Financial Fraud, Governance, and Survival in Congregations: An Empirical Assessment of Congregational Fraud in the United States Based on Cases Prosecuted by the US Department of Justice

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Congregations are distinct from other non-profits due to their high-trust environment, membership, and external governance. This manuscript examines financial fraud among congregations. We collect 104 cases of congregational financial frauds announced by the United States Department of Justice between the years 2013 and 2018. The data show that fraud is more likely to result in dissolution of a congregation when it is committed by clergy than by other church staff. One protection mechanism against fraud is the external governance provided by denominational affiliation. A fraud in a denominational congregation is of smaller magnitude and less likely to cause congregation dissolution.

Keywords: fraud, church, leadership, ethics, accountability

INTRODUCTION

Like other Not-for-Profit (NFP) organizations, congregations (religious places of worship such as churches, mosques, and temples) play an important and beneficial role in society. Like every other organization, however, congregations are susceptible to financial fraud. In this study, we examine financial frauds specifically involving congregations. Using a sample of 104 church financial frauds prosecuted by the U.S. Department of Justice (DOJ) between the years 2013 and 2018, we first describe and characterize these frauds, then examine the differential impact the role of the perpetrator plays on these events, and finally evaluate the effect of external governance on these frauds, which is defined as denominational affiliation of congregations and will be explained further in this manuscript.

We find that congregational frauds can be categorized based on the role of the perpetrator within the organization and victim of the event, including categories not studied in previous papers studying fraud in the NFP sector. We find that fraud involving member victimization and fraud perpetrated by members, neither of which was studied before, can result in a higher magnitude of financial loss than frauds involving officers victimizing the congregation organization. Financial fraud committed by the clergy negatively affects the survivability of the organization compared to a fraud committed by administrative or executive staff. When we examine the impact of governance, we find that stronger external governance is associated with decreased magnitude of loss, increased likelihood of survival, and reduced victimization of members.

Rationale

While there is a relatively large literature examining financial fraud in business, much less attention has been paid to financial fraud within the NFP sector. Notably, Archambeault, Webber, and Greenlee (2015) examined the characteristics of financial frauds among NFPs; in a follow-up study, Archambeault and Webber (2018) examined the survival of NFPs after frauds. Although Archambeault et al. (2015) included in their sample five (4.4% of the sample) entities classified by the National Taxonomy of Exempt Entities as religious, these entities are likely not individual congregations since congregations do not file Form 990 with the IRS, and the authors filtered out organizations not filing Form 990 from their analysis. Thus, within the NFP sector, itself relatively understudied with respect to financial fraud, congregations have received even less empirical attention. This is not, we suspect, due to lack of interest. By all accounts, church fraud is estimated to be widespread, costly, and underreported. Pavlo (2013), for example, wrote an article in *Forbes* entitled, "Fraud [is] Thriving in U.S. Churches, But You Wouldn't Know It." Research on the issue, however, is generally either survey-based or anecdotal due to the difficulty in obtaining empirical data.

Examining congregations apart from other NFP organizations is important, first, because congregations are similar to other NFPs (Harris, 1998a), and, therefore, examining congregational fraud might prove useful in helping not only congregations prevent future fraud but also other NFP organizations having similar characteristics to congregations. Meanwhile, churches are distinctly different from other non-profits in important ways (Harris, 1998a). Harris (1998b, p. 614) stated that the two main distinct features of churches from other non-profits are "the special authority of ministers and the low ceiling of ultimate goals." Many non-profits organize around a specific, tangible cause, like treating disease, assisting the indigent, responding to disasters, or preserving wildlife. On the other hand, while congregations often have processes in place to respond to tangible needs, this is a secondary effort to inculcating belief (Harris, 1995). Congregations primarily organize around doctrines and then extend that belief structure to offer spiritual care throughout the entire spectrum of a person's life. This characteristic fosters a sense of community and relationship of trust among the members (Santos & Eisenhardt, 2005). Given congregations' differences from other NFPs, it would be informative to examine fraud among congregations.

Further, Laughlin (1988) and Duncan et al. (1999) suggested that churches tend to rely on the sacred rather than the secular, i.e., churches prefer to govern moral behavior by religious principles rather than by non-religious mechanisms. When applied to management, the authority structure is theologically defined rather than organizationally defined (Torry, 2014). When applied to money, these strongly held normative beliefs tend to result in a high-trust environment, where control over funds relies on the trustworthiness of individuals (the sacred) rather than on internal control procedures (the secular). Duncan et al. (1999) conducted a questionnaire survey study of internal control systems in churches in the United States. They found that larger churches had higher scores on their internal control systems than smaller churches. They also found that churches with more hierarchically structured polity had higher scores on their internal control systems than churches with less structured polity. They noted that, in some cases, the perceived secular/sacred divide makes selling the idea of conventional accounting controls difficult within the church. Compounding the problem, Booth (1993) noted that some churches lacked appropriate internal controls over financial assets due to a lack of expertise or resources. Perri and Brody (2011) also suggest that a high-trust environment may lead church members to set aside their natural skepticism when interacting with perceived fellow believers and thus become more vulnerable to fraud than they otherwise might be.

The risks associated with operating in a high trust environment, however, may be mitigated by the fact that some congregations have formal external governance structures. Many congregations belong to denominations. The denominations can oversee a local congregation and provide external governance over significant activities within the local congregation. For example, a church pastor or minister may have to be ordained by the denomination, thus giving the denomination some degree of control over the teaching and operations of the local church (Sigmon, Reist, & Milford, 2016; Perl & Chang, 2000). On the other hand, local congregations free of denominational control may have much greater flexibility over both teaching and operating activities. Thus, congregations provide a model for observing external governance as an accountability mechanism that may be generalizable to other NFPs. Cornforth (2012) reviewed the limitations of research on non-profit governance due to its focus on boards and suggested the need to study wider governance structures, such as external factors. Our research on external governance of congregations could potentially be applicable to external governance of NFPs in general with regards to magnitudes of frauds or the survivability of the organization following the fraud.

Finally, the sheer number of adherents, the number of individual congregations, and the economic significance of donations to them in the United States make the issue of financial fraud among congregations important to study. According to the 2010 Religious Congregations and Membership Study (RCMS) conducted by the Association of Statisticians of American Religious Bodies (Grammich et al., 2012), there are 344,894 congregations in the United States with 150,686,156 adherents, i.e., approximately 49% of the contemporaneous population; this study included a wide variety of religious communities: Protestant Christian churches, Catholic churches, Latter-Day Saints, Jewish, Muslim, and Buddhist congregations are all represented in the study. Further, it was estimated that more than $122 billion was donated to religious organizations in 2016, which represents more than 31% of total charitable giving that year in the United States (Giving USA, 2017).

