.pdf, downloaded October 21, 2018.

Deloitte (2017). ***Investigation Report***, Independent Investigation Committee, by global auditing firm Deloitte, published June 10, Ito, T., Sato, K. and Nishimura, K., https://www.fujifilmholdings.com/en/pdf/investors/finance/materials/ff_irdata_investigation_001e.pdf, downloaded September 8, 2018.

Deseret News (2001). Enron's CEO resigns, ***Deseret News***, August 11, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AA&page=8&maxresults=20&f=advanced&val-base-0=enron&fld-base-0=alltext&bln-base-2=and&val-base-2=accounting&fld-base-2=alltext&bln-base-3=and&val-base-3=2001&fld-base-3=YMD_date&docref=news/0F369D49A9F0C1F4, retrieved November 6, 2018.

Fisse, B. and Braithwaite, J. (1988). The allocation of responsibility for corporate crime: Individualism, collectivism and accountability, ***Sydney Law Review***, 11, 468-513.

Goffman, E. (1971). ***Relations in Public; Microstudies of the Public Order***. New York: Basic Books.

Goldstraw-White, J. (2012). ***White-Collar Crime: Accounts of Offendig Behaviour***, London, UK: Palgrave Macmillan.

Gottschalk, P. (2017). ***Organizational Opportunity and Deviant Behavior – Convenience in White-Collar Crime***, Cheltenham, UK: Edward Elgar Publishing.

Gottschalk, P and Tcherni-Buzzeo, M. (2017). Reasons for gaps in crime reporting: The case of white-collar criminals investigated by private fraud examiners in Norway, ***Deviant Behavior***, 38 (3), 267-281.

Greer, C. and McLaughlin, E. (2017). Theorizing institutional scandal and the regulatory state, ***Theoretical Criminology***, 21 (2), 112-132.

Hamish, M. (2016). SFO closes Fuji Xerox probe, ***The Press***, December 24, https://infoweb.newsbank.com/apps/news/document-

view?p=AWNB&t=&sort=YMD_date%3AD&maxresults=20&f=advanced&val-base-0=fuji%20xerox&fld-base-0=alltext&bln-base-2=and&val-base-2=new%20zealand&fld-base-2=alltext&bln-base-3=and&val-base-3=2016&fld-base-3=YMD_date&docref=news/16175F5693A0BFF0, retrieved November 3, 2018.

Hearit, K.M. (2006). ***Crisis Management by Apology: Corporate Responses to Allegations of Wrongdoing.*** Mahwah, N.J.: Lawrence Erlbaum Associates.

Hsieh, H. and Shannon, S.E. (2005). Three Approaches to Qualitative Content Analysis. ***Qualitative Health Research***, 15 (9), 1277-1288.

Huisman,W. (2010). Business as usual? Corporate involvement in international crimes. Hague: Eleven International Publishing.

Inagati, K. (2015). Toshiba scraps dividend after finding accounting irregularities, ***Financial Times***, May 8, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&page=43&maxresults=20&f=advanced&val-base-0=toshiba&fld-base-0=alltext&bln-base-1=and&val-base-1=accounting%20scandal&fld-base-1=alltext&bln-base-2=and&val-base-2=2015&fld-base-2=YMD_date&docref=news/1553B56CCE48DC40, retrieved November 3, 2018.

Jenner Block (2010). ***In regard Lehman Brothers Holdings Inc. to United States Bankruptcy Court in Southern District of New York***, law firm Jenner & Block, A.R. Valukas, https://jenner.com/lehman/VOLUME%203.pdf, downloaded September 23, 2018.

Jenner Block (2014). ***Report to the Board of Directors of General Motors Company regarding ignition switch recalls***, law firm Jenner & Block, A.R. Valukas, http://www.beasleyallen.com/webfiles/valukas-report-on-gm-redacted.pdf, downloaded September 23, 2018.

Krippendorff, K. (1980). ***Content Analysis: An Introduction to its Methodology***, Beverly Hills, CA: Sage.

Mannheimer Swartling (2016). ***Report on Investigation of Nordea Private Banking in Relation to Offshore Structures***, https://www.nordea.com/Images/33-125429/Report-on-investigation-of-Nordea-Private-Banking-in-relation-to-offshore-structures.pdf, downloaded October 20, 2018.

