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# Empirical evidence of convenience theory: Reports of investigations by fraud examiners

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## ABSTRACT

Convenience theory attempts to integrate various theoretical explanations for the occurrence of white-collar crime. Convenience theory suggests that organizational opportunity to commit and conceal financial crime is at the core of deviant behavior to avoid threats and exploit possibilities. This article presents an empirical test of convenience theory by content analysis of investigation reports by fraud examiners. Empirical evidence suggests that convenience orientation was indeed present among suspected offenders.

*Keywords:* convenience theory; white-collar crime; internal investigation; fraud examination; deviant behavior.

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# **Empirical evidence of convenience theory: Reports of investigations by fraud examiners**

## **INTRODUCTION**

Convenience theory was introduced to integrate a number of theoretical approaches to explain and understand white-collar crime that was first defined by Sutherland (1939). Convenience theory applies the concept of convenience in terms of savings in time and effort (Farquhar and Rowley 2009), as well as avoidance of pain and obstacles (Higgins 1997). A convenient individual is not necessarily neither bad nor lazy. On the contrary, the person can be seen as smart and rational (Sundström and Radon 2015).

Convenience theory suggests that white-collar crime is committed if crime is a convenient alternative compared to other alternatives in times of crisis and/or possibilities. Convenience can be found in three dimensions (Gottschalk 2017). In the economical dimension, the motive is avoidance of crisis or exploration and exploitation of possibilities. In the organizational dimension, there is opportunity to commit and conceal financial crime. In the behavioral dimension, individuals demonstrate willingness for deviant behaviors.

This article presents a study in search of empirical evidence of convenience theory by content analysis of reports of investigations by fraud examiners. Fraud examiners from large accounting, auditing, consulting, and law firms are typically hired by private and public organizations when there is suspicion of misconduct and crime (Schneider, 2006). The client organization receives a report of investigation where fraud examiners describe their procedures and findings (Brooks and Button 2011).

## **WHITE-COLLAR CRIME**

Ever since Sutherland (1939) coined the term white-collar crime, there has been extensive research and debate what do include and what to exclude from this offense category (e.g., Piquero and Benson 2004; Pontell et al. 2014; Stadler et al. 2013). In accordance with Sutherland's original work, convenience theory emphasizes the position and trust enjoyed by the offender in an occupational setting. Therefore, the organizational dimension is the core of convenience theory where the offender has access to resources to commit and conceal financial crime.

The typical profile of a white-collar criminal includes the following attributes (Piquero and Benson 2004; Pontell et al. 2014; Stadler et al. 2013):

- The person has high social status and considerable influence, enjoying respect and trust, and belongs to the elite.
- The elite have generally more knowledge, money and prestige and occupy higher positions than other individuals occupy in the population.
- Privileges and authority by the elite are often not visible or transparent, but known to everybody.
- Elite members are active in business, public administration, politics, congregations and many other sectors in society.
- Elite is a minority that behaves as an authority towards others.
- The person is often wealthy and does not really need crime income to live a good life.
- The person is typically well educated and connects to important networks of partners and friends.
- The person exploits his or her position to commit financial crime.
- The person does not look at himself or herself as a criminal, but rather as a community builder who applies personal rules for own behavior.

- The person may be in a position that makes the police reluctant to initiate a crime investigation.
- The person has access to resources that enable involvement of top defense attorneys, and can behave in court in a manner that creates sympathy among the public, partly because the defendant belongs to the upper class similar to the judge, the prosecutor and the attorney.

## CONVENIENCE THEORY

As suggested by Gottschalk (2017), white-collar crime can be a convenient option to avoid threats and exploit opportunities. Convenience is a concept that was theoretically mainly associated with efficiency in timesaving. Today, convenience is associated with a number of other characteristics, such as reduced effort and reduced pain. Convenience is associated with terms such as fast, easy, and safe. Convenience says something about attractiveness and accessibility (Sundström and Radon 2015).

