

# + ***Leadership Strategies in Navigating Fraud and Ethics in the Age of AI***

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# Presentation Overview

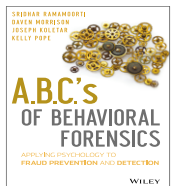
## LEADERSHIP STRATEGIES FOR NAVIGATING FRAUD & ETHICS IN THE AGE OF AI

- How the Advent of AI...Changes Everything, 300MM jobs lost
- Governance Fiasco at Open AI...and AI Can be Taught to Lie!
- A Mixed Blessing: Unimaginable Productivity Benefits but...Z
- Philosopher Kant's Dictum but...“Can does not mean Ought”
- Loss of Empathy, Emotional Competence, Shame
- Leadership and Culture



■ Human in the Loop: The Key to Effective Governance

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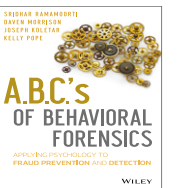
# NOT EXACTLY “Hawking” AI...

- The late, legendary physicist **Stephen Hawking** offered this ominous warning:

“Success in creating effective AI could be the biggest event in the history of our civilization. Or the worst. We just don’t know. So we cannot know if we will be infinitely helped by AI, or ignored by it and side-lined, or conceivably destroyed by it.”



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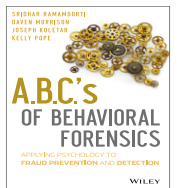


# Unimaginable Productivity Benefits

- Faster, Cheaper, Better
  - Process Efficiency
  - Cost Reduction
  - Higher Revenues and Growth
- Accelerating Innovation
- New Insights (undiscoverable previously)
- Education and Government (rising tide)



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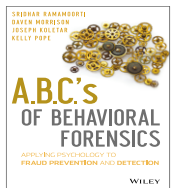


# Governance Fiasco at OpenAI

- “Which would you have more confidence in? Getting your technology from a non-profit, or a for-profit company that is entirely controlled by one human being?” (Brad Smith, MSFT President, in Nov 2023)
- With so much fear and risk swirling around AI technology, a “governance clown show” only makes it a verboten reality.
- Going “Human-in-the-Loop” (preferably “reliable, adult in the room types”) are going to be essential in the tech/social media space.



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# AI Can Be Taught to Lie!

## ■ Jim Martin:

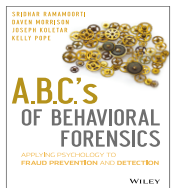
**“The danger of AI isn’t that it will learn to think. It can not and will not.**

**The danger is that it can be taught to lie (although it will never “know” it is lying).**

- The United Kingdom’s AI safety summit demonstrated that an AI program can purchase stocks illegally without telling its firm. Moreover, it denied performing insider trading when experts asked. Apollo Research conducted the experiment and warned highly advanced, unrestrained AI can deceive humans, eventually becoming uncontrollable. (November 2023)



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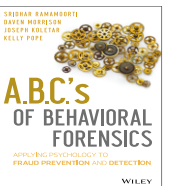


# Information Ecology: DRIP Syndrome

- **Garfield (2022):** MIT researchers found that fake news spread six times faster on social media than factual news (whatever that is)
- False information (Twain's "man bites dog") made tech companies much more money than the truth (whatever that is)
- We should necessarily ask: **Whom can we trust?**
- **RAND Corporation (2018):** Not tooth decay but **"truth decay"**!
  - Diminishing faith in traditionally authoritative information sources
  - Disturbingly increasing trends in:
    - Differences between individuals about objective facts
    - Conflation of opinion and fact in discourse
    - Quantity and authority of opinion rather than fact in discourse



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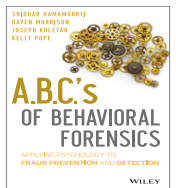


# AI in Accounting: Implications

- Goldstar to “AICPA” for prescience! But what is GAAP?
- ICAI Motto: “ya eshu supteshu jagruti” (Sri Aurobindo)
- We are human beings first before we are accountants, auditors, or financial people—code of ethics for AI?
- The Meaning of Meaning (Ogden & Richards, 1923)
- Key question: How to be human in a world of machines? (Hannah Fry’s 2018 book, “Hello World”)
- IMPACT on Professional Culture, Values, and Ethics?  
“Generative AI changes everything...”



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# Kant's dictum: OUGHT implies CAN

- German philosopher Immanuel Kant's principle "Ought implies can" means:

***If you are morally obliged to do P, then you ought to do P.***

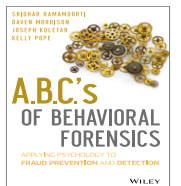
- But just because of technological advances we can, does not mean we ought to! (There may be a moral injunction against it)
- This maxim has important ethical ramifications when it comes to technology and social sciences
  - Algorithmic bias, "Trojan horse" program code
  - Automation bias, overreliance on technology and Goldilocks effect

Ref #1: Hannah Fry: *How to be Human in the Age of the Machine*

Ref #2: Cathy O'Neil: *Weapons of Math Destruction*



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# Can does NOT Imply Ought...

