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Fraud - A multidisciplinary element. Famous case studies in such different fields

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Abstract. *Research Question:* RQ1: What is fraud? RQ2: Where do we find fraud? It is fraud a multidisciplinary element? Why? *Motivation:* Most of the literature states that fraud is a topic of great interest, but no one has tried to prove why, but also to show how much interest in publishing about the subject of fraud has increased. *Idea:* Our study looked at an international database (Web of Science) to demonstrate the growing interest in studying fraud in various fields. But we also did a case study presenting a complex case of fraud, discovered by DGAF in Romania. *Data:* The data were collected from Web of Science database and an analysis was made based on the 17,825 results found when searching for the word "fraud", and then we also did a case study presenting a complex case of fraud, discovered by DGAF in Romania, collecting data by direct observation of one of the authors. *Tools:* To test study's hypotheses, we analyzed the Web of Science database. *Findings:* The results answer in the affirmative to the research question. Also, the implications of the results are that all actors can outline an overview of the phenomenon, but especially reveals the gaps in the discovery of the phenomenon. *Contribution:* Most of the literature states that fraud is a topic of great interest, but no one has tried to prove why, but also to show how much interest in publishing about the subject of fraud has increased.

Keywords. fraud, tax fraud, tax evasion, case studies

1. Introduction

This article aims to demonstrate why fraud is a multidisciplinary element. The subject is of real interest for both theorists and practitioners, due to its controversial nature and divergences of opinion in national and international literature, but also the many fields in which it is found. The work is qualitative and we used a series of bibliographic sources consisting of books, accounting, tax and legal regulations, studies and articles published both nationally and internationally by various bodies in the field, web pages of institutions with responsibilities both nationally, as well as European At Union level, to achieve the set objectives. The main purpose of this paper is to demonstrate the ramifications of fraud in several areas. The results answer in the affirmative to the research question, namely that fraud is a multidisciplinary element. Also, the implications of the results are that all actors can outline an overview of the phenomenon, but especially reveals the gaps in the discovery of the phenomenon. Research is an interdisciplinary research, because to understand the concepts we need many disciplines such as ethics, law, taxation, accounting and more.

The main objectives of the theoretical research undertaken are represented by the following:

- Objective 1 - Clarification of the conceptual delimitation of fraud.
- Objective 2 - We will demonstrate why fraud is a multidisciplinary element, using a database such as Web of Science.

The work is qualitative, and we used a series of bibliographic sources consisting of books, accounting, tax and legal regulations, studies and articles published both nationally and internationally by various bodies in the field, web pages of institutions with responsibilities in the field, both at national level as well as at national level. at the level of the European Union, in order to achieve the set objectives.

The paper is structured in four parts, the first part is a review of the literature, the second part presents the research methodology, and the third part analyzes the research results and, finally, presents the conclusions and future research directions.

2. Fraud - literature review

The term „fraud” is defined by Coteanu et al in the Romanian Explanatory Dictionary (DEX 1998, p.397) as follows: “Committing in bad faith, in order to obtain benefits, acts that infringe the rights of another; theft”. According to the Oxford dictionary, the notion of fraud is defined as "the crime of deceiving someone to obtain money or goods illegally". International Standards on Auditing (ISA), through ISA 240, defines fraud as: „unjust or illegal advantage”.

According to Grosu and Timofte (2018): "A creative accounting practice can later turn into an illicit accounting practice, especially if it extends over a long period of time and involves considerable monetary values." In the opinion of Stolowy (1994) quoted by Grosu and Timofte (2018) "frauds have nothing creative". YitzhakiI (1974, p.201), using the same notation and equation as that used by Allingham and Sandmo (1972), shows, starting from the premise that the taxpayer has an absolute risk aversion that decreases with the source of income, that as the tax rate increases, tax evasion decreases. In this case there is no substitution effect.

In their paper, Marelli and Martina (1988, p.68), concluded: “In this paper we have examined tax evasion in the context of an oligopolistic market. In particular we have shown how the optimal amount of tax evasion depends not only on the collusiveness of the market, but also on the relative market shares. If market shares are not ‘too far apart’, an increase in collusion gives rise unambiguously to an increase in tax evasion,

Irrespective of the type of tax in existence. Furthermore, we analyzed the effects of State controlled parameters (such as the probability of detection, the penalty and the tax rate) on the tax compliance variable, confirming the qualitative results obtained in the literature for other types of market. We are well aware of the very simplified nature of the model employed; however, even with such a simplified model, one can gain some insights into the nature of the tax evasion phenomenon and, therefore, on the characteristics a design of efficient tax-enforcement policies should have."