Convenience orientation is the value that individuals and organizations place on actions with inherent characteristics of saving time and effort. Convenience orientation is a value-like construct that influences behavior and decision-making. Mai and Olsen (2016) measured convenience orientation in terms of a desire to spend as little time as possible on the task, in terms of an attitude that the less effort needed the better, as well as in terms of a consideration that it is a waste of time to spend a long time on the task. Convenience orientation toward illegal actions increases as negative attitudes towards legal actions increase. The basic elements in convenience orientation are the executive attitudes toward the saving of time, effort and discomfort in the planning, action and achievement of goals. Generally, convenience orientation is the degree to which an executive is inclined to save time and effort to reach goals. Convenience orientation refers to person's general preference for convenient

maneuvers. A convenience-oriented person is one who seeks to accomplish a task in the shortest time with the least expenditure of human energy (Berry et al. 2002).

The actual convenience is not necessarily important in convenience theory. Rather, the perceived, expected and assumed convenience influences choice of action. Berry et al. (2002) make this distinction explicit by conceptualizing convenience as individuals' time and effort perceptions related to an action. White-collar criminals probably vary in their perceived convenience of their actions. Low expected convenience could be one of the reasons why not more members of the elite commit white-collar offenses.

## FRAUD EXAMINATION

The purpose of an internal investigation by fraud examiners is to reconstruct the past. The past may be an event or a series of events where for example someone did something to somebody. Previous events are typically negative and they have caused some damage. The goal of an investigation is to uncover the facts in a particular situation. In doing so, the truth about the situation is the ultimate goal. A private investigation is mainly after the facts, with the goal of determining how a negative event occurred, or whether the suspected action occurred at all. The goal may also be to prevent a situation from ever occurring in the first place, or to prevent it from happening again.

Private fraud investigators are not in the business of law enforcement. They are not to find private settlements when penal laws are violated (Schneider 2006). Their task is to reconstruct the past as objectively and completely as possible. They should not be in the blame game business.

Internal private investigations examine facts, sequence of events, and the causes of negative events as well as who are responsible for such events. Pending on what hiring parties ask for, private investigators can either look generally for possible corrupt or otherwise criminal

activities within an agency or a company, or look more specifically for those committing potential white-collar crime. In other situations, it is the job of the private investigators to look into potential opportunities for financial crime to occur, so that the agency or company can fix those problems in order to avoid misconduct down the road.

Internal investigations include fact-finding, causality studies, change proposals, suspect identification, and assessment of financial irregularities. The form of inquiry aims to uncover unrestricted opportunities, failing internal controls, abuse of position, and any financial misconduct such as corruption, fraud, embezzlement, theft, manipulation, tax evasion and other forms of economic crime.

Characteristics of a private investigation situation include a serious and unusual event, an extraordinary examination to find out what happened or why it did not happen, develop explanations, and suggest actions towards individuals and changes in systems and practices. A private investigator is someone hired by individuals or organizations to undertake investigatory services. A private investigator also goes under the titles of a private eye, private detective, inquiry agent, fraud examiner, private examiner, financial crime specialist or PI (private investigator) for short. A private investigator does the detailed work to find the answers to misconduct and crime without playing the roles of a prosecutor or a judge. The PI stops the investigation before passing any judgment on criminal liability.

An internal investigation is a goal-oriented procedure for reconstructing past events. It is a procedure of creating an account of what has happened, how it happened, why it happened, and who did what to make it happen or let it happen. An internal investigation is a reconstruction of past events and sequence of events by collecting information, developing knowledge and presenting evidence (Osterburg and Ward 2014).

Internal private investigations typically have the following characteristics (Brooks and Button 2011; Button and Gee 2013):

- Extraordinary examination of suspicions of misconduct and crime
- Goal-oriented data collection
- Based on a mandate defined by and with the client
- Clarify facts, analyze events, identify reasons for incidents
- Evaluate systems failure and personal misconduct
- Independent, careful and transparent work
- Client is responsible for implementation of recommendations.

