COMBATTING FRAUD AND WHITE COLLAR CRIMES: LESSONS FROM NIGERIA.

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Abstract
Nigeria has paid dearly for ethical lapses and competency deficiencies in public and private life. Fraud is systemic in Nigeria with the ordinary citizen being compelled to be either a liar, a cheat or an outright thief. Fraud has stultified growth and national development, subverted the nation’s values and norms, generated a culture of illegality and impunity in public service, and frittered away the promise of the nation’s future. Today, the nation faces the trauma of a State whose date with destiny has been put on hold, for reasons that are completely self made, and completely avoidable. Any remedial measure that does not address core and ingrained character defects in leaders and followers, will not attract great success. What is needed is a strong accountability framework, an integrity system that is efficient in design and effective in operation, and a new generation of leaders. The choice before the nation is simple: Bend or Break... Value recreation is a must. We may be disappointed if we fail; but we are doomed if we do not try.

Keywords: Fraud, Corruption, White-Collar Crimes.

I. INTRODUCTION
In the celebrated case of Wells v Zenz, fraud was defined as a generic term which embraces all the multifarious means which human ingenuity can devise and are resorted to by one individual to get any advantage over another. It includes all surprise, trick, cunning, dissembling and unfair ways by which another is deceived. Fraud covers a plethora of corporate crimes, like embezzlement, larceny, theft, misappropriation of assets, and so on. Penny (2002) simply explains fraud as an illicit financial gain for the fraudster or loss for the victim, and deception. White-collar crime is a crime committed by a person of respectability and high social status in the course of his occupation and it covers embezzlement, bribery and corruption, economic extortion, conflict of interests, kickbacks and bid rigging. Thus, the terms fraud, theft, white-collar crime, corruption and embezzlement shall be used interchangeably in this paper. For purposes of clarification:
• Embezzlement describes a process whereby a perpetrator who has fiduciary duty to care for and protect a property, then converts it to his own use. It is usually theft from an employer by an employee, and involves a breach of fiduciary duty. Three elements are involved here: there must be a relationship of employment or agency, the asset embezzled must have been possessed by the fraudster by virtue of that relationship, and there must be an intentional and fraudulent appropriation or conversion of the asset.
• Conversion is the unauthorized assumption and exercise of the right of ownership over goods or personal chattels belonging to another, to the exclusion of the owner’s rights. The elements are again three: absence of authorization from the rightful owner of the asset, the exercise of dominion and control and rights of ownership over the property, and exclusion of the rights of the true owner.

• Corruption is an act of an official or fiduciary person who unlawfully and wrongfully uses his station or character to procure some benefit for himself or for another person, contrary to duty and the rights of others. It is the giving and receiving of something of value (e.g. money, sex, gifts, etc.), whether demanded or not, to influence the receiver’s action favourably toward the giver. Where corruption is rife, those holding public office are not held to any distinction between public and private behaviour, notions of service and merit do not exist, and the ends of power are little more than self-enrichment. The different forms of corruption include Bribery and extortion; Fraud and embezzlement; Illegal use of public assets for private gains; Over- and Under-Invoicing; Payment of salaries and other benefits to non-existent (“ghost”) workers and pensioners; Payment for goods not supplied or services not rendered (“air supply”); Under-payment of taxes and duties on exports and imports through false invoicing or other declarations; Purchase of goods at inflated prices; Misappropriation of assets; Court decisions awarding monetary damages well in excess of any injury suffered; Removal of documents or even whole case files; Nepotism and patronage (Ruzindana, 1998).

Corrupt enrichment, no matter the complexion of the crime - white-collar, corporate fraud, embezzlement, whatever - distorts the values and norms of every society. Nigeria has paid, and continues to pay a huge price for corruption in high and low places in the land. Corruption inhibits the performance of public and private sector organisations and constrains the optimal use of resources. It engenders wrong choices, and holds up crooks and deviants as models of distinction for the younger generation, degrades quality, distorts economic and social development, and generates a culture of illegality that in turn breeds market inefficiency. It increases cost of goods and services, promotes unproductive investments, and leads to a decline in quality of public and private service. Indeed, the heaviest cost of corruption is not in the bribes themselves, but rather in the underlying economic distortions they trigger (Stapenhurst & Langseth, 1997).
Corruption is often said to be rare in Botswana, widespread in Ghana, and systemic in Nigeria. Perhaps the first lesson from Nigeria is a re-definition of what constitutes *systemic*. Fraud becomes systemic in a society when:

- It becomes an industry all on its own, complete with stakeholders, investors and risk-return profile. The fraud industry is organized, with internal coordination, shared knowledge and a vertical exchange of benefits linking principals and agents. It closes off clients' alternatives, creates a network of operatives, freezes out critics and non-corrupt agents, and shares rewards and risks among stakeholders.

- The system on its own grows practitioners at every level - from school to graduation, from childhood to adulthood, from micro to macro levels. There is a sustained supply of individuals and mean fellows who ensure that the system of fraud and corruption is maintained in perpetuity.

- People actually expect leaders to be corrupt; to be any less is regarded as too good to be true. Indeed, they are considered fools who have served in public office without accumulating ill-gotten wealth.

- The operation of the system actively favours the corrupt and actively discourages people with integrity and character. Thus, men who run for public office on records of excellence in character, end up miserable losers in the power game.

- The price tag for public office is quite high for men of character: sacrifice of personal integrity. The would-be official is expected to renounce his basic convictions and values in order to belong. The system makes out of citizens, either liars, or cheats or outright thieves.

- The system never holds leaders accountable; ethnic and sectional loyalties override character and competence deficiencies. Besides, the people have a very short collective memory; a man’s sordid deeds in the past, are very soon forgotten and forgiven him.

This paper is therefore aimed at drawing upon lessons from Nigeria on the issue of combatting fraud and white-collar crimes. The study shall specifically analyse the impact of fraud on the Nigerian nation, review the efforts made in the past to combat it, investigate into why fraud and corruption have become so resilient in the nation, and attempt to fashion out the way forward for the nation.