This paper makes several important contributions to the literature. First, we compile a dataset of financial frauds in congregations using cases prosecuted by the DOJ. While such a dataset does not allow us to estimate the overall prevalence of fraud within churches, it does, because of the rich details it provides, allow us to describe characteristics of congregational frauds in the US, such as the roles of the perpetrator, the victims in the fraud, the schemes used by the perpetrator, the amount of loss, the survivability of the organization, and the impact of external governance on such frauds. To our knowledge, this has not been done before.

Second, because we focus on congregations, we are able to present evidence concerning the types of fraud that flourish in high-trust environments. This study goes beyond looking at frauds involving only the organization and its staff to include frauds affecting members as well. Since members tend to trust one another, members are sometimes susceptible to fraud perpetrated by other members. Further, with congregations' reliance on clergy to promote religious teaching, examining the survivability after a fraud committed by clergy relative to survivability after fraud committed by non-clergy adds an additional dimension to our understanding of the impact of fraud committed by leadership.

Third, we extend and complement Archambeault et al.'s (2015) paper on NFP frauds by collecting a larger sample specifically on financial fraud within congregations. Their paper provided a validated methodology for studying news announcements; they found that perpetrator role is related to the magnitude of the fraud loss. They also studied Internal Revenue Service Form 990 and found that many non-profit organizations do not report frauds in their annual reporting to the IRS. However, their paper excluded congregations and also excluded frauds committed by members or outsiders; we extend their work by focusing on congregations, and also extended their work by including frauds committed by members and outsiders against congregation members.

Fourth, we examine the effect of external governance, in the form of denominational affiliation, on fraud. External governance could provide a mechanism against fraud both in terms of its magnitude and on the organizational survival after the fraud.

The rest of the paper is organized as follows: the next section provides a background and literature review followed by the hypothesis development. We then discuss the data collection and sample. Next, we present our findings and analysis, and finally, we discuss implications of this research and draw conclusions based on the analysis.

BACKGROUND AND LITERATURE REVIEW

Religious organizations, including congregations, have been studied in the literature to address leadership-related research. Harris considered congregations to be a special case of non-profit organizations, and yet also they are distinct in that churches have two levels of goals (1998a, 1998b). First, ultimate goals are related to the beliefs and purposes of the congregation communicated and guarded by the clerical leaders. On the other hand, operational goals are handled by administrative and executive leaders subordinate to the ultimate goals of the organization (Harris, 1998a, 1998b). More recently, motivated by the distinct authority structures of religious organizations, Løvaas (2020) studied the association of motivation with transformational leadership in a religious organization, and found a positive association between intrinsic motivation and transformational leadership. Coggins and Bocarnea (2015) conducted a cross-cultural study of churches in the United States and in Cambodia, and found a positive association between servant-leadership and the psychological capital of the followers. Keita and Lao (2019) interviewed church leaders and members and found that leadership styles can impact church growth. The results showed that servant-leadership and transformational leadership were perceived to be most effective (Keita and Lao, 2019).

In terms of literature on fraud research, most of the academic work investigating financial fraud focus on for-profit entities, due in part to more readily available empirical data (Archambeault et al. 2015). Despite the difficulty in obtaining empirical data on fraud within non-profit organizations, there is one well-established source of empirical financial data for NFPs, the annual Form 990 data collected and released by the IRS.

Using Form 990 data from 1999-2007, Petrovits, Shakespeare, and Shih (2011) studied internal control problems among non-profit organizations, finding that non-profit entities are more likely to report increases in internal control problems if they are in poor financial health. Krishnan, Yetman, and Yetman (2006) studied expense misreporting in non-profits and found that hiring an outside accountant is associated with lower misreporting of expenses. More recently, Harris, Tate, and Zimmerman (2019) studied the effect hiring auditors had on non-profit organizations; they found the factors for hiring local industry specialist auditors include high governance quality, poorer financial health, and greater complexity, and such hiring can lead to shorter audit report lags and more future direct donations, and also noted that good governance reduces the likelihood of non-profit fraud. Finally, Qu, Steinberg, and Burger (2019) applied Benford's Law, a mathematical method used to detect potential frauds by identifying irregularities in numbers, to Form 990 financial reports of non-profits; they found less deviation from Benford's Law for more professional non-profits with stronger oversight of donors and funders.

Studies of fraud within the non-profit sector that do not rely on Form 990 data are more scant. Gibelman and Gelman (2001) studied fraud reports of 10 U.S. and 13 international health and human services NGOs from 1998 to 2000. In this paper, they identified the underlying problems leading to the frauds and discussed implications related to the public trust, NGO credibility, and accountability. Fish et al. (2021) applied a qualitative exploratory case study design to study NFPs in South Central Pennsylvania and identified training topics most useful for preventing fraud: professional skepticism, cybercrime, fraud red flags, and tone at the top. Their results provided suggestions on training NFP professionals on how to prevent and detect frauds (Fish et al., 2021).

Archambeault et al. (2015) collected press reports from 2008 to 2011 regarding financial frauds involving non-profit entities within the United States. They compiled and summarized 115 incidents. The authors found that the incidence of fraud is related to the type of non-profit: entities working in the health and human services sector, for example, have relatively more frequent incidents of fraud than other types of non-profits. They also found that the role of the perpetrator within the organization played a role in the nature of the fraud and the size of the loss. Although Archambeault et al. (2015) included five (4.4% of the sample) entities classified by the *National Taxonomy of Exempt Entities* as religious, these entities are likely not individual churches since churches are exempt from filing Form 990 with the IRS (IRS, 2021), and the authors filtered out organizations not filing Form 990.

Archambeault and Webber (2018) studied the survival of 115 non-profit organizations following a reported fraud. They found that 25.2% of non-profits failed to survive 3 years after the fraud: for non-profits that victimized the public, 59.3% failed to survive; for non-profits victimized by insiders, only 14.8% did not survive.

Congregations represent an important segment of the non-profit sector. Not only do churches provide religious or spiritual benefit to members, but many churches also have specific programs to relieve poverty, or to provide assistance to members and others who cannot meet immediate needs for health, shelter, or food. Polson (2017) summarizes the positive social benefits churches and other religious entities have within their communities, including community involvement, neighborhood stability, crime reduction, and economic development, among others.

HYPOTHESIS DEVELOPMENT

Characteristics of Congregation-Related Financial Fraud

Because there is little formal research into congregational financial frauds, we first seek to understand the characteristics of these frauds. Following Archambeault et al. (2015), we summarize important characteristics of church financial frauds including the nature of the fraud, the duration of the fraud, the magnitude of loss, and the role of the perpetrator relative to the organization. Archambeault et al. (2015) found that losses for non-profit entities varied by the role of the perpetrator. However, the staff roles in a congregation are distinct from other non-profits, given the special role of clergy within a church (Harris, 1998b). We thus categorize church employees into administrative staff, executives, and clergy: administrative staff may have secretarial or lower-level financial duties such as bookkeeping; executive-level employees may take on duties similar in concept to a chief operating office, treasurer, or chief financial officer; clergy are the spiritual leaders within the congregation.