White-collar crime investigations are a specialized knowledge industry. Williams (2005) refers to it as the forensic accounting and criminal investigation industry. It is a unique industry, set apart from law enforcement, due to its ability to provide “direct and immediate responsiveness to client objectives, needs and interests, unlike police who are bound to one specific legal regime (Williams 2005: 194). The industry provides flexibility and a customized plan of attack according to client needs.

Investigations take many forms and have many purposes. Carson (2013) argues that the core feature of every investigation involves what we reliably know. The field of evidence is no other than the field of knowledge. There is an issue of whether we can have confidence in knowledge. Confidence in knowledge occurs when knowledge emerges in terms of evidence. A private investigator accumulates knowledge about what happened.

## REPORTS OF INVESTIGATIONS

Most reports from private internal investigations are not available to the public because of secrecy. Reasons include business secrets and other confidential information, data protection of sensitive information about identified individuals, and general avoidance of public attention (Gottschalk and Tcherni-Buzzeo 2017). In Norway, we were able to obtain 49 private investigation reports written for their clients by law firms, consulting firms and global

auditing firms such as BDO, Ernst & Young, KPMG and PwC. All reports are the property of client organizations, and it is up to clients to make reports publicly available.

For our empirical study, we have selected seven reports of investigations out of forty-nine.

Our sample consists of cases where all suspects received prison sentences after the private internal investigations were completed. While information from the private internal

investigations did not necessarily cause convictions, the cases all involved public

investigations in terms of police investigations in addition to private internal investigation, as

well as public prosecution, and finally conviction in Norwegian courts. Table 1 lists the seven cases.

<b>White-Collar Criminal</b>	<b>White-Collar Crime</b>	<b>Economical Dimension Motive</b>	<b>Organizational Dimension Opportunity</b>	<b>Behavioral Dimension Deviance</b>
<i>Are Blomhoff</i> CEO Priest 52 years old	Embezzlement Betanien Foundation 3 years prison	Greed to buy private apartment and expensive parties	Exclusive responsibility for money transfers	Different behavior in Spain from Norway
<i>Leif Walle</i> Chairman 61 years old	Misappropriation of funds Building society 3 years prison	Expansion desire for own construction enterprise	Chairman position in customer organization	Defined it as a win-win situation
<i>Lars Brorson</i> CFO 40 years old	Embezzlement Hadeland Broadband 4.5 years prison	Greed to buy expensive property and consumer goods	Exclusive responsibility for money transfers	Blamed lacking control mechanisms for his fraud
<i>Johannes Lunde</i> CEO 23 years old	Tax evasion Lunde Group 6 years prison	As the founder he wanted to rescue his enterprise	Accounting manipulated by trusted executives	Intended to pay back after corporate recovery
<i>Ivar Henriksen</i> CEO 65 years	Fraud Public Water 8 years prison	Desire for power and influence in the local community	Double-bind leadership with frightened employees	No harm or damage, only business success
<i>Frank Murud</i> Property manager 48 years old	Fraud School Buildings 7 years prison	Greed to buy boats, cars and houses	Procurement of goods and services to school buildings	Lack of control when violation of powers
<i>Helge Leite</i>	Corruption	Greed to expand	Offer from	Everyone else

CEO 51 years old	Unibuss transport 3.5 years prison	personal property and home	vendor to receive a bribe	does it in the procurement business
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*Table 1. Summary of convenience findings in reports of internal investigations*

## RESEARCH FINDINGS

In the following, we discuss findings in each investigation report as they relate to the suspected white-collar criminal who ended up in prison. The presentation is for each white-collar criminal as it discusses dimensions of convenience theory.