Maruna, S. and Copes, H. (2005). What have we learned from five decades of neutralization research? ***Crime and Justice,*** 32, 221-320.

McClelland, P.L., Liang, X. and Barker, V.L. (2010). CEO commitment to the status quo: Replication and extension using content analysis, ***Journal of Management***, 36 (5), 1251-1277.

Mills, C. Wright (1940). Situated Actions and Vocabularies of Motive. ***American Sociological Review***, 5 (6), 904-913.

Moscow Times (2017). Danske Bank under investigation for Russian fraud, ***Moscow Times***, October 16, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&maxresults=20&f=advanced&val-base-0=danske%20bank&fld-base-0=alltext&bln-base-1=and&val-base-1=money%20laundering&fld-base-1=alltext&bln-base-2=and&val-base-2=Estonian%20branch&fld-base-2=alltext&bln-base-3=and&val-base-3=2017&fld-base-3=YMD_date&docref=news/1679489633293E88, retrieved October 31, 2018..

Nakamoto, M. (2011). Olympus turns focus on Japan's governance, ***Financial Times***, November 8, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&maxresults=20&f=advanced&val-base-0=tobashi&fld-base-0=alltext&bln-base-1=and&val-base-1=olympus&fld-base-1=alltext&bln-base-2=and&val-base-2=fraud&fld-base-2=alltext&bln-base-3=and&val-base-3=2011&fld-base-3=YMD_date&docref=news/13AE854CE15B17D0, retrieved October 31, 2018.

Onaran, Y. (2008). Lehman stock falls hard despite CEO's confidence, ***The Virginian Pilot***, March 18, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&page=46&maxresults=20&f=advanced&val-base-0=lehman%20brothers%20bankruptcy&fld-base-0=alltext&bln-base-1=and&val-base-1=bankruptcy&fld-base-1=alltext&bln-base-2=and&val-base-2=Fuld&fld-base-2=alltext&bln-base-3=and&val-base-3=2008&fld-base-3=YMD_date&docref=news/11F82EF876C656C0, retrieved November 3, 2018.

Patrucco, A.S., Luzzini, D. and Ronchi, S. (2017). Research perspectives on public procurement: Content analysis of 14 years of publications in the Journal of Public Procurement, ***Journal of Public Procurement***, 16 (2), 229-269.

Piazza, A. and Jourdan, J. (2018). When the dust settles: The consequences of scandals for organizational competition, ***Academy of Management Journal***, 61 (1), 165-190.

Porretto, J. (2002). WorldCom profit falls but company says finances are solid, ***Associated Press***, February 7, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AA&maxresults=20&f=advanced&val-base-0=worldcom&fld-base-0=alltext&bln-base-1=and&val-base-1=scandal&fld-base-1=alltext&bln-base-2=and&val-base-2=accounting%20scandal&fld-base-2=alltext&bln-base-3=and&val-base-3=2002&fld-base-3=YMD_date&bln-base-4=and&val-base-4=ebbers&fld-base-4=alltext&docref=news/0F86C5B0DB8FBDD4, retrieved November 6, 2018.

PwC (2003). ***Report of investigation by the special investigative committee of the Board of Directors of WorldCom Inc***., Wilmer Cutler Pickering, https://www.concernedshareholders.com/CCS_WCSpecialReportExc.pdf, downloaded September 23, 2018.

PwC (2015). ***Auditor-General for the Federation. Investigative Forensic Audit into the Allegations of Unremitted Funds into the Federation Accounts by the NNPC***, engagement leader Pedro Omontuemhen, PricewaterhouseCoopers, Lagos, Nigeria, https://www.premiumtimesng.com/docs_download/Full%20report--20billion%20dollars%20missing%20oil%20money.pdf?cf=1, downloaded September 2, 2018.

Reporter (2013). Nigerians yawn over missing billions, ***The Sun***, December 31, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&maxresults=20&f=advanced&val-base-0=NNPC&fld-base-0=alltext&bln-base-1=and&val-base-1=oil%20revenues&fld-base-1=alltext&bln-base-2=and&val-base-2=2013&fld-base-2=YMD_date&docref=news/14C0EF3456A37C88, retrieved November 3, 2018.

Rothacker, R. (2016). Banking – Wells Fargo gives few details about firings, ***Charlotte Observer***, published September 10, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AD&maxresults=20&f=advanced&val-base-0=rothacker&fld-base-0=Author&bln-base-1=and&val-base-1=wells%20fargo&fld-base-

1=alltext&bln-base-2=and&val-base-2=eshet&fld-base-2=alltext&docref=news/15F5B3B95E914970, retrieved October 31, 2018.