Fraud may occur when “trusted person[s] become trust violators” (Cressey, 1973, p.30; ACFE; n.d.). Cressey (1973) proposed the three elements in Fraud Triangle: perceived opportunity, perceived financial need, and rationalization. Within congregations, there tends to be high trust among members, which can become an opportunity exploited by a perpetrator (Perri and Brody, 2011). In other words, the likely victims of a congregational fraud are not limited to the organization or the public, as Archambeault et al. (2015) found, but also include members. Members’ affinity with other members can reduce their vigilance and increase their vulnerability to fraud. This is known as affinity fraud, where a perpetrator takes advantage of the sense of belonging to the same community, i.e., affinity, and exploits that trust for illegal financial gain through means such as investment schemes (Perri and Brody, 2011). It is unclear if all churches have a consistent and effective system to protect members from unscrupulous people who leverage their trust through some association with the church. Such a perpetrator can be an outsider of a church or even be another member of the church.

Since perpetrators of different roles have access to different congregational resources, we expect the victim of the fraud to be related to the role of the perpetrator. For example, since clergy likely have more interaction with members directly than administrative or executive staff, it is probable that clergy victimize members more directly than administrative staff victimizes members. Likewise, member may exploit their affinity with other members to victimize them. On the other hand, administrative and executive staff may have greater access to the congreation’s bank account or credit cards, and could thus be tempted to abuse check writing privileges or develop credit card schemes to benefit themselves.

Further, when a congregation organization is victimized, what is at stake is only a proportion of members’ assets; but when members are directly victimized, their entire personal assets are in jeopardy. For example, when a secretary steals from the church donation, the maximum possible loss is the amount donated. However, when a perpetrator deceives members to join a fraudulent investment scheme, these victims can lose their personal savings and retirement funds.

These considerations motivate the following hypotheses:

Hypothesis 1 (H1): *Who (congregation organization, members, or the public) gets victimized in church related financial frauds will vary based on the role of the perpetrator (administrative staff, executive, clergy, member, or outsider).*

Hypothesis 2 (H2): *In congregational financial frauds, the amount of loss is greater when members are directly victimized than when the church organization is victimized.*

We will test H1 by Fisher's exact test, which tests association between two categorical variables (i.e., role of victim vs. role of perpetrator); it is similar to Chi-squared test but is applicable to data of small sample sizes (Kim, 2017). We will test H2 by one-tailed two independent sample t-test, which tests if the mean of one sample (i.e., member victimization) is higher than the mean of the other sample (i.e., congregation organization victimization) (Albright, 2020).

Survival

Like frauds perpetrated against other NFP organizations, frauds perpetrated against congregations likely have some effect on their ability to survive as organizations. A congregation's ability to survive a fraud is likely to be influenced by, first, the magnitude of the fraud. Material financial frauds against the church may create enough financial distress that the church cannot survive. We expect, however, that the greater distress would be the shock to the high-trust environment occasioned by the fraud. Specifically, if a spiritual leader in the congregation commits the fraud, the members may feel betrayed (Pollock & Papiernik, 2017), withdraw their support, and reject appeals to continue attending. The damage to the reputation of the congregation through the actions of its leader(s) would make it difficult to survive. By contrast, a fraud perpetrated by an administrative staff member, like a bookkeeper, may be viewed by the congregation as the result of an unfortunate hire or a poorly screened employee, but not reflective of betrayal by the leader or a contradiction with the fundamental values underlying the teachings of the church.

Tyler & Huo (2002) suggest that trust is a belief that authorities share the same fundamental values as members and will protect the interests of members. In a congregational setting, fraud likely undermines trust in the authority figure as members tend to feel victimized instead of protected, even if they are not directly financially victimized by the crime. The fraud also calls into question whether the authorities actually share the fundamental values of members. Spiritual leaders are entrusted with directing the spiritual teaching that establishes those values. Therefore, when a spiritual leader commits fraud, it calls into question the sincerity of those values and the organization's commitment to them. De Cremer & Tyler (2007) find that people cooperate less with untrusted authorities than they do with trusted authorities. When trust is lost, members stop cooperating by withholding participation and financial support. An organization in this state is at risk of terminal decline.

Further, Grover, Abid-Dupont, Manville, & Hasel (2019) suggested that whether or not leaders can recover trust depends on the severity of the violation and the intentionality of the leader: "Apologies do not recover trust in all situations. Apology effectiveness depends on characteristics of the situation. Some transgressions extend beyond the threshold from which trust can recover, making it difficult or impossible to engage in trust restoration. Recent research on the leader-follower relationship shows that trust can be recovered following some trust violations and not others, and the difference between these categories lies with a combination of violation severity and attribution of the leaders' motivations…" (Grover et al. 2019).

With congregational frauds, we expect that the violation of members' trust by a spiritual leader is very often too great to repair due to the severity of the criminal behavior and the direct contradiction of the shared values of the congregation. The congregation itself may not survive as members depart and withdraw their financial support. Therefore, we hypothesize that a church is less likely to survive if fraud is committed by clergy than by other staff, as stated in Hypothesis 3 below:

Hypothesis 3 (H3): *Churches where a spiritual leader (clergy) commits the fraud are less likely to survive than churches where either an administrative staff or executive commits the fraud.*

We will test H3 by Fisher's exact test, which tests the association between two categorical variables (i.e., role of perpetrator vs. survival) (Kim, 2017).

External Governance

The topic of NFP governance has been reviewed in detail in previous papers. For example, Cornforth (2012) reviewed the limitations of research on non-profit governance due to its focus on boards and suggested the need to study wider governance structures, such as external factors. In terms of churches, Zech (2003) suggested that the denominational governance of churches is analogous to franchise arrangements, suggesting different, specific franchise models for different denominations. Though each denomination may have its own model of control, they all tend to require some form of accountability from their local congregations (Torry, 2014; Vaters, 2019). Denominations may both exercise oversight of the local congregation and provide external control over significant activities within the local church. To illustrate the type of governance imposed by denominations on a church's practice, we use the *Book of Discipline* from the United Methodist Church (UMC) (Sigmon, Reist, & Milford, 2016). This publication defines what organization membership is, who governs, and how it is governed. The local church is governed by a divided authority system with a pastor and an elected board of trustees, each elected to 3-year, staggered terms so that one third of the trustees are up for election each year. The trustees supervise property while the pastor is appointed by a conference bishop and directs religious activities for the church.

Not only may the denomination exercise control over leadership matters pertaining to the local congregations, it may also require that specific policies and procedures over business and financial matters be followed, as well as mandate mechanisms for financial accountability. These may range from separation of duties, to periodic financial reporting, to annual audits. For example, see "Financial Controls, Policies and Procedures" from the Florida Conference of the UMC (2021). In addition, the denomination itself may belong to, or seek accreditation from, an independent agency promoting financial accountability, such as the *Evangelical Council for Financial Accountability (EFCA)*, which requires adherence to standards of governance, financial oversight, transparency and disclosure (EFCA, 2021).