II SELECTED EXAMPLES FROM NIGERIA’S CASE-FILE

The Nigerian dilemma on fraud and corruption, is best summarised by the UNDP Human Development Report (2009):
Nigeria surely has a scorecard; but it is an unimpressive one relative to its contemporaries in the 1960s and 1970s. What is different about Nigeria is that its poverty and human development performance are largely avoidable. Forty-nine years of managing its own affairs has shown that the country has immense potential, is blessed with human and natural resources, yet exhibiting significant deprivation in the midst of plenty. ... In many respects, the economy has shown traits of a complex colouration that defies conventional classification. It is a country of extremes - extreme wealth on the one hand and extreme want on the other - which makes it possible for some 20 per cent of the population to own 65 per cent of its national wealth (2009: 27).

Nigeria is rated the 7th largest producer of oil in the world, with a population in excess of 140 million citizens, offering a rich source of cheap and enterprising labour, and the largest market in Africa. Her non-oil mineral resources remain largely un-utilized, including bitumen, uranium, gold and bauxite, tin, coal, and indeed, practically every known global revenue spinner. Yet:

- Over 70% of Nigerian citizens live below the poverty line, and Nigeria is ranked 156th out of 187 countries in the world ranking of nations using the Human Development Index (UNDP, 2011). Meanwhile, Nigeria has earned close to $450 billion since 1970 on oil receipts alone. Between May 1999 and June 2008 alone, the country earned over $205 billion (Cited by Wokoma, 2008);

- Nigeria’s Human Development Index at 0.459 lags behind the Sub-Saharan Africa average of 0.463 and the world average of 0.682. The inequity-adjusted HDI is even further disappointing at 0.278. The low point in the global scale is 0.456! The Multi-Dimensional Poverty Index (MPI) shows that 54.1% of the population live in poverty, with 57.3% in intense deprivation (HDI, 2011);

- Other HDI for Nigeria include: Life expectancy 51.9 years; Education index 0.442; Multi-Dimensional Poverty Index 0.310; and Gross National Income per capita 2,069. Current statistics reveal that 1% of Nigeria’s population, enjoy the privileges of 80% of its oil wealth. Thus, 99% of the population have barely 20% of the overall wealth to struggle over;

- The nation’s Misery Index is on a persistent rise. Indeed, a Preston curve on income distribution in the world indicates that Nigeria is one of the three poorest nations of the world, where more than 80% of the population earn less than $1 per day (Egwu, 2007).
The anti-corruption group, *Transparency International* has consistently ranked Nigeria among countries most riddled with corruption. It described Nigeria as a *Gangster’s Paradise* where “...you pay a bribe to see a key official in many an establishment. You pay a bribe to get a job. You pay a bribe to get the passport that is yours by birthright. If you do not give or collect bribes, you remain poor and an object of scorn despite your several degrees and cognate experience until Providence intervenes for you” (TI, 1998).

The 2011 Ibrahim Index of African Governance released by the Mo Ibrahim Foundation, ranked Nigeria 41st out of 53 African countries studied. The Index seeks “to provide a robust, comprehensive and quantifiable tool for civil society and citizens to hold governments to account, to stimulate debate on governance and to provide a framework to assess governance quality in Africa” (Obi, 2009). The Index ranks good governance in four major areas: Safety and Rule of Law, Participation and Human Rights, Sustainable Economic Opportunity, and Human Development.

In 1998, the World Economic Forum (based in Germany) rated Nigeria 22nd out of 23 African countries in the order of competitiveness for foreign aid. Of the five factors cited as the culprit, corruption was the star of the pack. Indeed, the other factors - poor infrastructure, lack of clear direction in market-oriented economy, political instability and military dictatorship - owe their potency to the escalating effect of corruption.

The challenge of fraud and corruption in Nigeria, is best illustrated by a review of selected examples from Nigeria’s case-file:

**CASE 1:** Mrs. Ilia (not real name) was the MD/CEO of a mega bank in Nigeria. In the wake of reforms that swept through the nation’s banking sector, she was found to have violated her trust as banker. She was arraigned for granting credit facilities in the sum of $20 million to a firm, well beyond her credit approval limits as laid down by the bank. Subsequent investigations revealed that under her watch, the bank’s monthly returns to the regulatory authority, were far from accurate. Further more, she extended a ₦2 billion credit without adequate security to yet another firm. It was found that she had granted credit facilities to the tune of ₦747 billion, with more than half going to her family and proxies. Assets in excess of ₦1 trillion ($6.5 billion) were traceable to her, with properties and shares in companies across Nigeria, Dubai, South Africa, England and the USA. She held over a billion shares of her own bank and nearly 1.5 billion shares in top of the line banks and corporate firms.
She entered a plea bargain at her trial and was sentenced to eighteen months imprisonment which is to run concurrently for six months without the option of fine, for abuse of office and mismanagement of depositors’ funds. She was also to forfeit assets worth ₦191 billion comprising 94 choice properties across the world and choice bank and company shares.

CASE 2: Mr. Rojan (not real name) rose to become a Governor in one of Nigeria’s oil rich States in 1999. Under Nigerian laws, he never should have risen that far having been convicted in 1991 in London and fined for stealing from his employer; and in 1992 for possession of a stolen credit card on which he had run up huge bills. However, those convictions did not stop him from being appointed a Consultant on Public Policy and Implementation in 1994 to the President of the Federal Republic of Nigeria. In 1995, he was again convicted for negligent conduct and criminal breach of trust, and was therefore unfit for public office. After eight years in office as State Governor, he was arraigned on a 170 count charge of corruption and abuse of office. The Nigerian judicial system absolved him of all wrong doing, and discharged and acquitted him.