Schnatterly, K., Gangloff, K.A. and Tuschke, A. (2018). CEO wrongdoing: A review of pressure, opportunity, and rationalization, ***Journal of Management***, 44 (6), 2405-2432.

Schneider, S. (2006). Privatizing Economic Crime Enforcement: Exploring the Role of Private Sector Investigative Agencies in Combating Money Laundering, ***Policing & Society***, 16 (3), 285-312.

Schoultz, I. and Flyghed, J. (2016). Doing business for a “higher loyalty’? How Swedish transnational corporations neutralize allegations of crime, ***Crime, Law and Social Change***, 66 (2), 183-198.

Schoultz, I. and Flyghed J. (2019). From “We Didn’t Do It” to “We’ve Learned Our Lesson”: Development of a Typology of Neutralizations of Corporate Crime. ***Critical Criminology.*** Published online December 16, 2019 https://doi.org/10.1007/s10612-019-09483-3

Scott, M.B. and Lyman, S.M. (1968). Accounts, ***American Sociological Review***, 33 (1), 46-62.

Shearman Sterling (2017). ***Independent Directors of the Board of Wells Fargo & Company: Sales Practices Investigation Report***, April 10, 113 pages, Sanger, S.W., Duke, E.A., James, D.M. and Hernandez, E. https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/presentations/2017/board-report.pdf, downloaded September 7, 2018.

Shepardson, D. and Burden, M. (2014). GM recalls 778K cars to replace ignition switches after fatal crashes, ***Detroit News***, February 13, https://infoweb.newsbank.com/apps/news/document-view?p=AWNB&t=&sort=YMD_date%3AA&maxresults=20&f=advanced&val-base-0=ignition%20switch%20failure&fld-base-0=alltext&bln-base-1=and&val-base-1=GM&fld-base-1=alltext&bln-base-2=and&val-base-2=cobalt&fld-base-2=alltext&bln-base-3=and&val-base-3=2014&fld-base-3=YMD_date&bln-base-4=and&val-base-4=learned&fld-base-4=alltext&docref=news/14BF79CC1AB3B180, retrieved November 6, 2018.

Sykes, G.M. and Matza, D. (1957). Techniques of neutralization: A theory of delinquency, ***American Sociological Review***, 22 (6), 664-670.

Whyte, D. (2016). It’s common sense, stupid! Corporate crime and techniques of neutralization in the automobile industry, ***Crime, Law and Social Change***, 66 (2), 165-181.

Williams, J.W. (2005). Governability matters: The private policing of economic crime and the challenge of democratic governance, ***Policing & Society***, 15 (2), 187-211.

Williams, J.W. (2014). The Private Eyes of Corporate Culture: The Forensic Accounting and Corporate Investigation Industry and the Production of Corporate Financial Security, in: Walby, K. and Lippert, R.K. (editors), ***Corporate Security in the 21st Century – Theory and Practice in International Perspective***, Palgrave Macmillan, UK: Hampshire, Houndmills, 56-77.

Wilmer Cutler Pickering (2003). ***Report of investigation by the special investigative committee of the Board of Directors of Enron Corp***., William C. Powers, Raymond S. Troubh, Herbert S. Winokur, law firm Wilmer, Cutler & Pickering, http://i.cnn.net/cnn/2002/LAW/02/02/enron.report/powers.report.pdf, downloaded September 23, 2018.