*Are Blomhoff* was educated as a priest and became chief executive officer (CEO) at the religiously-based social foundation Betanien in Bergen, Norway. The foundation operates several nursing homes, kindergartens and health institutions associated with the Methodist Church. When he was 52 years old, CEO Blomhoff was in charge of developing a nursing home in Spain for older Norwegians. He got money transferred from Spain to Norway for the project. He had exclusive responsibility for all money transfers to Spain. He embezzled some of the transferred money to buy himself an apartment in Spain and to arrange expensive parties with prostitutes in Spain. Two whistleblowers in Spain sent notice to the chairman at Betanien in Norway, but the chairman would not believe that a priest could do such a thing. When the whistleblowers threatened to tell Norwegian media about the case, then the chairman confronted the CEO with the allegations, and Blomhoff confessed to embezzlement. Fraud examiners from accounting firm BDO (2014) were hired by the chairman to find out if there was more money embezzled by the CEO than he already had confessed. The private investigators found evidence of more embezzlement. In terms of convenience theory, we find evidence of all three dimensions:

1. *Motive in the economical dimension: Greed to buy private apartment and expensive parties in Spain.* While being a priest and CEO in Norway, he had suppressed all his

desires for a wild life that could be enabled by money. Finally, he could enjoy life the way he really wanted.

2. *Opportunity in the organizational dimension: Exclusive responsibility for money transfers and no control by others.* He was handling large sums of money for the construction project, and only an invisible fraction of the money was taken by him. He did not really conceal his illegal transactions, but he knew that nobody else had access to the relevant accounts. The abused accounts were neither part of the Betanien Foundation in Norway nor the Fundacion Betanien in Spain. Money transfers from Norway were conducted by employees after instructions from the CEO. The transfers were based on fake offers and invoices from Spanish suppliers. Blomhoff got travel and other personal expenses refunded by both Stiftelsen Betanien and Fundacion Betanien. Some of the money transfers occurred via a bank account in Luxembourg.
3. *Deviance in the behavioral dimension: Different behavior in Spain from Norway.* He would never have done it at home. While in Spain, he became a different person and was willing to embezzle money and hire prostitutes for parties with friends. His willingness increased as he did not notice any damage or any victims of his crime. Blomhoff had problems with substance abuse, which was noticed by the whistleblowers.

In the report of investigation, fraud examiners at BDO (2014: 7) write: “According to the assessment of BDO, the Foundations organizational and internal control is characterized by a situation where the chief executive has enjoyed substantial trust among board members and employees of the foundation and thus had wide powers”..

Fraud examiners also criticize the board for not reacting timely to whistleblowing and to other information (BDO 2014: 10):

Information has come to our attention about a safe that was removed from the former CEO's house in Spain, in addition to another safe that was allegedly stolen during a burglary. This happened in the days after the former CEO was confronted with the embezzlement claims. It is our opinion that the case could possibly have been far better documented if the board had chosen to contact the police before the former CEO was confronted with the issue.

*Leif Walle* was a trusted person in the community. He had been deputy mayor of Øyestad. He admitted infidelity and embezzlement. The police seized assets for 35 million kroner (US \$5 million). Walle had previously been head of the Joint Council of Churches in Arendal. He was charged in 2012 on charges of gross misappropriation of funds and gross embezzlement as chairman and CEO in a housing foundation for seniors. He misappropriated also more than two million NOK from a church, an estate, and a woman for whom he was the guardian. Walle had involved a colleague in his fraud scheme. While Walle was sentenced to 3 years in prison, his colleague Knut Gausi was sentenced to 3 years and 6 months in prison. While Leif Walle confessed in court, Knut Gausi did not.

Locals found the Walle affair especially ugly. He defrauded his own church, an estate and a psychiatric patient as guardian. He was an ex-deputy mayor, bank and church top in Arendal. People thought it was absolutely incredible. In terms of convenience theory, we find evidence of all three dimensions:

1. *Motive in the economical dimension: Expansion desire for own construction enterprise.* Walle and Gausi were companions in the jointly owned Natvig Property. They were ambitious on behalf of the company that they were developing.
2. *Opportunity in the organizational dimension: Chairman position in the customer organization.* He was able to convince a land owner to sell an extremely attractive property at a low price to the church foundation, since he was the chairman of the

board, so that he later could transfer the land to his own Natvig Property. Walle had all the powers needed.

