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GUEST OPINION: LATOUR "LT" LAFFERTY

Florida doesn't have to be great incubator of fraud, thievery, malfeasance and graft

There's a nasty ring of corruption around Florida's white collar these days. It's so obvious and we wear this shirt so



LAFFERTY

often, we must like the fashion.

The former chair of the Republican Party of Florida has been

indicted for fraud, theft and money laundering. A former speaker of the House is about to stand trial on grand theft charges.

Florida has perhaps the most high-profile securities fraud cases in the nation, including well-connected lawyer Scott Rothstein and Art Nadel, the disgraced Sarasota money manager.

For the last four years, Florida has ranked No. 1 in the nation for mortgage fraud.

From the halls of the Legislature to the boardrooms of major corporations to the back offices of subprime mortgage mills, Florida is in the midst of an unprecedented and pervasive ethical crisis. The question is why?

Over 50 years ago, sociologist Donald Cressney coined the term "fraud triangle." In order for organizational fraud to occur three factors needed to be present — motive, opportunity and rationalization. This same theory can easily explain why white collar crime is a boom indus-

try in Florida today.

Money is clearly the motivation. But why does Florida present such a ripe environment for fraud?

Let's break it down into the four primary sectors where the fraud occurs: politics, health care, financial services and real estate.

In politics, it is Florida's oft-chided pay-to-play culture and a weak State Commission on Ethics which has limited power to regulate state and local public officers.

Florida is home to a high number of Medicare and Medicaid beneficiaries participating in an antiquated method of reimbursement that works on the honor system and lacks effective internal controls when honor doesn't suffice.

Ponzi schemes thrive in a state where the wealthy flock to limit their income tax burden. Maybe it's too much sun, but otherwise savvy "qualified" investors fall prey to scammers and regulatory agencies seem incapable of keeping pace.

Finally, Florida's real estate boom created a frenzy of mortgage fraud and the subsequent failure of many lending institutions.

There was clearly a lack of self control, but regulatory agencies that might have protected amateur investors and shut down the scammers were nowhere to be seen.

Regulatory reforms and law enforcement initia-

tives are by their very nature reactive measures that fail to address the core issue — we allow these ethical breaches to occur because we rationalize them away.

As long as our culture permits the rationalization of misconduct, there will be those individuals willing to exploit the current opportunities to satisfy their insatiable greed and ego.

The Greek philosopher Epictetus said that "prevention is better than cure," illustrating that the only way to effectively combat the current white-collar crime crisis in Florida is to address our own ethical lapses.

Ethics is the foundation of all law and when ethical misconduct is tolerated it simply escalates from intent to criminal conduct.

We must sweat the small stuff and create a culture of integrity. It's up to us to decide not to wear the stain of ethical failure.

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