Table 1. Corporate Scandals and Investigations

#	CORPORATE INVESTIGATION	CORPORATE SCANDAL
1	New Zealand: Fuji Xerox was involved in aggressive sales practices coupled to inappropriate accounting where customers felt forced to sign new contracts before old contracts had expired, and new contracts entered accounting as sales. Auditing firm Deloitte (2017) investigated and wrote an investigation report.	Inappropriate accounting practices, including overstating profits and illegal credit risks.
2	Nigeria: NNPC is the national petroleum company in Nigeria. The company withheld transfers of oil revenues to the government and claimed it covered costs. Auditing firm PwC (2015) conducted an investigation on financial transactions between the company and the government.	Crude oil revenues generated by the corporation were withheld or unremitted to federal accounts. A former governor of the Central Bank of Nigeria, Lamido Sanusi, raised the allegation that a huge amount had disappeared.
3	USA: Lehman Brothers went bankrupt because of deviant risk taking in financial operations. Jenner Block (2010) wrote an investigation report.	Misconduct but no crime related to fiduciary duty of care by failing to observe risk management.
4	USA: WorldCom went bankrupt after inappropriate accounting to keep the share price at a level acceptable to the CEO, who had deposited his shares in a bank for loans to finance private properties. Auditing firm PwC (2003) wrote an investigation report about the collapse of WorldCom.	Fraud and conspiracy in false financial reporting that led to bankruptcy.
5	USA: Enron Corporation went bankrupt after inappropriate accounting practices were exposed. Enron was an energy, commodities, and services company. A whistleblower revealed that Enron's reported financial condition reflected an institutionalized, systematic, and creatively planned accounting fraud. Law firm Wilmer Cutler Pickering (2003) wrote an investigation report about illegitimate accounting practices.	Misleading and illegal practices to hide and embezzle funds, securities and wire fraud.
6	Denmark: Danske Bank's Estonian branch was involved in a money laundering scandal. Non-residents used the bank to transfer criminal proceeds. Danish law firm Bruun Hjejle (2018) wrote an	Money laundering proceeds from criminal activity in Russia.

	investigation report about the non-resident portfolio at Danske Bank's Estonian branch.	
7	Japan: Toshiba Corporation was involved in an accounting scandal where the value of work in progress and finished goods up was scaled up by assigning higher values. Auditing firm Deloitte (2015) wrote a report about inappropriate accounting.	Accounting fraud that involved overstating profits by US$1.2 billion.
8	Japan: Olympus Corporation was involved in an accounting scandal where losses for failing financial investments remained hidden in worthless credits. Auditing firm Deloitte (2011) wrote an investigation report about inappropriate accounting.	Fraud scheme of investment accounting violating Financial Instruments and Exchange Act and Companies Act. It was a "tobashi" scheme, which is a type of financial fraud where a company hides losses in a financial investment by shifting them between the portfolios of other (genuine or fake) clients.
9	USA: General Motors was reluctant to correct ignition switch failure for financial reasons. Jenner and Block (2014) wrote an investigation report about management practices.	Disregard of information on ignition switch failure in Cobalt car that caused injuries and deaths. Reluctance to correct for financial reasons.
10	Norway: Telenor in Norway was a major shareholder of VimpelCom, which was involved in a corruption scandal in Uzbekistan to obtain mobile phone licenses. Auditing firm Deloitte (2016) wrote an investigation report about reluctance among Telenor executives to react on information from whistleblowers regarding the corruption scandal.	Telenor ignored information that VimpelCom was involved in corruption in Uzbekistan.
11	Sweden: Nordea is a bank in Sweden. The bank has a subsidiary in Luxembourg. When the Panama Papers revealed money flows to and from tax havens, investigative journalists discovered misconduct in the Nordea bank in Luxembourg. Law firm Mannheimer Swartling (2016) wrote an investigation report on the bank practice of wealth management for its customers.	Illegal backdating of contracts and tax evasion revealed in the Panama Papers from tax havens.
12	USA: Wells Fargo's Community Bank had aggressive sales practices where bank customers received services that they had not ordered. Law firm Shearman Sterling (2017) wrote an investigation report about management and employees in the sales model.	Improper and unethical sales practices that violated specific statutory provisions.