3. *Deviance in the behavioral dimension: Defined it as a win-win situation.* They claim that they did what was best for both parties (Hald 2007: 15): “Walle and Gausi have during the investigation stated that they have made inquiries to various developers with a request that others might have an interest in taking over the project. However, it is not submitted any evidence to support this, either in the form of written requests, advertising or meetings with relevant interested parties”.

*Lars Brorson* was chief financial officer (CFO) at Hadeland Broadband, a subsidiary of Hadeland Energy. He came from a position at Hadeland Energy and had for a long time been in charge of financial transaction between Hadeland Energy and Hadeland Broadband.

Brorson sent, according to investigators from PwC (2014), a total of 18 million Norwegian kroner (about US \$3 million) to his own accounts from Hadeland Broadband’s overdraft account. Half of the amount was transferred in 2012, divided into 42 payments. Between 2011 and 2014, 66 such transactions were recorded.

During the same period, the Deloitte auditor wrote that financial statements were prepared in accordance with Norwegian laws and regulations. Auditor Ragnar Nesdal was one of six from Deloitte interviewed by investigator Gunnar Holm Ringen at auditing firm PwC (2014). In the interview, Nesdal felt that the company was so small that there was no requirement for annual meetings between the board and the company’s auditors in accordance with Norwegian auditing act. The auditor had not attended board meetings or general assembly meetings. The only communication with the board had therefore been through written auditing statements from Deloitte.

For a long time, the PwC (2014) report was attempted to be kept secret for the public. The local newspaper Hadeland was active in getting disclosure. The newspaper argued for transparency and wrote in its editorial on July 13, 2014:

The newspaper Hadeland has requested access to investigation reports prepared after the embezzlement in Hadeland and Ringerike Broadband (HRB) and Hadeland Energy (HE). The answer has been no, by referencing to the Norwegian freedom of information act section 24, which states that documents can be exempted if they deal with offenses.

Finally, the owners agreed to public insight into the report. Soon after, Lars Brorson was convicted in Norwegian district court to 4 years and 6 months in prison. In terms of convenience theory, we find evidence of all three dimensions:

1. *Motive in the economical dimension: Personal finances were a mess.* He wanted to impress his new girlfriend, and he enjoyed the luxury himself. He bought expensive cars, a cabin, and a house, and he maintained a high consumption of expensive cognacs and other consumer goods.
2. *Opportunity in the organizational dimension: In charge of financial matters between parent and daughter companies.* Since he came from a position in the parent company Hadeland Energy, nobody at the subsidiary Hadeland Broadband dared to question his actions or behavior. They all assumed that Brorson had good contacts at the highest levels in Hadeland Energy, and that people at the highest levels had approved his way of doing financial management. Brorson had himself introduced formal routines at Hadeland Broadband while at Hadeland Energy, and he followed those routines when he joined Hadeland Broadband.
3. *Deviance in the behavioral dimension: Lack of control by auditor invited him to commit fraud.* He applied the neutralization technique that no damage had occurred as

Hadeland Broadband still made a substantial profit. He admitted to lack of self-control when he explained himself in the court. The impression in the court room was that Brorson perceived himself as a victim of his own desires and lack of self-control.

The Brorson case was uncovered on March 10, 2014, in connection with police investigations of another firm for tax and accounting offenses in a neighboring police district. Lars Brorson had done accounting for this firm in addition to his job as CFO at Hadeland Broadband. He was also charged for these offenses, making the total add up to more than 20 million NOK. During the police investigation, it became known that Brorson had been convicted of embezzlement before, in combination with tax evasion, and that he had spent three years behind bars for it. The previous offense was committed while he was management for hire. It turned out that board members at Hadeland Energy were familiar with Brorson's past economic crime when he was hired in 2009.