It took a Crown Court in Southwark, London to convict Mr. Rojan on charges of false age declaration, corruption, embezzlement and money laundering amounting to a sum in excess of $250 million (₦40 billion). The accused pleaded guilty to the same charges the Nigerian courts failed to pin down against him, and in related cases, his wife, his mistress, his sister and his lawyer, were all sentenced to various terms. This conviction, immediately raises serious questions as to Nigeria’s judicial system, law enforcement apparatus, the screening process of the regulatory authorities, the efficiency of the party structure, and the quality of the political class.

CASE 3: In another case still awaiting trial, the State Police Command in one of Nigeria’s Southern States unearthed quite a can of worms. It was discovered that some police officers attached to the department responsible for the payment of salaries, and the civilians attached to the audit department, in collaboration with some bank officials, defrauded the Command of an estimated ₦49.54 billion over an eight-year period. The fraud was perpetrated through bloating of the payroll with fictitious names, embezzlement of burial expenses for late officers, and withholding of touring allowances and other charges released to the Command. Some of the officers were found paying themselves senior officers’ salaries,
whereas they were junior officers. For instance, a Corporal paid himself the salary of a Deputy Superintendent. In one month, April 2011, the fraud syndicate stole some ₦70 million; over six months, the sum had risen to ₦309.63 million; and by the end of the year, ₦619 million.

**Case 4:** A Federal-Government owned Refinery and Petro-chemical Company was experiencing several hiccups in its operations and ceaseless breakdowns, in spite of huge sums of money spent (₦15 billion in 1993) on its Turn-Around Maintenance (TAM). An investigative team was appointed to find out what was amiss. The team discovered that the funds released by government for the TAM, were received and paid into a dedicated account, not the Central Bank; and the interests paid on the deposits were withdrawn and transferred into private accounts. The original manufacturers were sidelined in the TAM, and a completely different firm was engaged to execute the task with sub-standard spares and poor quality results. Payments to the foreign experts were made through Letters of Credit obtained from a non-existent bank; and the regulator of the financial system never issued any queries but rather continued to release foreign exchange.

The indigenous engineers certified that the TAM was duly and properly executed justifying that further payments be made, even when the contractors were yet to commence work, or even arrive Nigeria on some occasions. The internal audit/quality assurance unit of the Refinery and its supervising agency, were fully in the know of the anomaly, yet they continued to certify that nothing was wrong.

The Report of the Investigating Team was submitted to the Presidency at the time; it was ignored and no action was taken. When a new President assumed office, he set up a Committee to study the Report. The Committee undermined the Report and watered down its main submissions. Finally, a second Committee was set up by the President to put in place the modalities for implementing the watered down Report. They worked until the Report and its findings disappeared from public view and national significance.

**Case 5:** Mr. Lionel (not real name) was elected Governor in a Nigerian State. At the end of his eight-year tenure, he was arraigned for corrupt enrichment while in office. He quickly entered a plea bargain, and opted to pay a fine of ₦3.5 million in lieu of imprisonment. Meanwhile, fresh facts are emerging of the
extent of the fraud that attended his days in Government house. A team of forensic accountants retained to probe some contracts of Mr. Lionel’s term, disclosed some embarrassing facts:

▶ Under Mr. Lionel’s watch, the State government incurred a capital expenditure of N100 billion on roads. An in-depth inquiry showed that out of the 50 contractors listed in the road construction and rehabilitation projects, 10 are non-existent, 4 had never ever worked for the State Government, 6 did not work for the Government in the period under review, 20 stoutly refuted the length of roads ascribed to their company, and 5 companies did not bother to respond. Only 5 companies in which the family of the Governor had controlling shares accepted all the responsibilities ascribed to them.

▶ The accountants further discovered that the bill of quantities revealed extensive over-valuation of the construction materials, to the tune of 412%. After the netting of all costs, the firm of forensic accountants came to the conclusion that out of a capital expenditure of N100 billion on roads, Mr. Lionel’s government misappropriated a total of N81.3 billion. That is a record by any African or Asian standard - 81% attrition rate.

▶ In the Health sub-sector, Mr. Lionel’s government paid first, 15%, and then 75% of agreed contract payment to foreign suppliers, ostensibly for the State hospitals. The foreign firms made no supplies. Upon investigation, the foreign experts presented letters of agreement which stipulates that the money given to them was meant for the development of pharmaceutical companies in Asia for the family of the Governor. The total amount involved was N19.8 billion.

▶ Mr. Lionel claimed N20 billion for the supply of Rural Water to the communities in his State. Out of the 9 Urban water schemes the government claimed to have launched, it was discovered that only the one in the State capital actually attracted government patronage. Out of 300 sunk boreholes in the different communities, it was discovered that over 80% of them had only a length of 18” pipe buried underground. The overhead water tanks were filled on commissioning day with the help of water vendors, and thereafter the taps ceased to run. The forensic accountants concluded that out of an outlay of N20 billion on the Water project, N18.9 billion was misappropriated.

It is no surprise that the regulatory agencies have decided to re-open the case against this former Governor. Fresh charges revolve around conversion of
government shares and holdings in blue chip companies. Besides, State funds seem to have been applied in sponsoring a refinery, a palatial world-class hotel, top-of-class luxury cars and property acquisitions in Africa, Europe and Dubai.

**CASE 6:** The Presidential Pension Reform Task Team (PRTT) was set up in 2010 under the Office of Head of Civil Service of the Federation, to reform the pension system and ensure a robust database that will encompass biometric credentials of all Federal pensioners. The Task Team comprises officers from different agencies of government - ICPC, EFCC, SSS and Attorney-General of the Federation. Its findings include:

- At the Office of Head of Service, some under-aged persons were listed as pensioners. After the actual biometric, the list of pensioners was pruned down from 141,790 persons, to 70,657. The budget for pensions was also reduced from N5 billion per month to a mere N825 million. The Team however, discovered a group of 50,000 pensioners which for 35 to 40 years, had never been captured in government pension payments.