By contrast, local congregations free of denominational control may have much greater flexibility over both teaching and operating activities, allowing them to develop financial and operating policies of varying degrees of strength, effectiveness, and transparency. Because of this likely variation in the strength of financial controls and accountability among churches related to their governance, we expect that congregations without external governance will be more adversely impacted by frauds than congregations under external governance. Specifically, we expect that independent congregations will experience frauds of larger magnitude, be less likely to survive, and be more likely to suffer frauds that victimize members. This rationale leads to the following hypotheses:

Hypothesis 4 (H4): *Congregations without external governance are more likely to have frauds of larger magnitude than congregations with external governance.*

We will test H4 using a one-tailed, two independent sample t-test, which tests if the mean of one sample (i.e., churches without external governance) is higher than the mean of the other sample (i.e., churches with external governance) (Albright, 2020).

Following a fraud, congregations with external governance can be helped in ways that an independent congregation cannot. First, after a financial fraud within a local congregation, the denomination can provide financial assistance to the affected congregation until it can recover financially. Second, the denomination can also appoint a new spiritual leader on either an interim or permanent basis who had no part in the fraud, and who can provide direction, authority and adherence to the core teachings of the denomination, which may help repair the violation of trust caused by the fraud. This likelihood leads to Hypothesis 5:

Hypothesis 5 (H5): *Congregations without external governance are less likely to survive after a fraud than congregations with external governance.*

We will test H5 by Fisher's exact test, which tests the association between two categorical variables (e.g., survival vs. external governance) (Kim, 2017).

Denominational congregations have to conform to the religious missions of their denominations. On the other hand, while the genesis of an independent congregation may have been to further its religious mission, there is also a greater likelihood that some of these congregations may have been started by religious "entrepreneurs" who seek notoriety and wealth, in place of, or in addition to, the religious mission, and are willing to use religion as a means of achieving those goals. In that case, a charismatic leader may find it easier to defraud members within a congregation lacking external governance relative to leaders within a congregation that has external governance, where the leader appointment often must be approved by the denomination. This notion leads to Hypothesis 6:

Hypothesis 6 (H6): *Congregations without external governance are more likely to have congregation members or the public victimized in a fraud.*

We will test H6 by Fisher's exact test, which tests the association between two categorical variables (i.e., external governance vs. role of fraud victim) (Kim, 2017).

To test each of these hypotheses, the p-value is compared with the significance level (α). If the p-value is less than the significance level, a hypothesis is supported by the data (Albright, 2020). However, since there are multiple hypotheses, the Bonferroni correction is needed to adjust the significance level to control the total probability of drawing a false conclusion among all six hypotheses: corrected $\alpha = \alpha$ /number of comparisons (Weisstein, 2004). Using the conventional α of 0.05, and having 6 hypotheses to test in this study, the corrected $\alpha = 0.05/ 6 = 0.008$. In other words, in our testing for each of the hypotheses, if the p-value is less than 0.008, then this hypothesis is supported by the data; otherwise, it is not supported by the data.

DATA COLLECTION AND SAMPLE DEVELOPMENT

We searched the United States DOJ website for all news announcements concerning financial fraud related to churches during the period January 1, 2013 through December 31, 2018. We searched for the keyword "fraud" along with keyword "church" or "synagogue" or "temple" or "mosque." If a perpetrator victimized more than one congregation, each of the congregations is counted as one instance. For the purpose of this study, we excluded the following instances:

1. Announcements where "church" refers to a surname or is contained within a city name, not a church congregation.
2. Duplicate announcements of the same event.
3. The organization referenced in the announcement was a para-church organization or a religious charity, not a congregation.
4. Reported fraud cases that did not actually involve a church even though the word church is in the article. For example, a perpetrator may have falsely claimed to have given a large donation to a church in order to evade taxes, but the church never received a donation and was not otherwise involved in the crime.

Table 1, Panel A below summarizes the sample selection and attrition. Panel B below identifies the number of fraud convictions appearing each year based on the earliest announcement about the fraud on the DOJ website. This year does not indicate the inception of the fraud; rather, it represents the date the DOJ first made an announcement about this case on its website, which is at the point of conviction. In 2013, for example, the DOJ announced the results of 13 congregation-related fraud cases that had been investigated, tried, and convictions had been obtained by 2013. Panel B indicates that the number of such cases ranges from a low of 12 convictions in 2016 to a high of 21 convictions in 2018.

In addition, we were able to ascertain the inception date of the fraud for 80 cases. Table 1, Panel C lists the year of inception and the number of fraud cases beginning in that year. The earliest year of inception for the frauds in our data set was 1997 (one case) and the most recent start year was 2016 (one case). The year with the highest number of cases starting was 2006 with eleven cases.

TABLE 1A
SAMPLE ATTRITION

News announcements generated from initial DOJ search	**137**
Less:	
"Church" refers to a surname or location	(2)
Duplicates of the same story	(7)
Church was not involved in the fraud	(18)
The non-profit is not a church (e.g., parachurch organization)	(6)
Number of churches included in final analysis	104

TABLE 1B
YEAR OF NEWS ANNOUNCEMENT PUBLISHED DURING SAMPLE PERIOD

Year	Number of cases
2013	13
2014	20
2015	18
2016	12
2017	20
2018	21
Total	104

TABLE 1C
YEAR INCIDENT BEGAN

Year	Number of Cases
1997	1
1999	1
2000	2
2002	3
2003	5
2004	4
2005	4
2006	11
2007	5
2008	7
2009	7
2010	7
2011	9
2012	4
2013	3
2014	2
2015	4

Year	Number of Cases
2016	1
Unknown	24

In the Archambeault et al. (2015) study, survivorship was determined by Form 990. Since congregations do not file Form 990, we cannot use Form 990 to determine survivorship. However, since congregations are public places of worship, and generally seek to make the public aware of their presence, it is reasonable to expect that any legitimate place of worship will maintain a web presence if it is still active. Therefore, to determine the survivorship of congregations, we examine each congregation's web presence following the reported fraud. In cases where there are multiple congregations with the same name, we specifically search for the city as specified in the Department of Justice news announcement. Furthermore, we employed multiple other ways to verify a congregation's dissolution: we searched for news announcements mentioning the congregation as closed or defunct; we verified that its previous website was no longer active or in some way indicated that it was no longer viable; and verified whether the congregation's previous physical address is now occupied by another organization.