*Johannes Lunde* was the founder of the Lunde Group that quickly expanded in various form of transportation of goods nationally and internationally. After two decades of sensational growth, the company faced possible collapse and bankruptcy. Lunde had worked very hard and did not want his life's work to collapse. He involved some of his trusted executives in a fraudulent scheme where they avoided taxes and bank repayments.

While Lunde was sentenced to 6 years in prison, his accomplices Morten Arnold Berg (CFO) and Ruth Karianne Hinna (accounting manager) were sentenced to 4 years and half a year in prison respectively.

The Lunde Group went finally bankrupt, despite all the acrobatic finances conducted by Lunde, Berg and Hinna. Law firm Vierdal (2012: 10) was hired to conduct an internal investigation:

Johannes Lunde has occupied the pivotal role in all companies, and mainly been the person who has initiated and implemented or imposed on others to carry out

dispositions in the Lunde System. It is currently the perception that Johannes Lunde has predisposed everything on behalf of each individual company without having watched or cared for the individual company's interests (...)

Internal transactions in the Lunde System have been very extensive. So far in the bankruptcy investigation, it appears that the management in most companies, presumably supported by Johannes Lunde, have used companies' assets and debt obligations across the system, regardless of whether each single company was served with it or not.

In terms of convenience theory, we find evidence of all three dimensions:

1. *Motive in the economical dimension: As the founder he wanted to rescue his enterprise.* Many founders fear the loss of identity and social prestige if they fail and fall. Their social status is tightly connected to positions that they have established after many years of hard work. They want to be perceived as successes and not failures by their environment. They know that many friendships and participation in privileged networks is related to the enterprise that they have created. The fear of falling was evident in the case of Johannes Lunde, when he initiated different fraud schemes.
2. *Opportunity in the organizational dimension: Accounting manipulated by trusted executives.* By means of a conglomerate of registered companies, it was difficult if not impossible for outsiders to understand the performance or lack of performance in each company. For example (Vierdal 2012: 9):

Payments totaling MNOK 15 have been posted in the accounting to Johannes Lunde in connection with borrowing from the vessel Time Bandit, via the enterprise Lunde and Haugland Property Inc.

Single transactions have been detected where transfer declarations of receivables and liabilities has put third parties in a position of counterclaims by sale of shares.

3. *Deviance in the behavioral dimension: Intended to pay back after corporate recovery.*

It is assumed that many white-collar criminals are successful in temporary tax evasion and bank fraud, where they make refunds when the business has recovered.

Bankruptcy only occurs when no recovery is in sight. Following bankruptcy is sometimes a court-ordered investigation of potential fraud. It seems that Johannes Lunde believed in a temporal collapse that could be compensated by fraud, and that his group of companies would rectify the situation later.

*Ivar Henriksen* was CEO at the public water works outside Oslo, where he became well-known for all the good deeds that the company did for the local community. For example, he got built a water fountain outside a retirement home. For all his good deeds, he received the Norwegian king's medal of merit. For company money, he bought himself a hunting farm in South Africa including giraffes and other wild animals. He invited allies to visit the farm. Many people knew about it, but nobody dared blow the whistle on him. Finally, someone got in touch with a journalist in the largest newspaper in Norway, which started carefully to write about Henriksen. After a while, Distriktsrevisjonen (2007) was hired to conduct a private internal investigation. At the end of the fraud examination, the case was handed over to the police. Henriksen was some years later convicted to 8 years in prison for fraud, embezzlement and corruption.

In terms of convenience theory, we find evidence of all three dimensions:

1. *Motive in the economical dimension: Desire for power and influence in the local community.* Henriksen was labeled the "king" in the local community. He solved all

kinds of issues that could be solved by means of equipment and vehicles in the public waterworks. He perceived himself as a key community supporter.

2. *Opportunity in the organizational dimension: Double-bind leadership with frightened employees.* Henriksen was charismatic (Distriktsrevisjonen 2007: 133):

Ivar Henriksen has through years of hectic activity for the water works gained a special status in the community. His ability to persuade, to get his thoughts and ideas transferred to practical action, not to mention his contacts and influence in circles where decisions occurred, had given him a reputation for being a man of action with great power and influence.