Table 2. Initial accounts and investigation accounts after scandals

#	BUSINESS	INITIAL CORPORATE ACCOUNTS	INVESTIGATION ACCOUNTS
1	New Zealand: Fuji Xerox in New Zealand involved in inappropriate sales and accounting practices.	"The Serious Fraud Office will take no action against office products firm Fuji Xerox after closing its inquiry into the company's affairs. Several senior industry players were understood to have been interviewed by the market watchdog. But yesterday, Fuji Xerox said it welcomed the SFO's decision. Fuji Xerox New Zealand managing director Gavin Pollard said the company had always been confident there were no grounds for any action and it was pleased the matter was closed. 'We co-operated fully with the SFO with its inquiries on a voluntary basis as we were eager to resolve this matter as quickly as possible'. NZ First began putting pressure on the Government about the company in October, questioning whether Northland schools were encouraged to sign certain printing contracts." (Hamish, 2016). **Denial of wrongdoing.**	"In the interviews in this Investigation, a number of interviewees (APO-related people) said the pressure from FX to attain business results (especially to achieve sales) was very intense. In particular, people who were involved in budget allocations and personnel evaluations at FXAP from around 2009 through 2015 uniformly made statements to the effect that with the economic decline and slow down of growth in Japan, there were expectations from all of FX for the China and Asia region to act as a driving force to restore business performance, and the regions attracted their attentions (….) That the APO Finance Department, in addition to having accounting and finance check functions, also performed the role of performance management, can be raised as one of the main causes of the inappropriate accounting practices carried out at FXNZ and FXA." (Deloitte, 2017). **Admission of wrongdoing and scapegoating.**
2	Nigeria: National petroleum company NNPC in Nigeria withheld transfers of oil revenues to the government.	"The NNPC claimed that the country's chief banker was ignorant on matters of oil earnings and remittances. It accused Mr. Sanusi of Nigeria's version of the capital sin: Playing politics." (Reporter, 2013). A former governor of the	"For the period reviewed, we identified possible errors in the computation of crude oil prices at the NNPC that resulted in a $3.6 million shortfall in incomes to the Federation account." (PwC, 2015). Sanusi at alleged $49.8 billion, while investigators only found $3.6

		Central Bank of Nigeria, Lamido Sanusi, raised the allegation that a huge amount had disappeared. **Denial of wrongdoing.**	million missing. **Admission but minimization of wrongdoing.**
3	USA: Lehman Brothers went bankrupt because of alleged risky management.	"Lehman's shares fell $7.51, or 19 percent, to $31.75 after Chief Executive Officer Richard Fuld said in a statement that the Federal Reserve's decision to lend to brokers and accept securities as collateral "improves the liquidity picture and, from my perspective, takes the liquidity issue for the entire industry off the table." (Onaran, 2008). This was half a year before CEO Fuld had to file for bankruptcy. Obviously, he knew that it would not work, but his communicated account was that liquidity was fine again. **Denial of wrongdoing.**	"The business decisions that brought Lehman to its crisis of confidence may have been in error but were largely within the business judgment rule. But the decision not to disclose the effects of those judgments does give rise to colorable claims against the senior officers who oversaw and certified misleading financial statements – Lehman's CEO Richard S. Fuld, Jr., and its FCOs Christopher O'Meara, Erin M. Callan and Ian T. Lowitt." (Jenner Block, 2010). **Denial of wrongdoing and scapegoating.**
4	USA: WorldCom went bankrupt after inappropriate accounting.	"In a conference call with investors and analysts, Ebbers and other executives sought to dismiss concerns about WorldCom's accounting practices, debt load and cash flow. The CEO also said he will not sell WorldCom shares to pay down his personal debt." (Porretto, 2002). **Denial of wrongdoing.**	"Numerous individuals— most of them in financial and accounting departments, at many levels of the Company and in different locations around the world— became aware in varying degrees of senior management' s misconduct. Had one or more of these individuals come forward earlier and raised their complaints with Human Resources, Internal Audit, the Law and Public Policy Department, Andersen, the Audit Committee, individual Directors and/or federal or state government regulators, perhaps the fraud would not have gone on for so long. Why didn't they? The answer seems to lie partly in a culture emanating from corporate headquarters

			that emphasized making the numbers above all else; kept financial information hidden from those who needed to know; blindly trusted senior officers even in the face of evidence that they were acting improperly; discouraged dissent; and left few, if any, outlets through which employees believed they could safely raise their objections. (PwC, 2003). **Admission of wrongdoing.**
5	USA: Enron Corporation went bankrupt after inappropriate accounting practices.	"'Absolutely no accounting issue,' Lay told analysts, 'no trading issue, no reserve issue, no previously unknown problem issues' are behind the departure. There will be 'no change in the performance or outlook of the company going forward,' he added" (Deseret News, 2001). **Denial of wrongdoing.**	"Individually, and collectively, Enron's Management failed to carry out its substantive responsibility for ensuring that the transactions were fair to Enron--which in many cases they were not--and its responsibility for implementing a system of oversight and controls over the transactions with the LJM partnerships. There were several direct consequences of this failure: transactions were executed on terms that were not fair to Enron and that enriched Fastow and others; Enron engaged in transactions that had little economic substance and misstated Enron's financial results; and the disclosures Enron made to its shareholders and the public did not fully or accurately communicate relevan*t* information. We discuss here the involvement of Kenneth Lay, Jeffrey Skilling, Richard Causey, and Richard Buy." (Wilmer Cutler Pickering, 2003). **Admission of wrongdoing and scapegoating**