- At the Police Pensions Office, the Team discovered two bank accounts with huge sums of money on deposit - N8.9 billion and N10 billion respectively. The bank statements revealed that an average of N295 million to N300 million was being withdrawn every other day from these accounts for no ostensible reason. Available records also revealed that outstanding pension claims of the Office stood at N3.4 billion, but they requested and obtained from government the sum of N24 billion for this charge. Some 2,014 ghost workers and 133 duplicated names were found on the pension list.

- Following disclosures from the PRTT, a serving Federal Permanent Secretary was arrested and a cash sum of N2 billion found in his residence. The Task Team detected illegal withdrawals from the Police Pension funds amounting to N14 billion. The Team further recovered N1 billion in cash from a staff of the pension office, and secured forfeiture of three luxury estates with about 27 blocks of deluxe flats in Abuja, and other Nigerian towns. In 19 months of operation, the Task Team has been able to recover N151 billion for government.

Numerous other internal and international cases of fraud exist, which are still begging for final resolution. There is the case of the US energy services company, Haliburton, which was found to have, through a subsidiary, paid bribes totalling $2.5 million to Nigerian officials, to obtain favourable tax assessment in 2005. Besides, an international consortium building liquified natural gas plant in
Nigeria came under investigation in France for suspected payment of bribes totalling $180 million to Nigerian officials to obtain construction contracts valued at $6 billion. In 2006, there was also the case of an investigation into business transactions involving the American company, IGATE, in which both the American and Nigerian officials were alleged to have been bribed. While the foreign counterparts to these frauds were conveniently and routinely prosecuted under the law, the Nigerian angle remains mired in needless controversies.

The above cases, represent no more than a tip of the iceberg. The studied diversity in form and content of fraud and white collar crimes constitute a sore challenge to every administration that has governed the Nigerian nation. A 1996 Corruption Perception Index (CPI) of Transparency International ranked Nigeria as the most corrupt nation among 54 nations studied, with Pakistan as a close second. Indeed, three times in 1996, 1997 and 2000, Nigeria earned the dubious honour of being the most corrupt nation on Planet Earth; and in four other instances, was placed among most corrupt five economies - in 1999, 2001, 2002 and 2003. The knell seemed to have sounded: our desperate national malady, needs a radical remedy.

As far back as 1983, an erudite scholar and writer warned the nation in these words:

_Nigeria is the only country where as a general rule, people are wrong and strong at the same time. ... If Nigeria had effectively and efficiently utilised just only 25% of all the oil money she had earned between 1973 and 1983, she would have graduated from the membership of under-developed nations to become a member of the developed nations. Nigeria has produced more millionaires within the past ten years than any other country in the world, yet Nigerian governments are not able to pay their workers, finance educational systems, and meet her foreign exchange obligations (Ukeje, 1983)._ 

Still from the archives, a commentator of blessed memory said:

_Governments react to sudden affluence almost as individuals react to alcohol: some absorb it coolly and take it in their strides; others get easily drunk and heady. The change that overtook Nigeria’s finances between 1962 and 1973 made the Nigerian government really drunk and heady. Most of the lessons of public sector management of the [1950s and 1960s] were lost in one heady five-year binge that began in 1973 and did not let up_
till 1978... We need to recreate the system of values that can inspire efficiency, loyalty and dedication in our bureaucracies. Any Administration that succeeds in restoring the moral tone of our public officers and in inducing them to greater productivity will have restored Nigeria on the path to greatness (Okigbo, 1983).

The sad commentary is that Nigeria’s heady binge is yet to let up - fifty years after the attainment of political independence. So how did subsequent governments address this national problem?

III COMBATTING THE FRAUD MONSTER

Nigerians of every hue and dye, have condemned fraud and corruption in the strongest terms. Every one has a thesis on how this monster can be reared in and curtailed for the general good of the nation. The nation is almost unanimous in decrying this cankerworm, and most have at some time or the other wished the economy at least less of it. So much was the concern for efficiency and morality, that in the first half of the 1970-1980 decade, Nigeria mobilized her brain and brawn to get rid of fraud and inefficiency from the public service. A national Salaries and Wages Commission (commonly called the Udoji Report) was put in place in 1974. This was in a sense a thesis on inefficiency and public morality. The introduction of Management by Objective, Programming Planning and Budgeting, and Project Management into the Public Service were some of its prescriptions.

A few months after the publication of the Government White Paper on the Report, a new government came to power in 1976 and called up the brawn of the nation and unleashed the awe of the sword on inefficiency and abuse of public office. Thousands of public servants were “axed”, and many “dead woods” in the public service were “burnt”. But when the executions subsided, the survivors learnt new tricks and the bad attitude to public office deepened. An assortment of varied policy tools have been employed in the battle against fraud and decadent public morality - aggressive pursuit of economic reforms, privatization, banking sector reforms, anti-corruption campaigns, and establishment of clear and transparent fiscal standards. Yet, fraud is surviving all the onslaughts, and has continued to thrive rather than die. Why?

Measures to combat fraud and corruption in public life in Nigeria, fall into four broad categories: Statutory Enactments, Social Mobilisation, Institutional

As part of a social mobilisation effort, the Nigerian President used the opportunity of the graduation ceremony of soldiers at the Command and Staff College, Jaji, Kaduna, Nigeria, in 1977, to make what has come to be regarded as the Jaji Declaration. The sudden national wealth arising from oil in the 1970s, had encouraged greed and corruption, and birthed a new trend among the political and military class, where people sought power, not for service, but as a means of amassing wealth. The Declaration bemoaned the indiscipline, corruption, moral decay and lack of patriotism which had become part of national life. It exhorted all Nigerians to be more disciplined, more humane and more considerate towards the welfare of their fellow citizens, and to eschew materialism, flamboyant display of wealth, and unnecessary acquisitive tendencies.