Later, Bustano et al (2011) talk in their paper about the removal of undeclared work from the underground economy, which is a form of tax evasion. Stankevicius and Leonas (2015, p. 388) conclude that: “Financial fraud is an incredibly dynamic phenomenon - and fraud models have a very short validity period - a simple tax system and complete information about the activity of agents can reduce evasion tax. "

Several authors, quoted by Yamen et al (2018, p.10) define tax evasion as follows: “Korndörfer, Krumpal and Schmukle (2014, p. 19) define tax evasion as“ an illegal act that violates the law and deviates from social norms which provide for the payment of taxes. " Tax

evasion can also be seen as "the deliberate attempt to defeat or evade the tax law in order to illegally reduce the tax obligation" (Gottschalk, 2010, p. 453). "

Azharul et al (2020, p.2) quoting several authors lists several theories: "There are different theories of tax evasion that dictate the country's attitude towards non-taxpayers. The theory of economic deterrence (Allingham and Sandmo, 1972) states that tax evasion is a crime and is committed by an individual when he considers that the predicted benefits of the crime are far greater than the costs of being caught. Legal commitment based on the rule of law provides adequate ground for the government to prevent and punish evasionists (Allingham and Sandmo, 1972; Schneider and Enste, 2000). The theory is supported by the finding that there is a negative association between law enforcement and tax evasion (Becker, 2013). Feld and Frey (2007) developed the concept of associating the terms: fiscal-psychological for establishing a fair and reciprocal obligation between government and taxpayers, where one side gives something and the other takes something - a situation *quid pro quo*. Based on this theory, taxpayers feel discouraged from paying taxes if they perceive the quality of state institutions as low in general. Like the theory of deterrence, this theory also considers taxpayers to be rational people who have the ability to know the costs and benefits of tax evasion. Smith and Smith (2014) presented another theory called the theorem of moral feelings that involves religiosity that acts as a type of internal moral force in the payment of taxes. One study found that religious people have more moral sense (Marquette, 2012) and religiosity keeps people away from all evil activities and discourages tax evasion.

Although Allingham and Sandmo's (1972) tax evasion model is crucial in explaining the potential reasons for tax evasion, it is limited only by law enforcement (the institutional rule) by the tax authority and ignores the potential influence of taxpayers' personal beliefs and economic freedom. the country as regards the behavior of the taxpayer. Again, the sentimental theory of tax evasion considers only one aspect of tax evasion (individual norm) while other aspects (economic freedom and institutional norm) are absent. On the other hand, psychologically, the theory of the concept of tax evasion considers that all individuals are rational, but the concept of rationality is ambiguous because it depends on multiple factors. Taking into account the limitations of existing tax theories of evasion, Nurunnabi (2018)".

Grosu and Timofte (2018) also classify financial accounting frauds, stating: "Financial-accounting frauds can take various forms: tax evasion, theft, fraudulent management, embezzlement, forgery, financial reporting fraud, fraud, use of company credit in personal interest, money laundering offenses, offenses provided by special laws of fraud of the budget of the European Union, etc. Legal norms for their incrimination are found scattered in the national legislation, being included in the Criminal Code, Law no. 241/2005 for preventing and combating tax evasion, Fiscal Code, Companies Law no. 31/1990, Customs Code, Law no. 656/2002 for the prevention and sanctioning of money laundering, etc., the sanctions being mostly criminal".

The fraudulent offenses provided /by the Romanian Criminal Code, the special part is described by Boroi (2019, p 245) and are found in Chapter III "Crimes against property by disregarding trust" of the Criminal Code.

At national level, in Romania, by Government Decision no. 793/2005, amended by Government Decision 1211/2006, the National Anti-Fraud Strategy for the protection of the European Union's financial interests in Romania was approved. Chapter V of the mentioned Government Decision defines the general principles of the fight against fraud, respectively: efficiency in the fight against fraud, institutional and managerial responsibility, professional competence of the personnel involved in the fight against fraud, transparency of activities carried out by institutions involved in the fight against fraud. In the same chapter, the specific

objectives proposed by the National Anti-Fraud Strategy are mentioned: prevention of fraud of community funds through communication and public relations actions, public financial control, fiscal control, investigation and prosecution, financial recovery, coordination of anti-fraud and protection of the financial interests of the European Union in Romania.