Double-bind leadership belongs to the dark sides of leadership. Mixed messages from Henriksen created a double bind for colleagues, subordinates, vendors, and customers. Individuals were caught in double bind situations when the criminal leader was expressing two orders of message, and one of these denies the other. Individuals were unable to comment on the message being expressed to correct their discrimination in terms of which order of messages to respond to, since the situation in double bind leadership is such that they cannot make a meta communicative statement (Distriktsrevisjonen 2007: 109):

Investigators received a number of independent explanations showing that Henriksen often had an authoritarian behavior, especially towards employees, but also towards representatives from suppliers. This being the way he practiced leadership, he was surrounded by people who feared him. The fear was based on the risk that you were going to fall out of favor, not to mention what Henriksen then could create difficulties in employment. In addition, it is described that Henriksen had a changing mood and that in itself created uncertainty and distance to employees. Several informants have told

investigators that on days with a bad mood, it was best to stay away from Henriksen.

3. *Deviance in the behavioral dimension: No harm or damage, only business success.*

Henriksen was an expansive chief executive who had a business idea of water works that expanded beyond clean water in and used water out. He looked at himself as a business entrepreneur, where his genius entrepreneurship was understood by few others. When he was caught, he applied one neutralization technique in particular, which is to condemn his condemners.

Distriktsrevisjonen (2007: 109) confirm in their report that Henriksen undoubtedly has made substantial efforts and succeeded in building and operating plants that are solid, efficient, and very well suited for the future:

Henriksen had both great professional insights and innovative abilities, and he was energetic in his goal of developing the water works companies. The same applies to his interest in searching for new opportunities in utilization of energy, especially in the sludge and wastewater. He set these capabilities into a broader context that he believed would be of great interest to both the region and society at large. Investigators have through conversations with Henriksen got an understanding that he thinks he has not gained acceptance as deserved for what he has contributed through many years.

*Frank Murud* was property manager for school buildings in the city of Oslo. He hired suppliers of building services and maintenance services. All invoices of amounts larger than 200.000 NOK (25.000 US dollars) were to be approved by two property managers. Murud wanted to challenge the system and approved alone an invoice with a substantially larger amount. The invoice was not stopped, and the issuer got paid. Then Murud went into an arrangement with some trusted suppliers that they should send him fake invoices, he would approve them, and then they would share the money. This went on for many years, and Murud

and his accomplices were able to get more than 80 million NOK (US\$10 million) out of the city treasure.

Murud finally left the position of property manager to assume a position in another business. After some time, he bought himself an expensive summer house in southern part of Norway. He withdrew the money from his bank account right before New Year and paid the seller of the summer house. The bank reacted to the large amount and reported the incident to the police in the form of a concern for tax evasion at year end. As the police looked into the matter, there was no reason for suspicion of tax evasion, but rather a question how Murud could have that much money given his regular income according to figures from the internal revenue service. Eventually, the fraud of the city of Oslo as property manager was revealed. Kommunerevisjonen (2006: 30) describes in their report of investigation the role of Murud:

The former property manager was part of senior management of School Buildings and had wide powers. He managed extraordinary actions across the property department without the existence of full or disaggregated budgets. The property manager was much more directly involved in procurement matters than other property managers.

Frank Murud comes across as a friendly and open-minded person. Even when some noticed that he had a lot of money while working for the city, nobody suspected him of any wrongdoings. He told his wife that he was very successful in all kinds of betting games and other kinds of gambling. In terms of convenience theory, we find evidence of all three dimensions:

1. *Motive in the economical dimension: Greed to buy boats, cars and houses.* He really enjoyed material wealth. When Murud was interviewed in prison, he was asked what the worst aspect was: prison sentence, marriage breakup, media coverage, or asset recovery by the government. Murud answered that he had met new friends in prison, so that was OK. His wife had been unfaithful, so breakup was OK. Media coverage

was also OK, as he had not noticed during the trial. The only thing that made him upset was that the assets were taken away from him.