Other measures of government would later follow in succession: the Ethical Revolution in 1981-1983, the War Against Indiscipline (WAI) in 1984, the National Orientation Agency in 1986, and the Mass Mobilization for Social Justice and Economic Recovery (MAMSER) in 1987. While the Ethical Revolution was a purely political programme ostensibly designed to reinforce the ethics of discipline, self-reliance and patriotism in national life, the WAI was essentially a militant and practical tool that sought to whip a recalcitrant populace into line. The WAI sought to compel a character change in the Nigerian through detentions, forced retirements, and in extreme cases, even death penalties. Judged as stifling all social life and being too high-handed, the measure soon became a tool for hunting down the enemies and opponents of the ruling clique. The last in our list, the MAMSER was no more than a social and economic re-engineering policy which sought also to affect positively the grain of the Nigerian in public and private life.

With the advent of the civilian democratic experience in Nigeria, the Federal Government in 1999, began to introduce a host of institutions to fight fraud and corruption in public life. A Code of Conduct Bureau was put in place to regulate
the activities of public servants, to the exclusion of the private sector. The law sought to staunch corrupt practices among public servants - forbidding public servants from engaging in private practice, receiving remunerations from more than one public office at the same time, receiving gifts or benefits in cash or in kind on account of anything done in the discharge of his duties, and the maintenance of foreign accounts. Furthermore, there is also the Budget Monitoring and Price Intelligence Unit (BMPIU) otherwise known as the Due Process Unit, established within the Presidency to curb the incidence of bloated and over-inflated price quotations for government projects. Finally, there is a Fiscal Responsibility Act put in place to work in tandem with the supervisory function of the Legislature, in curbing executive profligacy.

However, the two main anti-graft agencies of government as at today, are the Independent Corrupt Practices and Other Related Offences Commission (ICPC), and the Economic and Financial Crimes Commission (EFCC). Between them, they have taken some giant strides in addressing the moral decay in the society. While the ICPC focuses mainly on the public sector and activities of government, the EFCC covers both public and private sector fraud in Nigeria. Obayelu (2007) attempts to sketch out the success profile of these anti-fraud activities:

▪ First, they have recorded a number of high profile convictions since inception. Many advance fee fraud kingpins (commonly known as “419” fraud in Nigeria) have been detained and their loot recovered.

▪ Two Justices of the High Court have been sacked and two others suspended, several legislators (including a past President of the Nigerian Senate) have lost their legislative posts and are facing prosecution, three Ministers of the Federal Republic have been dismissed and arraigned in Courts of law, a former Inspector-General of Police (the nation’s topmost law enforcement officer) has been tried, convicted and jailed, and some State Governors have been impeached or convicted for corrupt enrichment.

▪ Between 2003 and 2004, the EFCC recovered money and assets from crime of over $700 million, as well as £3 million through the British Government.

▪ The EFCC successfully prosecuted a fraud case involving $242 million arising from a bank fraud in Brazil in 2005. In its 2006 Report, it revealed that the Commission has made 91 convictions and recovered assets worth over $55 billion. Thus, by its activities, it has increased the revenue profile of government by about 20%.

▪ A former Nigerian military dictator was reputed to have stolen some $1.13 billion and £413 million, apart from $386.2 million defrauded through
fictitious and inflated contracts. The anti-graft crusade of government has led to the recovery of a substantial proportion of these funds.

In 2011, the Nigerian Federal Government set up an Inter-Agency Task Team (IATT) consisting of twenty-one Anti-Corruption and Public Agencies promoting transparency and accountability in Nigeria. The objective was to galvanize and reaffirm the unwavering commitment of Government in the fight against corruption by creating a single vision and a shared sense of purpose by those tasked to prevent and combat the monster. The Team identified a major problem in Nigeria’s anti-corruption efforts - the location of anti-corruption functions within multiple and operationally diverse institutions, which despite their closely related and often overlapping mandates, have limited interface and cooperation, and seldom coordinate policies and operations. The Team formulated a three-pronged National Strategy to Combat Corruption - Prevention, Enforcement and Sanction, and Public Engagement. It proposes intervention at the policy, technical and institutional levels and aligns the objectives in the fight against corruption with major government policies.

The Nigerian National Strategy (2011-2020) promotes a three-phased approach:

i) Strengthening the capacities of the dedicated anti-corruption and public accountability bodies;

ii) Main-streaming of anti-corruption and governance principles into the work of the Ministries, Departments and Agencies (MDA); and,

iii) Strengthening accountability, integrity and transparency at the State and local government levels, the private sector and the society at large.

The Strategy incorporates a strong monitoring and evaluation system that will ensure that individual MDAs prioritize and fulfil their obligations under the Strategy, and that the public, the private sector and the international community are informed of, and involved in the assessment of progress.

These are welcome developments in the war against fraud and corruption. The Corruption Perception Index of the Transparency International may serve as a ready index of how far Nigeria has gone in its sanitization programme. Between 1996 when Nigeria was branded the most corrupt nation on Planet Earth, and 2008, the position of Nigeria showed a remarkable improvement - up from the bottom, to a position of 121 out of 180 countries studied. By comparison, Botswana was ranked 36 and Tanzania 102. However, since then Nigeria has
begun another free fall - 130 in 2009, 134 in 2010 and 143 in 2011. It seems that the programmed activities that achieved a measure of success in the recent past, are fast losing grounds.

The question still begs for answer: Why is Fraud so resilient in Nigeria? It is to this thorny issue we now turn.

IV WHY IS FRAUD SO RESILIENT? LESSONS FROM NIGERIA!

Corruption has penetrated the warp and woof of the Nigerian society. The boss and his messenger, the police officer and the recruit, the classroom teacher and his student, the politician and the voter, the judge and the lawyer, the pastor and his parishioner - none can remain untainted by this stigma. Two main factors have played upon each other in destroying the moral fibre of the nation: abject POVERTY and malevolent GREED. The greed of the ruling class, plays upon the poverty of the larger majority of the people to perpetuate the scourge of fraud and corruption.