According to Trif (2015): “The means used to evade tax obligations come in infinite forms, but they can be divided into two categories: illicit (fraudulent tax evasion) and licit (legal tax evasion, tolerated). A distinction can therefore be made between tax fraud, which is an unlawful act, even of a criminal nature, and tax evasion itself, which does not involve facts which meet the constituent elements of a crime. He states that in Anglo-Saxon countries tax evasion stands for fraud, and tax avoidance stands for tax evasion.

At European Union level, the body responsible for combating fraud is the European Anti-Fraud Office (OLAF), which investigates cases of fraud in the European Union budget, corruption and gross negligence at the level of the European institutions and draws up anti-fraud policy on behalf of the European Commission.

Based on the information and experience gained, European Anti-Fraud Office (OLAF) helps the authorities responsible for managing European funds (EU and non-EU) to identify the various types of fraud, existing trends, threats and potential risks and to protect the EU's financial interests by preventing fraud.

The Hercule programs fund actions aimed at preventing and combating fraud, corruption and other illegal activities that affect the EU's financial interests. Actions eligible for funding include operational and technical support for investigations, specialized courses and research activities. They are implemented through grants and contracts.

At the national level, in Romania, the Department for the fight against fraud - DLAF was established, the department ensures, supports and coordinates the fulfillment of Romania's obligations regarding the protection of the European Union's financial interests and is the contact institution with OLAF.

3. Research methodology

The data collection methods for conducting this qualitative study were document analysis and case study. The method of document analysis solved the problem of obtaining data by researching the subject in texts, following practically the traces left by it. The method is a discreet one, in which we do not encounter reactivity problems.

The method of the case study approached in this article proved to be the most appropriate method for the complete and in-depth investigation of the subject chosen for example, but also of the context in which it takes place. Flyvbjerg (2011) identifies four characteristics that are specific to the case study. A first feature is the emphasis on the choice of the study unit and on its delimitation to the detriment of the considerations related to the research method. Secondly, it matters that the case study is intensive, being more complete, richer and more detailed. Thirdly, the evolution of the case over time is included in its study, and lastly, the case study does not neglect the relationship of the case with the outside; therefore the delimitation of the boundaries of the case is important to see what enters the case, what comes out and what remains in its context.

The research questions are:

RQ1: What is fraud?

RQ2: Where do we find fraud? It is fraud a multidisciplinary element? Why?

The research methodology, to review the literature and to answer the first research question, begins with the identification of scientific databases that host articles related to our

research context. Ten major scientific databases were selected: ScienceDirect, Proquest Central, Web of Science, Emerald Management EJoinals, CEEOL, Scopus, CAB ebooks, Jstore Business Collections, Springer ebooks Business and Economics Collectione but also Google Academic. The process of searching through the literature began with the creation of the criteria that determine the articles to be included or excluded from our analysis. We have established four criteria, stipulating that the article must (1) contain one of the keywords, (2) be written in English and / or Romanian, (3) be published between 1958 and 2020 or be approved for publication (4) have the full text available in at least one of the ten databases.

The sources used in the qualitative analysis are dictionaries, encyclopedias; articles indexed in international databases (ScienceDirect, ProQuest, etc.); articles published in the volumes of international and national conferences; representative interdisciplinary books for the analyzed field, national and international literature; national and international regulations (OLAF and DLAF, ISA 20) and European directives; monographs, treatises, etc.

The research begins with the traditional review of the literature, starting with 1958 and until 2020, each concept analyzed is followed by comments, observations and personal points of view of the authors.

To answer the second research question and to demonstrate that fraud is a multidisciplinary element, we will analyze the Web of Science database, looking for the word "fraud" and analyze the areas in which it is found, depending on how was mentioned in the article. From the information provided by the Web of science database the record count in each column is the total number of articles published in the selected year. The count included Early Access articles that are fully peer-reviewed, citable, and published but have not been assigned a volume/issue/page number.

We will present cases of fraud in various fields, using the Bloomberg financial database, the public reports of criminal investigation bodies and information from the press. And finally, we also did a case study presenting a complex case of fraud, discovered by DGAF in Romania, collecting data by direct observation of one of the authors.