2. *Opportunity in the organizational dimension: Procurement of goods and services to school buildings.* Kommunerevisjonen (2006) found that there was no real management of financial transactions related to maintenance of school buildings in Oslo. Both planned and ad-hoc maintenance activities were lacking budgetary controls. Murud found out about the shortcomings and exploited them accordingly.
3. *Deviance in the behavioral dimension: Lack of control when violation of powers.*

After Murud was sentenced and was serving his sentence in prison, he was more than willing to talk to the media and others about his experience and reflections. When we visited him in prison, he had prepared documents to show that it was quite common to commit fraud in the school buildings organization. He named a number of his former colleagues in that regard. Furthermore, he had prepared documents to show why controls had failed while he was implementing his fraud scheme. Murud blamed failing controls because of incompetence among internal auditors and accountants. Murud was upset that the city would not hire him as a consultant to review control procedures in all branches of city business.

Twelve accomplices were convicted to prison in the same court cases as Frank Murud. They had all been involved in fraud schemes at Oslo School Buildings headed by former property manager Murud and a project manager.

*Helge Leite* was CEO at Unibuss, a bus transportation organization owned by the city of Oslo. When Unibuss was to buy new busses for their transportation system in the city, they had several potential vendors. One vendor – the German MAN corporation – suggested to procurement executives at Unibuss to specify busses with an exact length of 18 meters and 75 centimeters. In the procurement papers, busses were specified at this length. The only

manufacturer of busses of that length was MAN. So MAN got the contract, while at the same time bribing a total nine Unibuss executives.

After some time, a number of large-scale corruption scandals emerged in Germany. One of them was Siemens, another one was MAN. By accident or luck, a Unibuss employee read a newspaper in Germany while on vacation. When returning home, he told a member of the board at Unibuss.

Former CEO Helge Leite was sentenced to 3.5 years in prison for receiving a bribe. Eight more executives were sentenced to prison. In terms of convenience theory, we find evidence of all three dimensions:

1. *Motive in the economical dimension: Greed to expand personal property and home.*

Leite was managing quite a large organization, but the salary as a public employee was limited. He desired some more money to rebuild his house.

2. *Opportunity in the organizational dimension: Offer from vendor to receive bribe.*

Wiersholm (2012: 21) write in their report of investigation:

There has been a culture that bus vendors have paid restaurant visits for Unibuss employees. The dinners have been dependent on situations such as Christmas tables.

Employees of Unibuss have been travelling with people who work on tenders and equipment specifications. There have been a number of factory visits and individual journeys of seemingly private nature. The people have also nursed socializing in sporting events. The relationships appear to be unfortunate.

One of the sporting events that Leite attended and that was paid for by a vendor, was biathlon in Rupholding.

3. *Deviance in the behavioral dimension: Everyone else does it in the procurement business.* Some of the bribes occurred as maintenance services on Leite's private home

paid for by Unibuss vendors. Leite argues that it is quite common, and that it should be legal and not illegal.

Wiersholm (2012: 3) write in their report:

The investigation has revealed that a limited group of people over several years, regularly and in different ways, have drained the company of funds. Two senior executives have utilized their positions to gain personal benefits in connection with purchase of goods and services; and disposal of used buses. One senior employee has abused his position to obtain private benefits that Unibuss paid for extensive work on his residence. In addition, the person involved in the resale of used buses of a special kind has been likely to harm the company. The three senior executives have received regular assistance from one employee without management function. None of the persons are any longer employed at Unibuss.

## CONCLUSION

Based on reports of investigations by fraud examiners, we were able to identify the extent to which convenience orientation played a role in white-collar crime. We found support for all three dimensions of convenience theory for all seven convicted offenders. Based on this exploratory research, it should be possible for future empirical research to conduct case studies of convicted white-collar criminals in terms of financial motive, organizational opportunity and willingness to adopt deviant behavior.

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