ANALYSIS AND KEY FINDINGS

Characteristics of Congregation-Related Financial Fraud

Table 2A reports data concerning the role of the fraud perpetrator according to victim category. The data contains five mutually exclusive categories of perpetrators: (1) congregation administrative staff (e.g., an administrative assistant or a bookkeeper); (2) congregation executives (e.g., a congregation employee classified as a director); (3) the clergy (i.e., the congregation's spiritual leaders); (4) members; and (5) outsiders. We use the term "members" to conveniently refer to both those who have been formally admitted to membership in the congregation and other "insiders" or "adherents" who regularly attend the congregation and profess to adhere to the teachings of the congregation but may not have formally joined. Outsiders refer to people who are neither employed by the congregation nor claim to be part of the congregation community. This group may include outside vendors to the congregation, contractors, thieves, and other opportunists.

Table 2A also identifies three distinct groups of victims. First, the congregation itself, considered as an organization, may be victimized. Embezzlement by an employee, for example, would be considered to be victimizing the congregation. Second, members may also be victimized. In these cases, a member's personal assets suffer loss as a result of some fraud perpetrated against the member because of the member's affiliation with the congregation. Finally, the public can be victimized. In these cases, the public suffers a loss due to taxpayers' funds being misused. For example, in one fraud, a congregation leader devised a scheme to misuse the Supplemental Nutrition Assistance Program run by the United States Department of Agriculture. In another example, a congregation employee falsely claimed Social Security Disability Insurance Benefits while, unknown to the Social Security Administration, he was employed by a congregation at the same time. Please refer to the Appendix for more detailed examples of the frauds classified by the role of the perpetrator and victim.

Table 2A shows that a relationship exists between who perpetrates the fraud and who gets victimized. When the perpetrator is an administrative staff member, the congregation organization is always victimized; administrative staff victimize the congregation organization in 100% of these cases. Executives also tend to victimize the congregation organization(92.3%). On the other hand, frauds committed by clergy are more equally distributed, with the organization (25.8%), members (35.5%), and the public (38.7%) representing the percentages of fraud events perpetrated by the clergy. When the perpetrator is a member, however, the victim is predominately another member (or members) of the congregation. Member victimization represents 95% of frauds perpetrated by other members. This difference in victim preference by perpetrator role is statistically significant (Fisher's exact test, p-value < 0.008), providing support for Hypothesis 1.

This result appears consistent with the fraud triangle (Cressey, 1973), which states that perceived opportunity is an important component of a fraud.

Table 2B shows the magnitudes of loss by perpetrator role and victim. Interestingly, the magnitude of loss is greater when members are victimized than when the organization is victimized. The average fraud perpetrated against members was $6.82 million (median $1.52 million), while the average fraud perpetrated against the congregation organization was $1.83 million (median $318 thousand). The difference is statistically significant (t-test, p-value < 0.008). This provides support for Hypothesis 2, indicating that losses when members are directly victimized are greater than those when the organization is victimized.

To further investigate the reason behind the support for Hypothesis 1 and Hypothesis 2, we examine the durations and the schemes of the frauds categorized by both perpetrator and victim. First, Table 2C shows the distribution of durations. Looking at the Grand Total column, it appears that the largest percentage of cases where the duration was determinable lasted longer than 5 years (29.8% of total cases). The same conclusion could be drawn from the frauds perpetrated by executives, clergy, and outsiders. In comparison, Archambeault et al. (2015) found that 14.8% of non-profit frauds lasted longer than 5 years. It seems possible that congregation-related frauds are of long duration because of the weak internal controls among congregations, the trusting nature of congregation members regarding officers and other members, and the lack of auditor involvement. However, due to the number of reported cases where the duration of the fraud was not revealed (26% of total cases), it is difficult to draw a sound statistical inference. Statistically, there is no outstanding pattern of durations across the perpetrator and victim.

While the durations may not explain the reason behind the support for Hypothesis 1 and Hypothesis 2, the fraud schemes may. Table 2D shows the distribution of primary fraud schemes by perpetrator type (if there are multiple schemes, the table lists the primary scheme described in the news announcement), and Table 2E displays average and median dollar losses associated with each fraud scheme aggregated by perpetrator role. Table 2D reveals an interesting pattern between the perpetrator and fraud scheme. When the fraud perpetrator is an administrative staff member, the fraud was always some sort of check or credit card scheme. This result appears consistent with the opportunity available to administrative staff, who may have access to checking and credit card accounts, or benefit from having both custody and record-keeping responsibility. Executives, too, appear to utilize check or credit card schemes most often (85%), reflecting their ease of access to congregation accounts.

On the other hand, clergy filed false documents (29% of frauds committed by clergy) most often, followed by check and credit card schemes (23%), then investment schemes and improperly claimed funds (16% for both). The fact that clergy have employed a variety of different schemes suggests they benefit from the high-trust environment. If we consider defrauding contributors and investment scheme frauds that depend on gaining the trust of the victim to reflect trust violations, then almost a quarter of frauds committed by clergy are related to trust violations. Members who perpetrate fraud also appear to benefit from the high-trust environment. Since members do not have access to church bank accounts or credit cards, they instead directly victimize other members through investment schemes (77% of fraud committed by members) or contribution schemes (14% of frauds committed by members). Outsiders use deceptive goods and services (33% of outsider fraud) most often, followed by investment schemes (26%). These results help to explain the support for Hypothesis 1.

Table 2E displays average and median dollar losses associated with each fraud scheme aggregated by perpetrator role. In the aggregate, average investment scheme losses were substantially greater than losses due to other fraud schemes. Frauds where a member victimizes other members averaged $12.85 million. Also noteworthy is the fact that there were 7 instances of outsiders promoting investment schemes which averaged $5.9 million in losses. These results help to explain the support Hypothesis 2, which states that direct victimization of members can result in significant losses.

TABLE 2A
ROLE OF PERPETRATOR BY VICTIM CATEGORY (%: COLUMN PERCENTAGE)

Victim	Admin Staff n (%)	Executives n (%)	Clergy n (%)	Members n (%)	Outsiders n (%)	Row Totals n (%)
Organization*	11(100%)	12 (92.3%)	8 (25.8%)	1 (4.5%)	17 (63.0%)	49 (47.1%)
Members	0 (0%)	1 (7.7%)	11 (35.5%)	21 (95.5%)	10 (37.0%)	43 (41.3%)
Public	0 (0%)	0 (0%)	12 (38.7%)	0 (0%)	0 (0%)	12 (11.5%)
Column Total (%)	11(100%)	13 (100%)	31 (100%)	22 (100%)	27 (100%)	104 (100%)

* Organization as victim refers to a congregation organization's assets being victimized.
Hypothesis 1 (H1): supported. By Fisher's exact test, dependency between perpetrator role and victim preference is statistically significant with p-value = 0.00048 < α (0.008)*.
*** significance level (α) in this paper is derived by Bonferroni correction (Weisstein, 2004): corrected α = α /number of comparisons. There are 6 hypotheses to test in this study; therefore, the corrected α = 0.05/ 6 = 0.008.