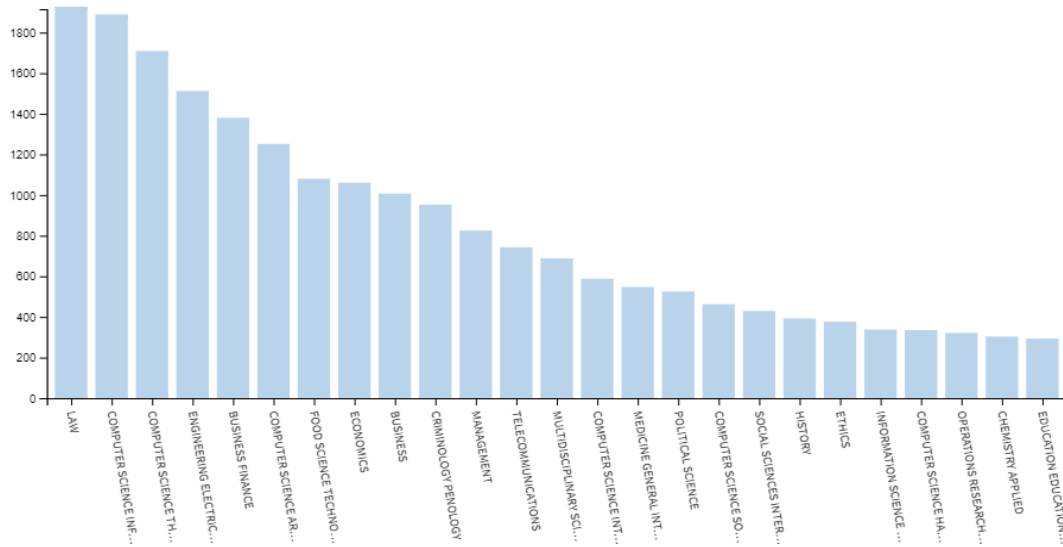
4. Results analysis

4.1. Analysis of the Web of Science database, looking for the word fraud.

A click away, on the Web of Science, searching for the word "fraud", we will notice that we can find this word in papers from all the existing domains in this database. The search it's showing 17,825 record for topic fraud.

Here are the statistics generated by Web of Science, which include the number of papers containing the word "fraud" for each field. The first 25 domains.

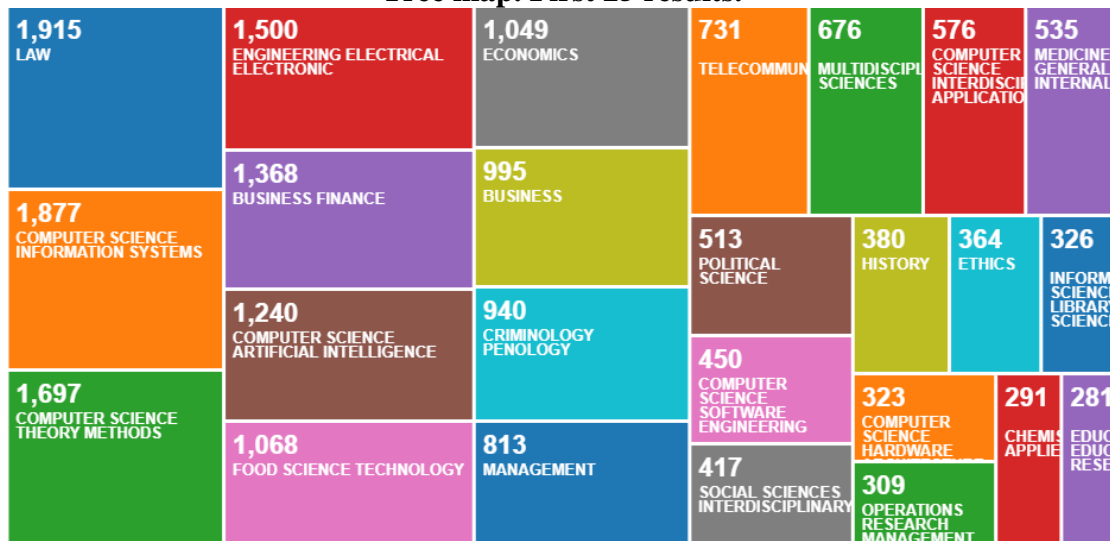
Graphic 1. Search for the word fraud in the Web of Science database
Bar graph. The first 25 domains.



(Source: Web of Science)

Usually, the word is encountered in the field of law, given the fact that fraud is most often criminalized as a crime. What is surprising, however, is that the business finance field is ahead of the IT field in this ranking. Which reveals to us the new era and the ability of fraud to bend on the new models.

