



What, no cocaine?

As a few check-cashers have learned too late,
The most common addiction doesn't involve drugs

By Checklist Columnist
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It turns out you don't have to buy drugs on a backstreet or spend every night in a bar to be addicted. The most common addiction in America involves neither substance. In fact, it involves no substance at all. It's the rush everyone gets – to a greater or lesser degree – from money, power, and consumption.

The extreme version of this addiction appears to be an element common to the handful of cases that have, unfortunately, recently tarnished the industry's rep – and made it more difficult for hardworking business owners to operate. If you want to blame anyone for the shortage of banks willing to serve the industry, and for emerging zero-tolerance of state and Federal auditors, blame the few who lost self-control.

Don't misunderstand my economic philosophy. I know "Money makes the world go round," to borrow a line from the musical *Cabaret*. I am capitalist to the core. I exercise my ideological commitment to free enterprise by living the American Dream. Up early, work hard, create, invent, build, forge business partnerships, and achieve results. My daily driver isn't a Ferrari. In fact, it's logged more than 240,000 miles. My addiction is to the pleasure I get from my everyday experience. Pleasurable as that experience has been, it's led me to an unpleasant observation: Because money – the "juice" that lubricates our economic lives – is in shorter supply than in the past, money addicts have been left jonesing for a fix.

Questionable money management isn't confined to any one business. Over-dependence on money, the consumptive climate of the new millennium, the current economic situation, and access to cash can predispose anyone to cross the line. In fact, the Association of Certified Fraud Examiners reports that the cost of occupational fraud as a portion of annual revenues was up 7 percent a year – and that was *before* recession hit. Most any owner of a closely held, cash-intensive business is a

candidate to stray. The reasons are simple. Hands-on business owners have more opportunity to act on their basest financial impulses. Long-established lifestyles and a decline in revenues produce lots of pressure to get "creative." Recollections of money made "back in the day" can be used to rationalize any behavior. Finally, operators of cash-intensive financial enterprises are exposed to uniquely high levels of temptation. To understand how these components interact, a brief look at the work of criminologist Donald Cressey is in order.

Lost in the Triangle. Cressey was the first to draw the "Fraud Triangle." He broke down it down into three parts and assigned each a corner. In two corners are "opportunity" and "pressure." These are common threats for most any enterprising yet struggling small businessperson. The third corner is "rationalization." This is the catalyzing component that turns temptation into illicit action. Rationalization – to skim from the till, fudge the books, cater to a less-than-respectable business element – according to Cressey, is driven by a skewed sense of entitlement. It depends on a belief that you deserve – or are "owed" – that which you are having difficulty earning by ordinary means. Ultimately, this tortured logic allows the rationalizer to justify their actions because they are under tremendous social obligation (i.e., pressure) to live up to expectations for success others have for them.

If the sociological-speak of the last paragraph hit you more directly than you'd like, it may be time for you to examine the pattern that drove those few who have damaged this industry's reputation to cross the line. First, there was a time when being in check cashing meant making a lot of money relatively easily (compared to today). Second, regardless of how long you have been at it, or how well you are doing, you are surrounded by a lot of cash. Third, everyone thinks you make a lot of money. Fourth, there's the (unfair) perception of the industry as being

“edgy.” This last reason – a gross misconception – nonetheless brings pressure to live up to expectations of others, and can lead to early onset of intense stupidity.

Plainly stated, if you hang around mounds of money long enough, have enough people think the money is actually yours, long for profits of the past, and embrace the edgy rep unjustly given the industry, you may get confused. Multiply chances of confusion by 10 for our recent economic climate – where the “motivation” to maintain one’s no-longer-affordable lifestyle is at a high – and you’ve got a toxic cocktail.

It Can Happen to You. We all have weak times, usually for a relatively short while, after which we resume a normal lifestyle. These confused periods of straying into the wilder, darker side of life are human. But for a few, no matter what business they’re in, the return-trip ticket is never issued. Whether you’re a Governor headed for Argentina, a rock star who can’t handle fame, or just a check casher, it can happen to you.

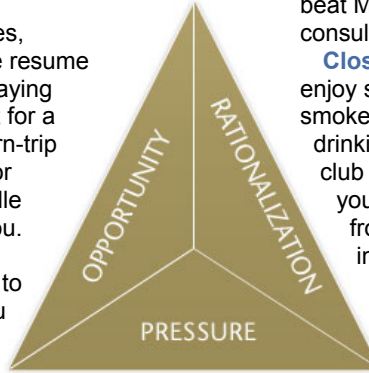
Fraud is as much a lifestyle as a crime. It is a conscious choice to live a double life, to pretend to be someone far removed from who and what you truly are – living out a fantasy at the expense of your long-term well being. Mind you, there’s nothing inherently wrong with that Shelby Mustang as an outlet, if you can afford it. Lot’s of people buy pricy toys. But when your taste far outstrips your ability to pay from the business’s normal profit stream, and a pattern starts to form, you need to stop and think.