TABLE 2B
MAGNITUDE OF LOSS BY ROLE OF PERPETRATOR AND VICTIM CATEGORY (n=104)

A: Average; M: Median
k: thousand dollars; m: million dollars

Victim		Admin Staff (n=11)	Executive(n=13)	Clergy (n=31)	Members (n=22)	Outsiders (n=27)	Row Total (n=104)
Organization	A	344k	1.17m	851k	1.0m	3.89m	842k*
	M	274k	425k	510k	1.0m	212k	318k
Members	A	N/A	101k	1.63m	10.62m	4.45m	4.69m*
	M		101k	1.29m	2.0m	3.70m	1.52m
Public	A	N/A	N/A	469k	N/A	N/A	469k
	M			234k			234k
Column Total	A	344k	1.09m	957k	10.18m	4.09m	3.69m
	M	274k	350k	405k	1.76m	600k	500k

**Hypothesis 2 (H2): supported. By one-tail two sample t-test with winsorization (Gosh & Vogt, 2012), magnitude of loss is greater when members are victimized (4.69M, winsorized average) than when the congregation organization is victimized (842k, winsorized average) with p-value = 0.0064 < α(0.008).

TABLE 2C
DURATION OF THE FRAUD BY PERPETRATOR ROLE

Duration	Support Staff	Executives	Clergy	Members	Outsiders	Grand Total
1 year or less	18.2%	5.9%	6.7%	20.0%	15.4%	12.5%
>1 to 3 years	18.2%	11.8%	23.3%	20.0%	15.4%	18.3%
>3 to 5 years	36.4%	11.8%	16.7%	10.0%	3.8%	13.5%
>5 years	27.3%	41.2%	36.7%	15.0%	26.9%	29.8%
Unknown	0.0%	29.4%	16.7%	35.0%	38.5%	26.0%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE 2D
PRIMARY FRAUD SCHEMES AS DESCRIBED IN NEWS ANNOUNCEMENTS

Primary Fraud Scheme	Admin Staff n(%)	Executives n(%)	Clergy n(%)	Members n(%)	Outsiders n(%)	Total n(%)
Check, bank account, or credit card schemes	11(100%)	11(85%)	7(23%)	1(5%)	1(4%)	31(30%)
Corruption (e.g., money laundering)	0%	0%	0%	0%	3(11%)	3(3%)
Deceptive goods & services	0%	0%	0%	0%	9(33%)	9(9%)
Defrauding contributors	0%	0%	3(10%)	3(14%)	0%	6(6%)
Extortion	0%	0%	0%	0%	1(4%)	1(1%)
Filing false documents (e.g., tax returns)	0%	1(8%)	9(29%)	1(5%)	1(4%)	12(12%)
Improperly claimed loans, grants or government funds	0%	0%	5(16%)	0%	0%	5 (5%)
Investment schemes	0%	0%	5(16%)	17(77%)	7(26%)	29 (28%)
Theft of assets through other means	0%	1(8%)	0%	0%	0%	1 (1%)
Theft of cash or checks	0%	0%	2(6%)	0%	5(19%)	7 (7%)
Total	**11(100%)**	**13(100%)**	**31(100%)**	**22(100%)**	**27(100%)**	**104(100%)**

TABLE 2E
MANITUDE OF LOSS BY PRIMARY FRAUD SCHEME AND PERPETRATOR ROLE

A: Average; M: Median
k: thousand dollars; m: million dollars

Primary Fraud Scheme	Admin Staff	Executives	Clergy	Members	Outsiders	Total
Check, bank account, or credit card schemes						
A	343k	1.23m	852k	1.0m	184k	787k
M	274k	350k	510k	1.0m	184k	318k
Corruption (e.g., money laundering)						
A					588k	588k
M	N/A	N/A	N/A	N/A	600k	600k
Deceptive goods & services						
A					6.73m	6.73m
M	N/A	N/A	N/A	N/A	400k	400k
Defrauding contributors						
A		N/A	870k	3.00m		1.93m
M	N/A	N/A	1.0m	1.30m	N/A	1.10m
Extortion						
A						
M	N/A	N/A	N/A	N/A	N/A	N/A

Filing false documents (e.g., tax returns)						
A		101k	1.46m	285k	4.00m	1.46m
M	N/A	101k	812k	285k	4.00m	548k
Improperly claimed loans, grants or government funds						
A			334k			334k
M	N/A	N/A	215k	N/A	N/A	215k
Investment schemes						
A			902k	12.85m	5.90m	9.06m
M	N/A	N/A	400k	2.00m	4.05m	2.00m
Theft of assets through other means						
A		500k				500k
M	N/A	500k	N/A	N/A	N/A	500k
Theft of cash or checks						
A			1.45m		87k	745k
M	N/A	N/A	1.45m	N/A	73k	745k
Total						
A	**344k**	**1.09M**	**957k**	**10.18m**	**4.09m**	**3.69m**
M	**274k**	**350k**	**405k**	**1.76m**	**600k**	**500k**

Survival

To examine survival, we considered only cases that ended before 2018 to allow for a two-year survival threshold. We also excluded cases where the organization's name was not in the announcement. On occasion, the DOJ does not disclose the congregation name because it was the victim. Given the high level of trust members give to congregation leaders through belief in shared doctrine, we hypothesize a relationship between the role of the perpetrator and the survival of the congregation (H3). Since clergy represent the level of leadership most responsible for teaching doctrine and moral values, we expect that when the spiritual leader commits fraud, the congregation is more likely not to survive than when an administrative staff member or executive commits the fraud. The results for H3 are shown in Table 3. When the fraud was perpetrated by an administrative staff member, all of these congregations survived. When the fraud was perpetrated by an executive, either in a financial or operational role, 84.6% of these congregations survived. However, when a fraud was perpetrated by a member of the clergy, only 53.6% of congregations survived. This relatively low survival rate is consistent with members feeling the greatest betrayal of their trust when a fraud is perpetrated by a spiritual leader. Hypothesis 3 is supported ($p < 0.008$, Fisher's exact test).

TABLE 3
SURVIVAL AND ROLE OF PERPETRATOR: PERCENT OF CONGREGATIONS THAT SURVIVED AFTER A FRAUD (n=51*)

Role of perpetrator	Supporting (n=10)	Executives (n=13)	Clergy (n = 28)	Grand Total
Survived after the fraud	100.0%	84.6%	53.6%	70.6%
Did not survive after the fraud	0.0%	15.4%	46.4%	29.4%
Column total	100%	100%	100%	100%

* This table has only 51 observations because it includes only cases where the perpetrator is a congregation staff and only cases where the congregation name is known.
**Hypothesis 3 (H3): supported. By Fisher's exact test, the dependency of congregation on role of perpetrator is statistically significant with p-value = $0.00092 < \alpha$ (0.008).