Why else would a serving Inspector-General of Police misappropriate ₦17 billion of Police fund in less than four years of public office? Why would a Major in the Army accused of supplying government arms and ammunitions to militants and insurgents in Nigeria’s Niger Delta have over ₦220 million in his bank account? Why would a serving Permanent Secretary in a Government Ministry be found with the sum of ₦2 billion in cash at his residence? These are obvious cases of greed.

Furthermore, there seems to be a clear case of insincerity among the leaders in truly addressing the problem; they have tasted the forbidden apple of power, wealth and personal ambition nurtured and grown by corruption, and most of their protestations against corruption is mere lip service. It does appear that the anti-corruption agencies are allowed to operate, to the extent that they do not cross invisible boundaries imposed by the government of the day. Thus, in spite of spirited attempts by Nigeria’s EFCC to battle fraud, no Chief Executive of that body has been allowed to serve out his or her term. They have all been applauded when they hound the real or perceived enemies of the government of the day, and removed from office when they step on sacred toes.

In Nigeria’s recent history, no leader has addressed the cankerworm of fraud more directly, than the former President, Olusegun Obasanjo (1999-2007). Yet, when he traded accusations with his Deputy on pages of newspapers on their
involvement in corruption, it became clear that Caesar’s wife was far from above suspicion. In washing their dirty linen in the public, they revealed that much of the high level international fraud that Nigeria was involved in, had its roots in the Presidency.

The necessary follow-up therefore, is that the battle against corruption in Nigeria is being prosecuted by men who are not morally qualified to lead in the crusade. It takes a revolutionary to call forth a revolution; and revolutionaries are moral purists and idealists, who would rather place their own necks on the chopping block than go against the grain of their convictions. Very few Nigerian leaders would qualify as moral purists. In a recent Public Lecture by this writer (Osisioma, 2010), he raised five questions that are germane to our search for good governance and credible leadership in Nigeria today. Addressing a cross-section of Nigerian politicians including a serving Governor, experienced bureaucrats, seasoned academics and captains of industry, this writer posed some heart-searching questions:

- Is there any Nigerian leader you can hold out as an example and model for your children?
- Which leader in Nigeria do you secretly want to be like in character, morality and general disposition?
- Do you know of any Nigerian leader you can honestly say with confidence, that he will never lie to the people?
- Is there any Nigerian leader who can truly be called the servant of the people?
- Which Nigerian leader do you really trust?

The answers to the above posers may begin to highlight Nigeria’s predicament as a nation in the search for credible and honest leadership.

Finally, corruption has been seen to be very rewarding in Nigeria; hardly is any one truly called to account for corrupt crimes of the past. Obayelu (2007) blames three major factors for the enthronement of fraud and corruption in Nigeria: the nature of Nigeria’s political economy, the weak institutions of government, and a dysfunctional legal system. Absence of clear rules and codes of ethics, a culture of affluent and ostentatious living that puts pressure on public officials, and village/ethnic loyalties and competitive ethnicity. In his words, Nigeria is one of the very few countries in the world “where a man’s source of wealth is of no concern to his neighbours, the public or the government” (Obayelu, 2007). Until people perceive that it does not pay to be corrupt, they will not steer away from
that course.

Again in an earlier study, this writer sought to explore *FIVE THESSES* on why fraud and corruption remains very resilient in Nigeria (Osisioma, 2009):

1. *Corruption has an inherent capacity within its operational framework, that sustains it and gives it life in perpetuity.*

The greatest tragedy about corruption in Nigeria, is that men of questionable character and less than wholesome pedigree, have been elevated to the position of anti-corruption crusaders. A legislator who riggled his way into the legislature, cannot work conscientiously for an electoral process reform. A lecturer who cheated to obtain his certificate, cannot be trusted to drive the battle for ethical restoration in the schools. A police officer who rises through the ranks through deceit and fraud, cannot overnight become a paragon of virtue. Thus, the anti-corruption war in Nigeria can achieve no success until it purges itself of those within its ranks that are purveyors of corruption. No man can give what he does not have; and so hands tainted with corruption cannot effectively prosecute the war against corruption.

2. *Political accountability and democratic transformation hold the key to victory in the fight against corruption in Nigeria.*

To be accountable is to be answerable and responsible to a party as a means of ensuring that the purpose and objectives of certain programmes and activities are achieved. Thus, we can talk of *Financial Accountability, Results Accountability, Administrative Accountability* and *Political Accountability*. Political accountability on its own part, hinges on four main considerations.

- First, *are the representatives of the people, truly representing the interests of those who elected them?* In the modern polity, representative system of government has become the means whereby the powers of state are exercised on behalf of the people. But the mere fact of representative government is no insurance of genuine democracy. For as Bevan (1978) said:

  *A representative person is one who will act in a given situation in much the same way as those he represents would act in that same situation. In short, he must be of their kind. ... Election is only one part of representation. It becomes full representation only if the elected person speaks with the authentic accents of those who elected him. ... He should share their values;*
that is, be in touch with their realities.

- Second, does the democratic practice truly give effect to the wishes of the majority? It is trite saying that in a democracy, the majority may have their way, but the minority must have their say. However, the Arrow Paradox postulated by Kenneth Arrow about the collective rationality of the political process, states that under certain plausible conditions, majority voting can fail to reflect the will of the majority. In other words, a small but powerful minority could in effect dictate the outcome of the electoral process to the majority. Political accountability requires that a powerful minority does not neutralize the common wishes of the voiceless majority.

- Third, does the political process emphasize due process and faithfulness to statutes and necessary laws of the land? A country’s laws represent the clearest index of group consensus in a polity, and the legal process is the method by which a people formally establishes norms or standards of acceptability. Faithfulness to the laws is therefore, a major criterion in the quest for genuine accountability.

- Finally, are the actions of the legislature, the judiciary and the executive such as to maintain the trust and confidence on which public office is anchored? The democratic ethic requires the public official to perform his duty in a manner that shows responsiveness to the society from which his authority derives.