Graphic 2. Search for the word fraud in the Web of Science database
Tree map. First 25 results.



(Source: Web of Science)

*Table 1. Search for the word fraud in the Web of Science database
 Tree map. First 50 results.*

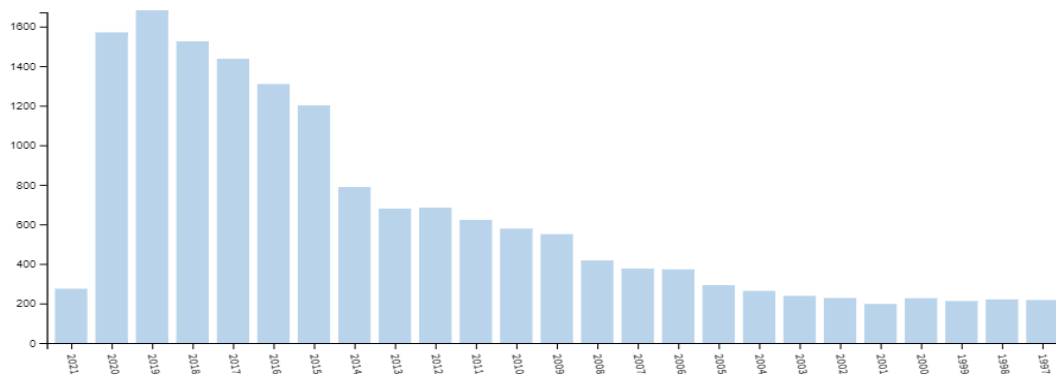
Field: Web of Science Categories	Record Count	% of 17,825
LAW	1.915	10743,00%
COMPUTER SCIENCE INFORMATION SYSTEMS	1.877	10530,00%
COMPUTER SCIENCE THEORY METHODS	1.697	9520,00%
ENGINEERING ELECTRICAL ELECTRONIC	1.500	8415,00%
BUSINESS FINANCE	1.368	7675,00%
COMPUTER SCIENCE ARTIFICIAL INTELLIGENCE	1.240	6957,00%
FOOD SCIENCE TECHNOLOGY	1.068	5992,00%
ECONOMICS	1.049	5885,00%
BUSINESS	995	5582,00%
CRIMINOLOGY PENOLOGY	940	5273,00%
MANAGEMENT	813	4561,00%
TELECOMMUNICATIONS	731	4101,00%
MULTIDISCIPLINARY SCIENCES	676	3792,00%
COMPUTER SCIENCE INTERDISCIPLINARY APPLICATIONS	576	3231,00%
MEDICINE GENERAL INTERNAL	535	3001,00%
POLITICAL SCIENCE	513	2878,00%
COMPUTER SCIENCE SOFTWARE ENGINEERING	450	2525,00%
SOCIAL SCIENCES INTERDISCIPLINARY	417	2339,00%
HISTORY	380	2132,00%
ETHICS	364	2042,00%
INFORMATION SCIENCE LIBRARY SCIENCE	326	1829,00%
COMPUTER SCIENCE HARDWARE ARCHITECTURE	323	1812,00%
OPERATIONS RESEARCH MANAGEMENT SCIENCE	309	1734,00%
CHEMISTRY APPLIED	291	1633,00%
EDUCATION EDUCATIONAL RESEARCH	281	1576,00%
SOCIOLOGY	234	1313,00%
CHEMISTRY ANALYTICAL	227	1273,00%
CHEMISTRY MULTIDISCIPLINARY	205	1150,00%
ENGINEERING MULTIDISCIPLINARY	203	1139,00%
PUBLIC ADMINISTRATION	195	1094,00%
NUTRITION DIETETICS	194	1088,00%
HUMANITIES MULTIDISCIPLINARY	183	1027,00%
PSYCHOLOGY MULTIDISCIPLINARY	169	948,00%
HISTORY PHILOSOPHY OF SCIENCE	167	937,00%
AUTOMATION CONTROL SYSTEMS	165	926,00%

PUBLIC ENVIRONMENTAL OCCUPATIONAL HEALTH	155	870,00%
SOCIAL ISSUES	153	858,00%
HEALTH CARE SCIENCES SERVICES	152	853,00%
INTERNATIONAL RELATIONS	134	752,00%
HEALTH POLICY SERVICES	126	707,00%
PHARMACOLOGY PHARMACY	126	707,00%
AGRICULTURE MULTIDISCIPLINARY	123	690,00%
AREA STUDIES	114	640,00%
STATISTICS PROBABILITY	111	623,00%
MEDICINE LEGAL	104	583,00%
PSYCHIATRY	104	583,00%
ENVIRONMENTAL SCIENCES	103	578,00%
COMMUNICATION	102	572,00%
ENGINEERING CHEMICAL	101	567,00%
ENGINEERING INDUSTRIAL	101	567,00%
(197 Web of Science Categories value(s) outside display options.) (12 records (0.067%) do not contain data in the field being analyzed.)		