6	Denmark: Danske Bank's Estonian branch involved in money laundering scandal.	"The Danish bank has admitted to 'major deficiencies in control and governance' at its Estonian branch." (Moscow Times, 2017). "In press release of 21 September 2017, Danske Bank acknowledged that it was "major deficiencies in controls and governance that made it possible to use Danske Bank's branch in Estonia for criminal activities such as money laundering". The press release made reference to the findings of a "root-cause analysis" prepared for the bank by US-based consultancy Promontory Financial Group, LLC ("Promontory")." (Bruun Hjejle, 2018). Does not admit the bank was used for money laundering but only that it was possible. **Obfuscation of wrongdoing.**	"With regard to the Non-Resident Portfolio, it has been found that, from 2007 through 2017, a number of former and current employees, both at the Estonian branch and at Group level, did not comply with legal obligations forming part of their employment with the bank. Most of these employees are no longer employed by the bank. For employees still with the bank, the bank has informed us that appropriate action has been or will be taken. We are not in a position to share an assessment of an individual unless requested by the individual in question. We have been requested by the Board of Directors, the Chairman and the Chief Executive Officer ("CEO") to share their assessments. According to assessments made, the Board of Directors, the Chairman and the CEO have not breached their legal obligations towards the bank." (Bruun Hjejle 2018). The report says the bank services were used for money laundering by non-residents in Estonia but only select employees were responsible, not the Board or CEO. **Denial of responsibility and scapegoating**.
7	Japan: Toshiba Corporation in Japan involved in inappropriate accounting practices.	"Toshiba withdrew its earnings guidance and scrapped its year-end dividend payout on Friday, saying it had found improper accounting on some of its infrastructure projects. The announcement came after the company said last month that it was looking into irregularities that had come to light in an internal probe. Since then,	"For some projects, it has been found that certain members of top management were aware of the intentional overstating of apparent current-period profits and the postponement of recording expenses and losses, or the continuation thereof, but did not give instructions to stop or correct them. Moreover, with regard to some projects for

		shares of Toshiba have fallen 5.7 per cent. The company declined to provide further details on which infrastructure projects were being questioned.” (Inagati, 2015). **Obfuscation of wrongdoing.**	which the percentage-of-completion method was used, it has been recognized that, although the Company requested approval to record provisions for contract losses, certain top management either rejected it or instructed the recording to be postponed.” (Deloitte, 2015). **Acceptance of responsibility and scapegoating.**
8	Japan: Olympus Corporation in Japan involved in inappropriate accounting practices scandal.	“Olympus’ admission that it had covered up losses on securities investments dating back to the 1990s by booking them as acquisition fees of up to $1.4bn between 2006 and 2008 has once again thrown the spotlight on the weak corporate governance of Japanese companies. The company declined to provide details of how it kept those losses off its books for so long, but the revelation that a practice most closely associated with the bursting of Japan's bubble economy in the 1990s had been going on as recently as a few years ago, stunned the investment community.” (Nakamoto, 2011). **Obfuscation of wrongdoing.**	“Olympus used SG Bond Plus Fund for ‘tobashi’ of part of the losses it suffered as the result of failures in financial management techniques in the 1990s. To cover up losses to which “tobashi” had been used, Olympus and OFUK purchased warrants attached to FA and dividend preferred shares in association with the Gyrus acquisition; ultimately Olympus planned to use Funds for back-flow of funds. (Deloitte, 2011b). **Admission of responsibility**
9	USA: General Motors’ reluctant to correct ignition switch failure for financial reasons.	“The company said it knows of five front-impact crashes in which six people died and air bags did not deploy in vehicles. GM said affected vehicles' ignition switches can turn off in a crash. That causes the engine to shut down, and as a result, air bags fail to activate. ‘All of these crashes occurred off-road and at high speeds, where the probability of serious or fatal injuries was high regardless of	“From the outset, the Cobalt ignition switch had significant problems that were known to GM personnel. Designed to be a new generation ignition switch first introduced in the Saturn Ion, the switch was so plagued with problems that the engineer who designed it labeled it then ‘the switch from hell’. (…) In 2005, various committees within GM considered proposed fixes, but those were rejected as