It takes a politically credible leader to effectively combat fraud and corruption in the land.

3. Unless the present generation of practitioners in Nigeria’s public life give way to fresh blood, there is no hope in the battle to rout corruption.

Nigeria needs a completely new generation of fresh practitioners to drive the nation’s public life. The old foxes need to take a rest and allow an infusion of a breath of fresh air. The typical Nigerian politician is a study in contrasts:

- He is a master of double-speak and espouses a leadership completely bereft of ideas;
- He has many cards he plays, depending on the needs of the moment. He could play the ethnic card, the religious card, the gender card, the violence card, or the rent-a-crowd card;
- He has no respect for the rights of others - only his own rights. His understanding of democracy is terribly skewed in favour of his personal
and selfish interests;

▪ He is a *wily schemer* who wants to reap where he has not sown and he has no qualms about converting the pains of others into his own gains. He will gladly serve his masters scorpion instead of fish, and retains a large appetite for power and position;

▪ He will *rather exploit than protect the weak and defenceless*. He finds inexplicable joy in capitalising on the weaknesses of the citizens he is supposed to protect;

▪ There is a complete *absence of the sense of history* in all that he does. He knows too well that time is the healer of all political wounds, especially in a clime where good and long memory is never a virtue, and where the dividing line between villains and heroes is hardly distinct;

▪ He *neither retires*, goes on leave, takes a vacation nor goes on sabbatical.

Nigeria can go no way, with such an inglorious profile. Perhaps Nigeria may have to learn a thing or two from Ghana, where an entire generation of leaders were shoved out of the way so the nation can make progress. The point we make is that if the Nigerian practitioner will not retire, then we must pray Providence to retire him. The need today is for the politics of service, of true commitment to public good, a ministry of personal and costly sacrifice for the common good. The need is for a new breed of leaders in politics and governance that are not desperate for power; leaders with idealism, standards and convictions, who will serve as beacons and role models for our children; leaders who will bind our wounds and reconcile our broken ranks. Such leaders will chart the course for State and nation, and restore our land to the path of true greatness.

4. *The single most important index in the spread of corruption in Nigeria is the failure of the deterrent factor.***

The problem with Nigeria had never been the absence of good laws, good manifestoes or even good intentions. The problem has always been with implementation. And at the core of the failure of implementation is the failure to apply deterrence to excise the malignant growth on the nation’s torso. Notwithstanding the number of Nigerians that have been brought to the courts on corruption charges, how many still have any stigma whatsoever hanging around their necks? Is it not true that men with track records that should spell doom for their careers, have instead gone on from strength to strength? Even in instances where official reports indicate that some individuals are security risks,
they have been known to go about lionized as celebrities by their communities? The truth is that in Nigeria, a man with the right connections can get anything, anywhere, anytime, anyhow. And no nation with that kind of reputation can wrestle down the scourge of corruption.

5. Until Nigerians young and old, big and small, sufficiently detest corruption to do something radical and drastic about it, the problem will not go away from the land.

It may be true that corruption is a leadership problem, but it happens too to be a problem of follower-ship. Both the Minister and his messenger, both the Permanent Secretary and the office clerk, both the police officer and police recruit, all stand in need of redemption from the deadly and cancerous growth.

The typical Nigerian worker:

▪ Seeks the highest possible pay for the lowest possible work. No wonder he comes late to the office, but goes home early. And for the period he is in office, he sees anyone who demands service from him as an intruder. He will apply his intellect to beat the system and circumvent every existing procedure and control;

▪ Works best when he is working for himself. He is usually very skilful, very knowledgeable, and very talented in what he does. But he is most reluctant to exhibit that skill and knowledge for any boss, whether public or private;

▪ Is highly protective of his personal property, including his intellectual capital; yet he is willing to treat with reckless abandon the property that rightly belongs to all of us - public property;

▪ Finds it very easy to convert public property to personal use. The dividing line between public and private property for him, is hardly distinguishable;

▪ Knows what exactly ought to be done when passing judgement on others; but he hardly would do it himself. He sees easily the faults and failings of others, but not his own faults and failings.

A nation in an urgent drive to obliterate the political and governance sins of the past, and develop a progressive posture for the future must be impatient with this kind of work ethic. The only way society can begin to change, is when every person begins to appreciate the cost of corruption on the nation’s collective psyche, and then decides to bequeath a legacy of excellence and integrity to our children and children’s children.
TOWARDS A LEGACY OF EXCELLENCE AND PROBITY!

Having diagnosed the problem with this patient, what then is the answer to our national predicament? In order to successfully combat fraud and white collar crimes, we must put in place a mechanism that will eradicate and transform the culture and legacy of corruption. The solution may not be a quick-fix, but it must address the root causes of fraud in the polity, and galvanize and orchestrate those measures that will herald the emergence of honest leaders with the political will to truly combat corruption. The nation’s leadership must demonstrate the willingness to track down and punish corrupt officials and citizens, even when their own friends and relations are involved. It must also create a conducive economic climate that would raise the standard of living of the citizenry. This calls for a social safety-net among the non-working class, to reduce the worry about basic survival in the face of growing economic insecurity (Obayelu, 2007).

Besides, there is the need for a reinforced accountability framework that will insist that men in public office live in full glare of the public - transparent, morally sound, and of high ethical fibre. Public sector performance indicators may also be put in place to assess of performance of public officers and determine their Character-Integrity Quotient. Perhaps, the time is ripe to call for Special Tribunals that will fast-track the trial of anti-corruption cases to ensure their prosecution. Sutherland’s theory on fraud recognises that criminal behaviour is learned and copied. Strict application of the law may be a factor in helping people to “unlearn” criminal behaviour. Such tribunals will do well to include judiciary, police, regulators (like the EFCC, ICPC and Code of Conduct Bureau), private sector stakeholders, and civil society organisations. Such a step will be a welcome and nerve-tingling warning that government actually means business.