External Governance

We examined the relationship between external governance and fraud. First, we examined the magnitude of fraud for congregations with high external governance (i.e., denominational congregations) vs. congregations with low external governance (i.e., independent congregations). The results are shown in Table 4. The results show that most of the high external governance congregation frauds had magnitudes less than \$500,000, while most of the low external governance congregation frauds had magnitudes greater than \$1.0 million. For high external governance congregation frauds, the average loss is \$724 thousand, and the median is \$274 thousand. For low external governance congregation frauds, the average loss is \$1.8 million, and the median is \$1.2 million. The loss of low external governance congregation frauds is significantly greater than the loss of high external governance congregation frauds. The results support Hypothesis 4 that congregations without external governance are likely to have higher magnitudes of frauds ($p < 0.008$).

TABLE 4
MAGNITUDE OF LOSS BY EXTERNAL GOVERNANCE: PERCENT OF CASES (n = 52*)

k: thousand dollars; M: million dollars

External Governance	**High (n = 37)**	**Low (n = 15)**
Less than US \$100,000	24.3%	6.7%
US\$100,000-\$499,999 US\$500,000-\$999,999	37.8%	26.7%
US\$1,000,000 or more	18.9%	0.0%
	18.9%	66.7%
Column Total		
	100%	100%
Median		
Average.	274k	1.2M
Minimum	507k**	1.6M**
Maximum	41k	30k
	9.0M	7.4M

* This table has only 52 observations because it includes only cases where the congregation name is known and its denominational affiliation can be ascertained.

**Hypothesis 4 (H4): supported. By one-tail two independent sample t-test with winsorization (Gosh & Vogt, 2012), the magnitude of loss is greater for frauds in congregations with low external governance (1.6M, winsorized average) than those in high external governance (507k, winsorized average) with p-value = $0.0038 < \alpha$ (0.008).

Next, we examined the likelihood of congregation survival after a fraud for high governance congregations vs. low governance congregations. The results are shown in Table 5. The results indicate that 89.2% of high-external governance congregations survive after a fraud, but only 33.3% of low external governance congregations survive. The results support Hypothesis 5, indicating that external governance helps a congregation to survive after a fraud ($p < 0.008$).

TABLE 5
SURVIVAL BY EXTERNAL GOVERNANCE: PERCENT OF CASES (n=52*)

External Governance	**High (n=37)**	**Low (n=15)**
Survived after the fraud	89.2%	33.3%
Did not survive after the fraud	10.8%	66.7%
Column total	100%	100%

* This table has only 52 observations because it includes only cases where the congregation name is known and its denominational affiliation can be ascertained.
**Hypothesis 5 (H5): supported. By Fisher's exact test, the dependency of survival of a congregation after fraud on external governance is statistically significant with p-value = 0.00011 < α (0.008).

Next, we examined the relationship between victim (congregation organization, members, or the public) and external governance. The results are shown in Table 6. The results show that low external governance congregation frauds are much more likely to victimize congregation members or the public (80%) than high governance congregation frauds (27%). The results support Hypothesis 6 that congregation members are more likely to be victimized in a congregation with low external governance.

TABLE 6
VICTIM BY EXTERNAL GOVERNANCE: PERCENT OF CASES (n=52*)

External Governance	**High (n=37)**	**Low (n=15)**
Member victimized	13.5%	46.7%
Organization Victimized	73.0%	20.0%
The public victimized	13.5%	33.3%
Column total	100%	100%

* This table has only 52 observations because it includes only cases where the congregation name is known and its denominational affiliation can be ascertained.
** Hypothesis 6 (H6): supported. By Fisher's exact test, the dependency of the victim of a congregation on external governance is statistically significant with p-value = 0.00018 < α (0.008).

In summary, the data indicate that external governance through denominational affiliation serves as a protective factor against frauds. Congregations with external denominational affiliations have smaller average magnitudes of fraud loss, members are less likely to be directly victimized, and the individual congregations themselves are more likely to survive than independent congregations without denominational affiliations.

CONCLUSION

This paper provides an analysis of financial frauds among congregations in the United States. A study of fraud among congregations is warranted for multiple reasons. First, congregations represent an important sector within the larger scope of NFP organizations. Studying congregations could contribute to the understanding of NFPs in general. Meanwhile, congregations provide a distinct study sample from other NFP organizations due to the special leadership role of clergy (Harris, 1998a, 1998b), their high-trust environments, and close-knit membership structures. As a result, congregations provide an opportunity to study frauds within NFP organizations that have not been studied empirically before. In particular, congregations are susceptible not only to frauds where the organization is victimized, but also those where the members are victimized. Furthermore, congregations also provide a way to study the influence of external governance on frauds through their denominational affiliations.

In this paper we developed a dataset of congregation fraud cases the Department of Justice reported in news releases after prosecuting and gaining convictions. From this data, we were able to characterize and summarize 104 fraud cases involving congregations in the United States between 2013 and 2018. This dataset does not allow us to examine the relative prevalence of financial fraud within congregations, but it does allow us to examine characteristics of interest relevant to congregation fraud. We find that perpetrators can be classified by their role with respect to the congregation into congregation administrative staff, congregation executives, and congregation spiritual leaders, members, and outsiders. Victims can be classified into three categories: the congregation organization, members, and the public. Within this classification scheme, we find that the role of the perpetrator is associated with the victim category as the administrative and executive staff tend to victimize the congregation as an organization reflecting the opportunity available to their role, while the clergy and members appear able to take advantage of the trust members place in them to commit frauds against the other members. We find that fraud against members tend to be larger than those perpetrated against the congregation, reflecting the vulnerability inherent in the high-trust environment. Further, members were most often victimized through some sort of investment scheme. We further find that survival of the congregation following a fraud declines when the spiritual leader commits the fraud, reflecting that the broken trust between the leader and followers often cannot be repaired. Finally, we find that external governance provides some mitigation of the risk associated with financial fraud. Frauds against high external governance congregations were of lower magnitude, those congregations were more likely to survive following a fraud, and members were less likely to be victimized.

Our findings have several implications for congregations with respect to preventing financial fraud. Since administrative and executive staff can develop checking and credit card schemes resulting in fraud, congregations need to be vigilant in maintaining controls over both types of accounts. Custody, record-keeping, authorization, and execution responsibilities need to be clearly separated and reviewed periodically. All credit card and checking accounts should be periodically verified with the financial institutions and statements should be reconciled to congregation balances regularly by someone other than authorized users. Importantly, independent auditors should conduct periodic reviews or audits of all accounts.

Even more importantly, congregation leaders and members need to be aware of the risk of frauds victimizing members and perhaps develop preventative policies. To start, it might help to inform members of this risk and the necessity of due diligence before participating in an investment proposal from anyone claiming affinity with the congregation. Members should be reminded that any investment proposal - even those claiming some link to congregation - should receive the same scrutiny that the member would apply to any investment proposal. Our results concerning external governance suggest that for independent congregations, extra vigilance might be needed to mitigate the risk of members being victimized.