		air bag deployment,' GM spokesman Alan Adler said. 'In addition, failure to wear seat belts and alcohol use were factors in some of these cases.' (…) GM said the National Highway Traffic Safety Administration never investigated the issue. The automaker learned of it through field reports." (Shepardson & Burden, 2014). **Obfuscation of wrongdoing.**	too costly. (...) Despite learning about what GM's outside counsel called a 'bombshell' in April 2013, it was not until February 2014 that GM issued the first recall" blaming the legal department and its chief (Jenner Block, 2014). **Admission of responsibility.**
10	Norway: Telenor in Norway had ownership in VimpelCom in the Netherlands that was involved in corruption in Uzbekistan.	"Norwegian telecom giant Telenor was allegedly involved in a corruption scandal in Uzbekistan with ties to President Islam Karimov's daughter, Norwegian media reported Saturday. According to documents published by Norway's Klassekampen daily, VimpelCom, an Uzbek firm partially owned by Telenor, paid $25 million (20 million euros) in bribes to obtain telecom licenses in the Central Asian nation. The money allegedly went from a subsidiary of VimpelCom to Takilant Limited, owned by Gayane Avakyan, a friend of Karimov's oldest daughter, Gulnara Karimova. 'Bank statements document how the money was transferred from a previously unknown company in the British Virgin Islands as VimpelCom purchased licenses to the mobile market in the former Soviet state,' Klassekampen wrote on its website. Telenor owns 33 percent of VimpelCom and has 43 percent of the voting rights in the company. 'We are a minority shareholder in VimpelCom, so it's up to VimpelCom to take	"In due consideration to what is stated above, we are notwithstanding of the opinion that certain employees at Telenor at certain point in time should have handled the 2011 concerns differently. The individuals in question are senior employees of Telenor and with high-ranking leadership positions and/or with professional education and experience. Due to this, our assessments of such individuals have been based what we believe should be expected of such individuals as leaders, as Telenor Nominees and as individuals with professional background and experience. The facts and circumstances in this case do in our view not solicit an approach where the actions and decisions of individuals are assessed against formal legal frameworks." (Deloitte, 2016). **Admission of responsibility and scapegoating.**

		responsibility for answering any questions that relate to their operations', Telenor communications head Glenn Mandelid told AFP. 'Telenor has zero tolerance for corruption, both when it comes to our own operations and also to the companies that we are part owners in'." (Agence France, 2014). **Denial of responsibility.**	
11	Sweden: Nordea in Sweden had a subsidiary in Luxembourg revealed by the Panama Papers in backdating documents.	"Nordea, the Nordic region's biggest bank, says it doesn't help wealthy customers evade taxes in response to reports linking it to the Panamanian law firm at the center of a media investigation into offshore accounts." (Associated Press, 2016). **Denial of responsibility.**	"The investigation has found deficiencies in the procedures regarding renewal of Powers of Attorney (POA). In at least seven cases investigation has shown that backdated documents have been requested or provided during the last six years, which is illegal when it aims at altering the truth." (Mannheimer Swartling, 2016). **Admission of wrongdoing.**
12	USA: Wells Fargo's Community Bank had inappropriate sales practices.	"Wells Fargo has said it fired 5,300 employees for secretly opening unauthorized deposit and credit card accounts – conduct that resulted in $185 million in fines announced Thursday – but the bank isn't providing many details." (Rothacker, 2016).No corporate responsibility account so far. "The head of the community bank during the period under scrutiny was Wells Fargo veteran Carrie Tolstedt, who announced in July that she had decided to retire at the end of the year at age 56." (Rothacker, 2016). **Denial of responsibility.**	"Wells Fargo's decentralized corporate structure gave too much autonomy to the Community Bank's senior leadership, who were unwilling to change the sales model or even recognize it as the root cause of the problem." (Shearman and Sterling, 2017). Executive management rather than employees get the blame. "Carrie Tolstedt, head of the Community Bank, and certain of her senior leaders paid insufficient regard to the substantial risk to Wells Fargo's brand and reputation from improper and unethical sales practices even as they failed to recognize the potential for financial or other harm to customers." (Shearman & Sterling, 2017).

			Admission of wrongdoing and scapegoating.