Furthermore, this paper strongly advocates a National Value Re-orientation. Values are the constellation of likes, dislikes, viewpoints, inner inclinations, rational and irrational judgements, prejudices, and association patterns that determine a person’s view of the world (Spranger, 1928; Quoted by, Gibson, et al 1997). They are guidelines a person uses when confronted with a situation in which a choice must be made. Men without values constitute a blot on the nation’s psyche. A Teacher without values will sell grades for sex and money; an Engineer without values will build roads and utilities that will neither endure nor give real service;
an *Architect* without values will design buildings that will collapse and kill their occupants; a *Judge* without values would be a stranger to justice, selling and buying *ex-parte* motions, and standing fair conduct on its head; a *Politician* without values will be an opportunist in the corridors of power - greedy, malevolent, deceitful, dishonest and above all, dangerous to the nation’s well being; and, an *Accountant* without values will substitute “*expediency for priority, imitation for innovation, cosmetics for character, style for substance, and pretence for competence*” (Covey, 2003).

To change a people’s value system, we must build values that are based on principles and develop a humane, responsive and merit-based society where people are judged, not by “*the colour of their skin*” but by “*the content of their character*”. Such principles include *Fairness* out of which our whole concept of equity and justice is developed; *Integrity* and *honesty*, which create the foundation of trust so essential to cooperation and long-term personal and inter-personal growth; *Human dignity*, which recognizes that “*all men are created equal and endowed by their Creator with certain inalienable rights, that among these are life, liberty and the pursuit of happiness*”; and *Service*, or the idea of making a contribution and adding value. Such principles should also include *Quality* and *excellence*; *Potential*, reflecting the idea that we are embryonic and can grow and develop and release more and more potential, develop more and more talents; and *Growth*, *patience, nurturance and encouragement* (Covey, 1989).

The need is to promote a merit system in which appointments, promotions and status enhancements, are based on the qualifications or merit of the individuals. Unless, a nation reverts to such a system, it shall never be able to reconstruct the values upon which a healthy social fabric is based.

Moreover, there is the need to establish a *National Integrity System*. An integrity system embodies a comprehensive view of reform, addressing corruption in the public sector through government processes, leadership codes, organization change, civil society participation, reformed democratic process, private sector interest and media attention (Stapenhurst & Langseth, 1997). Such a system makes corruption *a high-risk and low-return* undertaking and calls for concerted action in several directions:

- A clear definition of *limits of power* for those in leadership positions;
- A strong commitment of the leaders at the topmost levels to the concept of ethics in governance. Consequently there should be an *Ethical Code*
defining clear ethical commitment by political leaders to combat corruption when it occurs;

- Well *coordinated reforms* that build on one another instead of piecemeal and unsustained attempts;
- *Balanced reforms* that do not rely too much on just the law or the enforcement process. It is not enough to have an ICPC or EFCC law and enforcement agencies, but take proactive measures to protect the public decision-making process. This calls for a conscious effort to build a system that minimizes risk of corruption;
- Strengthening the *Watchdog Agencies* - EFCC, ICPC, Code of Conduct Bureau, Public Procurement Office, etc. The traditional functions of the *Auditor-General and Public Accounts Committee* must also be strengthened. An office of a *National Ombudsman* may need to be created to ensure that decisions, actions or omissions, and processes that run contrary to law, rules and regulations, are curbed by strong judicial-executive action. It is the combination of the judicial and executive powers in a body that will really serve to deter corruption;
- Encourage *Whistle-Blowing* through legislation and deliberate government policy. Individuals that come forward with information should be protected, rewarded and appreciated.

Finally, effective combatting of fraud requires *increased emphasis on ICT resources* to drive the business of governance. The ICT revolution must impact on the public service delivery efforts in a number of ways that will minimize occasion for corrupt practices. For one, *personal contacts will be reduced* to a minimum. Second, the speed with which transactions are executed will cramp the style of those who capitalize on programme tardiness to work havoc on the system. Third, the general availability of information to all persons at the same time minimizes the prospect of monopoly power through hoarding of information. True enough, ICT has its inherent problems of fraud and corruption, but it can indeed be a tool in reducing the incidence of corruption in the system.

Traditional organizations have a pyramidal structure, with a narrow apex, and a broad all-inclusive base. The trend in the 21st century is towards a deliberate strategic design of organizations that look like a web - flat, intricately woven form, that links partners, employees, external contractors, suppliers and customers in various collaborations. This paradigm shift is a feature of strategy execution and success in today’s world.
VI  CONCLUSION

More than half-a-century ago, the birth of Nigeria as an independent nation was an epochal milestone in the long quest for black emancipation, freedom and restoration of human dignity. Armed with a glut of human and natural resources and quite an abundance of international goodwill, Nigeria sat atop a host of promising and emerging nations from the developing countries, who had shed the toga of colonial inferiority in search of relevance in the comity of nations. The people’s confidence was infectious, their footsteps had a spring to them with a hint of suppressed pride, the expectations were full of promise, and the nation’s gaze was fixed inexorably on the horizon. Today, five short decades down the line, the cookies seem to have crumbled, the dreams have turned into a nightmare, and all protestations to greatness sound hollow. The social systems are fraught with inequity, the economic policies a sham, the nation’s misery index is on a persistent rise, and the human development index plummets daily. Nigeria has proved the point that it takes more than mere potentials to transit from pedestrianism to true greatness.

The lessons from Nigeria are myriad. Radical solution for systemic fraud demands that the individual be changed, the system be changed, and the foundation of society and community life be changed. Besides, men who would prosecute the war against fraud must be moral purists - they must not be men tainted with the stigma of fraud and corruption. Furthermore, unless the present set of leaders give way to some breath of fresh air, there will be no future for the nation. And lastly, political accountability and democratic transformation hold the key to victory in the fight against corruption. Fraud has become a malignant tumour on the nation’s torso, and only radical surgery can keep the patient alive.

Thank you for your kind attention!

Ben
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