Finally, our study has limitations. Since it is not based on a random sample, but rather news releases from the DOJ, we do not know how representative the sample is of the unobservable population of congregation frauds. It is also limited to the United States. We do not know if congregations around the world have similar patterns of frauds. Further, the small sample size makes our study susceptible to measurement error. The small sample size also precludes the use of more variables. Other variables missing in the news announcements include size of congregation, age of the congregation, state-level oversight; some of these could be confounding variables. We also base our data concerning survival on the results of web searches for these congregations with additional steps such as physical address lookup and news searches to verify congregation closure, but it is possible that these congregations are still operating but do not have a website. It is also possible that the congregation may have closed but that the closure was actually due to some reason other than the reported fraud. We acknowledge that the survival of a historical congregation is difficult to research, and future studies could involve more direct field methods, such as interviews, to study survival.

For future studies, one larger-scale project could collect congregation fraud data from the world to understand the characteristics of congregation frauds internationally beyond the United States. Also, in this paper, all denominational affiliations are grouped together, due to the limited statistical power with the small sample size. It would be interesting to collect more data so that one could study the differences among different religions and denominations. Another future study can be a long-term project that collects data over a longer period. Still another direction is to interview members of congregations affected by fraud to further study how trust and other psychological factors influence the survival of the congregation.

ACKNOWLEDGMENT

The authors are grateful to Dr. Jeremy Thornton for his helpful comments on the manuscript.

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APPENDIX: FRAUD EXAMPLE FOR EACH CATEGORY

Fraud Category and Example	**Web link**
Category: Admin Staff steals from the organization **Example:** "Goodlett committed wire fraud when, as bookkeeper, she exceeded her authorized access by transferring funds from Saint Gabriel's bank account to her own bank accounts, made unauthorized credit card expenditures, and manipulated financial records to make unpaid debts appear paid."	https://www.justice.gov/usao-wdky/pr/former-bookkeeper-saint-gabriel-archangel-church-and-school-sentenced-six-months-home
Category: Executive steals from the organization **Example:** "Marcellus served as the Director of Development for St. Joseph's Church. In this position, Marcellus was responsible for handling all financial and accounting matters for the church. While serving as Director of Development, Marcellus began using computer software to generate checks to herself from multiple bank accounts belonging to the church."	https://www.justice.gov/usao-wdwi/pr/barron-county-woman-pleads-guilty-fraud-tax-charges-stemming-church-embezzlement
Category: Executive victimizes members **Example:** "Ford prepared and filed false tax returns with the IRS, using the names and social security numbers of the poor, homeless and disabled. Ford intentionally prepared each tax return with false information so that it would generate a tax refund. Ford obtained the tax refund checks and deposited them into her own bank account or cashed the checks at check-cashing stores, and used the money for her own benefit...Ford, who also ran a small church with her now-deceased husband, told her	https://www.justice.gov/usao-ndga/pr/stone-mountain-woman-sentenced-identity-theft

victims that she would file a tax return on their behalf and it would be 'a gift from God.'"

Category: Spiritual leader steals from the organization
Examples:

"Alexander was the minister at a Church of Christ congregation in Gretna, Louisiana. Starting in 2006 and continuing until December 2013, ALEXANDER stole at least $321,491 from the church in three different schemes. The first involved his writing church checks to himself to pay for personal expenses, but creating false entries in church ledgers which indicated the checks were being written to legitimate church vendors. The second method involved his opening an online bank account without church permission and paying personal expenses from the online account. Finally, he forged a church elder's signature on checks which required two signatures. He also used these funds for personal expenses."	https://www.justice.gov/usao-edla/pr/gretna-preacher-pleads-guilty-stealing-over-320000-church

Category: Spiritual leader defrauds members.
Example:

"Annamalai generated income through the [now defunct] Hindu Temple of Georgia ("the Hindu Temple") by charging fees to his followers in exchange for providing spiritual or related services. In a typical transaction, a follower agreed to purchase a particular service for a communicated price, and provided a credit card number by telephone to guarantee payment. Annamalai allegedly caused the followers' credit card numbers to be charged on multiple occasions, in excess of the agreed amount and without authorization."	https://www.justice.gov/usao-ndga/pr/former-leader-hindu-temple-georgia-charged-defrauding-his-followers-and-temple-s

Category: Spiritual leader victimizes the public
Examples

"11 leaders and members of the Fundamentalist Church of Jesus Christ of Latter-day Saints (FLDS Church) with conspiracy to commit Supplemental Nutrition Assistance Program (SNAP) benefits fraud and conspiracy to commit money laundering. The defendants include leaders of the church. The indictment alleges church leaders diverted SNAP proceeds from authorized beneficiaries to leaders of the FLDS Church for use by ineligible beneficiaries and for unapproved purposes."	https://www.justice.gov/usao-ut/pr/indictment-unsealed-charging-flds-church-leaders-conspiracy-divert-snap-benefits

Category: Member steals from the organization
Example:

"By pleading guilty, both defendants admitted that between February 2015 and October 2015, they conspired to defraud the La Obra Milagrosa Church (aka "The Miracle Center Church") (TMC). Neither defendant had authority to sign TMC Church checks, however, they forged the family member's signature on dozens of TMC business checks."	https://www.justice.gov/usao-wdtx/pr/san-antonio-mother-awaits-sentencing-while-son-receives-federal-prison-term-roles

Category: Member defrauds other members **Example:** "For about ten years Beaird held himself out as a financial advisor to friends and family and members of his church, the Church of Jesus Christ of Latter-Day Saints. Beaird was trusted as a leader of the church. But instead of investing conservatively in annuities and life insurance products, Beaird engaged in a scheme to defraud investors by falsely representing those annuity products and life insurance policies"	https://www.justice.gov/usao-wdwa/pr/enumclaw-financial-advisor-sentenced-prison-stealing-millions-clients
Category: Outsider defrauds the organization **Example:** "Clavizzao, going by the name of 'Victor Thomas,' opened a series of companies, and represented to others, including a local church, that he had the ability to help them conduct real estate transactions. Clavizzao convinced the church, which was seeking to construct a new building, to give him money. The church members believed that the money they gave to Clavizzao would be used to secure financing and to handle issues related to their construction project. Instead of aiding the church, Clavizzao used $16,350 of the church's funds for his personal benefit."	https://www.justice.gov/usao-mdfl/pr/repeat-offender-pleads-guilty-defrauding-church-and-other-victims
Category: Outside victimizes members **Example:** "Cooper created AG Cooper & Associates and presented himself as an investment advisor, meeting investors through a church group and through referrals from other investors. He solicited and received more than $5 million from investors… Deceived by these monthly payments and fraudulent quarterly statements, these victims believed their money was being properly invested, and on some occasions, would re-invest more money with Cooper. However, analysis of his bank accounts revealed the majority of the monies were used to pay back other investors, pay his credit cards, fund his other companies and to enrich his own lifestyle."	https://www.justice.gov/usao-sdtx/pr/local-man-sentenced-5-million-investment-scam