(Source: Web of Science)

Analyzing the table above, we can see that fraud is found in many areas, in the table being presented only the first 50 areas, in the order in which the word fraud is mentioned in the articles in these areas. Again we notice the law in the first place. But fraud is also found in medicine, engineering, public administration, etc.

Graphic 3. Publication years. First 25 results.



(Source: Web of Science)

The papers were published between 1997-2021 but there is an increase in interest in the concept of fraud in 2014-2019.

Table 2. Document type

Field: Document Types	Record Count	% of 17,825
ARTICLE	10.723	60157,00%
PROCEEDINGS PAPER	4.178	23439,00%

EDITORIAL MATERIAL	1.007	5649,00%
BOOK REVIEW	635	3562,00%
BOOK CHAPTER	633	3551,00%
REVIEW	594	3332,00%
NEWS ITEM	428	2401,00%
LETTER	377	2115,00%
EARLY ACCESS	202	1133,00%
NOTE	98	550,00%
MEETING ABSTRACT	80	449,00%
BOOK	48	269,00%
CORRECTION	18	101,00%
REPRINT	7	39,00%
POETRY	6	34,00%
DISCUSSION	4	22,00%
FILM REVIEW	4	22,00%
CORRECTION ADDITION	3	17,00%
ITEM ABOUT AN INDIVIDUAL	2	11,00%
DATA PAPER	1	6,00%
EXCERPT	1	6,00%
RETRACTED PUBLICATION	1	6,00%
TV REVIEW RADIO REVIEW	1	6,00%
VIDEO		

(Source: Web of Science)

The word "fraud" is most often used in documents such as articles, followed by proceedings paper and editorial material.

Table 3. The countries/regions that have published the most about fraud.

Field: Countries/Regions	Record Count	% of 17,825
USA	5.170	29004,00%
ENGLAND	1.357	7613,00%
PEOPLES R CHINA	1.352	7585,00%
GERMANY	669	3753,00%
AUSTRALIA	652	3658,00%
SPAIN	647	3630,00%
INDIA	624	3501,00%
ITALY	593	3327,00%
CANADA	577	3237,00%
BRAZIL	434	2435,00%
FRANCE	385	2160,00%
NETHERLANDS	361	2025,00%
MALAYSIA	294	1649,00%
ROMANIA	234	1313,00%
RUSSIA	226	1268,00%
TAIWAN	225	1262,00%
SOUTH KOREA	219	1229,00%
SWITZERLAND	211	1184,00%
BELGIUM	206	1156,00%

SOUTH AFRICA	183	1027,00%
INDONESIA	178	999,00%
IRAN	171	959,00%
JAPAN	155	870,00%
TURKEY	147	825,00%
PORTUGAL	142	797,00%

(110 Countries/Regions value(s) outside display options.)(2423 records (13.593%) do not contain data in the field being analyzed.)

(Source: Web of Science)

The biggest interest for publishing about fraud is shown by the USA, but Romania is also in the top 25 countries, ranking 14th.

4.2. Case studies from different fields

4.2.1. Case1 – Crypto Fraud

The case is U.S. v. Sharma, 18-cr-340, U.S. District Court, Southern District of New York (Manhattan). Scheme Unravels (Source Bloomberg)

Sharma and two others he recruited to Centra Tech quickly raised funds with the help of social media mentions by celebrities including Mayweather and DJ Khaled, who later settled SEC charges that they failed to disclose they had been paid to promote the company. In his pitch to investors, Sharma said Centra Tech had licenses in more than three dozen states and partnerships with large companies including credit card issuers Mastercard Inc and Visa Inc.

Within three months, the trio had raised more **than \$25 million** for their initial coin offering and moved to luxury offices in Miami Beach. But by August 2017, a blogger had revealed that a photograph of the purported Centra Tech CEO on a document circulated to investors was actually that of a Canadian physiology professor. The SEC sent a subpoena in November seeking documents from Centra Tech.