Details may vary, but here’s one apocryphal tale that’s sure to have a strong ring of truth: You have a really nice home, but the family Toyota seems a little “ho-hum.” So on a spring day, you swing by the Porsche dealer, and an hour later you have the top down at 110. Trouble is that Porsche looks a little too upscale in your driveway. So you move up to a home that suits the car. Now, the Porsche is lonely in that five-car garage, so you get a Harley and a couple of jet skis to keep it company. Of course you need a look to go with your status – something consistent with the image the ignorant expect of the industry. Throw in a couple of club memberships, some plastic surgery for the family, and go out and party every night. Economic times are hard, but you still need cash flow, which leads to . . . unnatural acts.

Maybe you think you can outsmart your wire and money order companies, maybe your accountant and bank too. No matter how many times your bank asks, you refuse to automate your business. You make a few adjustments to your cash counts. Charge excessive lifestyle expenses to the company. Print a few extra money orders. Move money between stores for audits. Borrow cash from the business for increasingly longer “short” periods. Fund makers’ payrolls. Overlook the payee’s name on large checks. Do a little creative structuring for customers. Believe that you can handle any auditor or subpoena that comes your way. Perhaps one in ten thousand can – at least for a while. But you can’t. The very lucky only lose their business and respect. Some lose their families, and some go to jail - in essence, losing their lives.

Signposts. To derail this process, start by realizing the bright light you’re running toward is a train. Then get the #**%! off the tracks. Depending how far down the line you’ve gone, it may already be too late. But if it’s not,

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watch for the warning signs. This sort of self-analysis is hard. Here are a few steps that can keep you from irrevocable mistakes...

Get Good Outside Guidance. Surround yourself with only the best, most ethically sound professionals. If, in the past, you’ve picked your professionals because they helped you beat the system, they’ll be of little help to you in getting back on the straight and narrow. When it comes to doctors, you always get references and find the best – would you choose one because he figured out how to beat Medicare? Why should it be any different with consultants, accountants, and lawyers?

Close Gateways to Temptation. If you used to really enjoy smoking during meals, you’d start eating at a smoke-free restaurant. And if you were trying to stop drinking, you’d think twice about hanging out at that club downtown. Likewise, whatever activities supported your decisions to take the low road should be nixed from your daily routine. Temptation may always be in the back of your mind, but it doesn’t have to be encouraged into an easily actionable impulse.

Hang Out with a Better Element. Start spending time with real role models – individuals who understand that wrong is wrong – and just because you get away with it once does not make it right. Their success stories – which no doubt include some weak periods of their own - can help you avoid both temptation and rationalization. Perhaps more important, they will remind you that just because you get away with it ten times does not mean you will on the eleventh.

Join FiSCA and Your State Association. Corny as it may sound, industry trade associations are the only united voice to regulators, lawmakers and the public and the only reliable information source for those “doing it right.” Don’t make up reasons not to join. It may cost a few bucks annually, but the future of the industry – and hence your financial future – may well be in their hands.

Recognize “Opportunity” for the Trap It Is. This one is really simple. Know your financials. They don’t lie. Have them prepared monthly by reputable pros. Read them. If they’re legitimately prepared, you know what you can and can’t afford. That will make it very difficult to lie to yourself, and easier to see how difficult it will be down the road to keep your lies from others whose job it is to catch you in one. Plus, knowing your numbers can inspire you to make business changes and improvements that relieve economic pressure in the long run.

Find Another Outlet of Expression. When money becomes an end in itself – and what it buys the ultimate expression of who you are – it’s safe to say you’re addicted. Free yourself from pressure of “what others think” by replacing these faux coping mechanisms with something healthier and more meaningful. Finding it may be a challenge, so look to your role models for guidance.

If it helps, remember ostentatious shows of wealth are out right now. In fact, if you need to show how well you’re doing, it’s almost a certainty that you’re not really doing very well at all. As a died-in-the-wool, unreconstructed capitalist, I’d be the last to tell others they shouldn’t seek out ways of measuring individual success. The real question is, “Will your success be measured by someone else’s benchmarks, or according to your personal scale of value?” Everyone has moments of weakness and insecurity. How you manage them is up to you.