Five months later, the three co-founders were arrested and charged in New York. Sharma's two recruits pleaded guilty, too, with one sentenced to a year and the other yet to be sentenced.

4.2.2. Case2 – Education Fraud

College admissions case (Varsity blues case), USA (Source Bloomberg)

The case is about the widening corruption of elite college admissions, including Yale, Stanford, UCLA and Georgetown through the steady application of wealth combined with fraud. Between approximately 2011 and 2018, parents paid CW-1 approximately **\$25 million** to bribe coaches and university administrators to designate their children as purported recruited athletes, or as members of other favored admissions categories, thereby facilitating the children's admission to those universities.

William Rick SINGER, 19-CR-10078- RWZ case , the head of the network has not yet been convicted, but according to information available on the U.S. Department of Justice, Sentence Government Recommended is incarceration at the low end of the Guidelines sentencing range.3 years of supervised release. Fine and forfeiture.

4.2.3. Case3 – Economic Fraud

Gabbioneta et al (2013, p.484) study fraud in the case of Parmalat, they analyze the accounting fraud committed by Parmalat - a large Italian multinational dairy and food corporation - which practices "one of the largest and most daring corporate financial fraud". "After SEC (2003) quoted by Gabbioneta et al (2013, p.484), before filing for bankruptcy at

the end of 2003. Investigations showed that the company's financial situation was hidden with the help of creative accounting. Calisto Tanzi, the former chief executive of Parmalat, and Fausto Tonna, the former chief financial officer, were sentenced to 26 and 16 years in prison for manipulating stock prices. Grant Thornton's accountants were also convicted of involvement in fraud by creating mechanisms by which fraud was concealed”.

Other major cases of fraud are those listed by Albrecht et al (2015, p.803) in America, at companies such as Enron, WorldCom, Xerox, Quest, Tyco, HealthSou, but also in Europe, Asia and other parts of the world, such as Harris Scarfe and HIH (Australia), SK Global (Korea), YGX (China), Livedoor Co. (Japan), Royal Ahold (Netherlands), Vivendi (France), and Satyam (India).

4.3. The case of a complex economic fraud with several “ghost” companies

To ensure the protection of personal data, in the following we will present some defining elements of a complex action carried out by General Directorate of Tax Antifraud, without mentioning the names of the companies involved. From the verifications performed at the analyzed companies, having as objective the way in which they respect the provisions of the fiscal and accounting legislation, resulted the suspicion that they acted, in a coordinated way, by carrying out some activities specific to the tax evasion. The investigated companies resorted to the registration in the financial – accounting records of some operations performed with ghost companies, ones that are not based on real operations. By highlighting some fictitious operations, these companies had as objective the evasion of the fulfillment of the fiscal obligations by resorting to the non-payment of the profit tax and of the value added tax, thus harming the general consolidated budget of the state.

In order to create the appearance that the commercial operations attested in the invoices are true, the value of the goods fictitiously delivered and the fictitiously rendered services was paid by bank transfer by these "ghost" companies and "intermediates", from where the money was either withdrawn in cash or directed to the accounts of individuals or companies.

This complex case, carried out over a period of several months, which involved a large number of companies acting in a coordinated manner, in "pipeline", registered several categories of crimes, namely:

- Theft of a company’s identity, manufacturing invoices having as issuer the injured company, thus registering, in the accounting documents, expenses that are not based on real operations; practically, fictitious acquisitions were declared.
- Declaring commercial transactions that have no real economic content and do not reflect common economic practices; by registering such operations, the reality was disguised by the fictitious introduction of some operations that in fact were not performed, the fiscal consequence being the decrease of the fiscal payment obligations to the general consolidated budget.
- The premeditated foundation of companies in order to deduct VAT and profit tax for companies that have registered invoices issued by them.
- Declaring a false registered office for companies, where the administrators cannot be contacted and where the shares have been repeatedly transferred to persons who cannot be found at the home address and who have a precarious social condition.
- Withdrawal in cash of amounts received by bank transfer from various companies, by different persons with access to the account, on the same day as the transfer.
- Directing bank transfers to various companies with inappropriate tax behavior, assimilated to “intermediary / pipeline” companies.

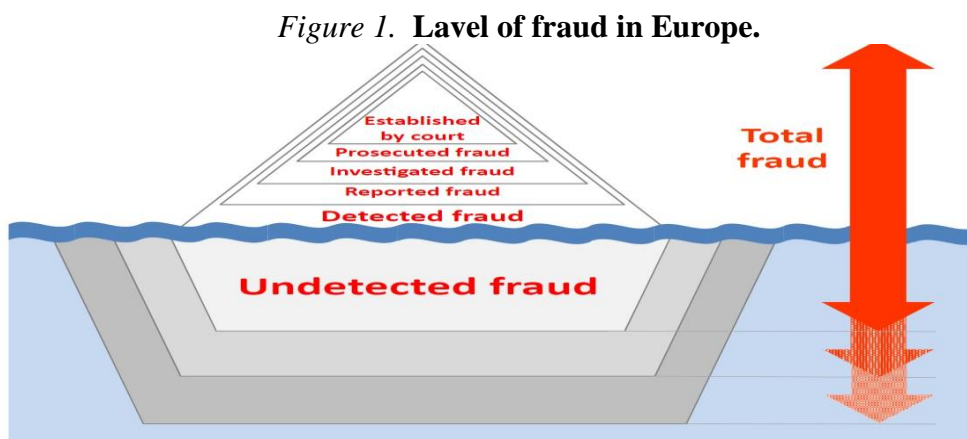
All these fictitious purchases of goods and services have led to a series of extremely serious tax consequences. The action carried out by The General Directorate for Fiscal Antifraud highlighted a total damage of the general consolidated state budget in the amount of 6,340,393 lei, as a result of the decrease of payment obligations to the general consolidated budget, consisting of profit tax in the amount of 2,894,398 lei and VAT in the amount of 3,445,995 lei. These occurred through the recording of fictitious purchases in the purchase journal register and in the VAT return in order to generate deductible VAT and, implicitly, to decrease the VAT payable, to artificially increase expenses and, implicitly, to decrease profit and profit tax.

The companies involved implemented a mechanism aimed to register in bad faith expenses and value added tax, in order to obtain, without right, undue tax advantages and evaded the fulfillment of tax obligations, by highlighting, in the accounting documents or in other legal documents, some fictitious operations.

As the chain of companies involved consists of several cores, the one presented being only one of them, it is necessary to document in stages, meaning that the results obtained further as a result of anti-fraud checks are to be transmitted to your prosecutor's office.

5. Conclusions

In the opinion of the European Court of Audit, through the special report no. 1 of 2019," because of its hidden nature, the phenomenon of fraud cannot be estimated purely on the basis of official statistics on reported and investigated cases. Sociological research methods could provide additional useful insights into the scale and nature of the problem."

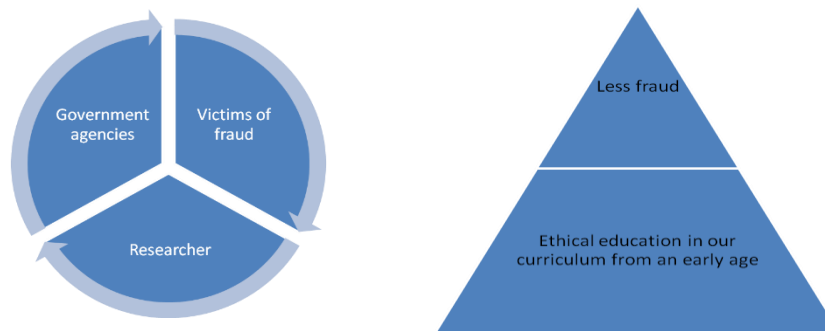


(Source: <https://op.europa.eu/webpub/eca/special-reports/fraud-1-2019/en/>)

In our opinion, measuring the real level of fraud is almost impossible due to the lack of access to information for both government agencies, investigators and victims of fraud. Each of these three parts is a piece of a puzzle that no one puts together.

In conclusion, the basis of the pyramid is ethical education since childhood. To meet for the first time the word "ethics" in the years of college or admission to the profession, as it is the case in Romania, is already too late.

Figure 2. Part of the puzzle fraud and pyramid.



(Source: Autor`s creations)

As the analysis made on the Web of Science database shows and from the three case studies presented, fraud is a multidisciplinary element. Combating this phenomenon, which has become even more widespread in recent years and which is adapting to new areas such as IT, needs to be approached differently. In order to make the institutions responsible for fraud detection effective, departments with competences should be set up in certain limited areas, each, and not all areas at the same time, the amount of information needed to detect fraud is not limited to economic and legal.

Future directions of research: The research can be extended to several databases and even questionnaires and interrogation to people from different fields.

6. References

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