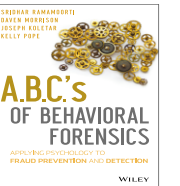
■ Chris Messina, Technology Strategist:

“The mentality is, ‘If we can do it, we should try it; let’s see what happens,...And if we can make money off it, we’ll do a whole bunch of it.’ But that’s not unique to technology. That’s been happening forever.”

▶ Just because you have Zoom technology, does not mean that you should completely eschew in-person interactions!



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# CONVENIENCE vs. EMPATHY

**“The essence of most consumer-facing technology is convenience, speed, and self-gratification.**

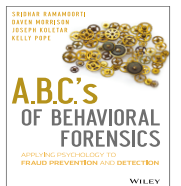
**Being empathetic is usually anything but. It takes patience, time, and humility.”**

*Artificial Empathy, Digital Dependency, and Loneliness:* <https://medium.com/getting-better-together/artificial-empathy-digital-dependency-and-the-loneliness-epidemic-exploring-connections-and-8aec1ce84fd>

- Carin Knoop, Morrison, Sadaric
- **IMPLICATION: AI has no conscience, no shame, no morals, so how can we trust it? We cannot. And once trust is destroyed, the wheels of commerce come to a grinding halt...**

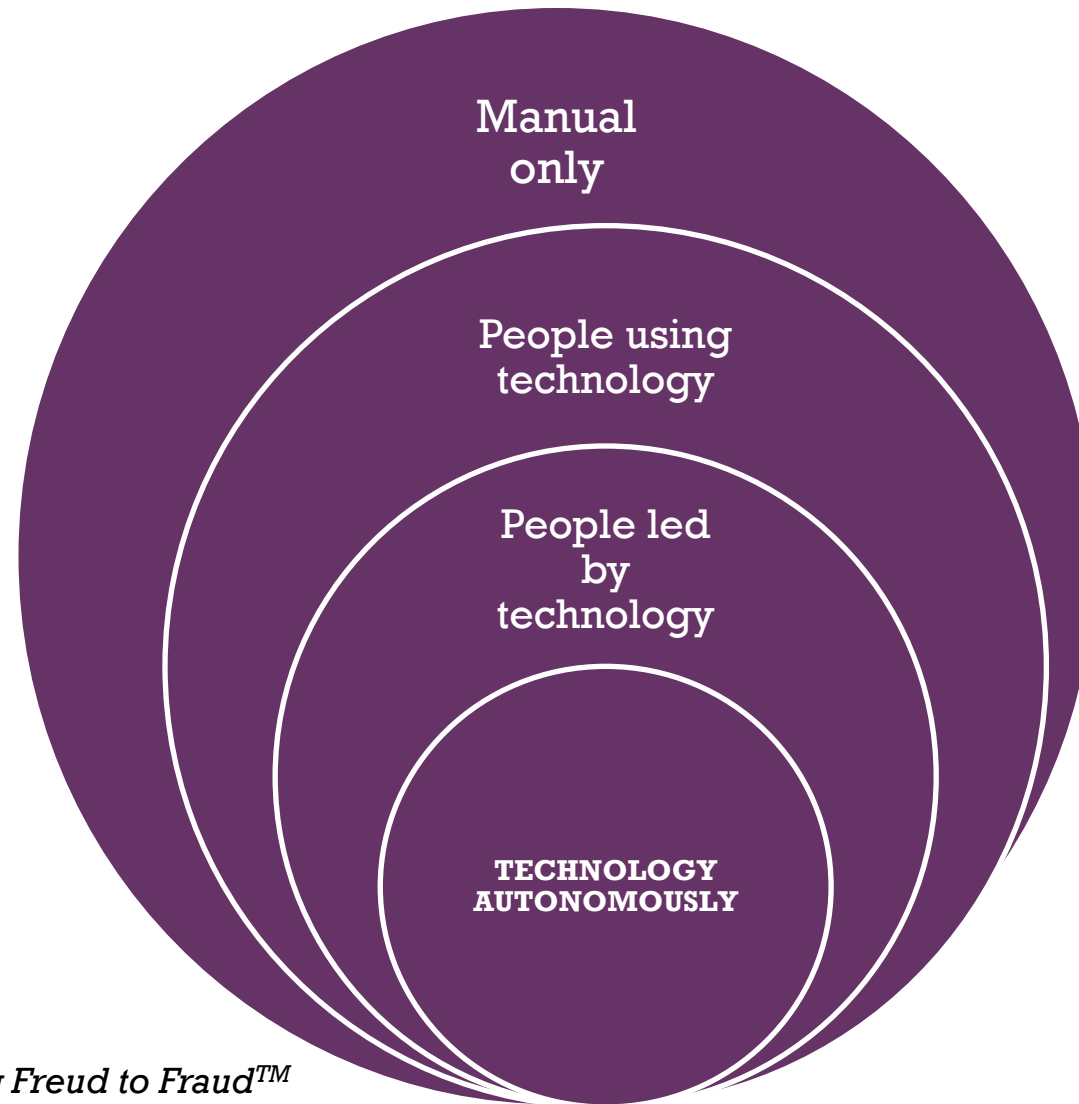


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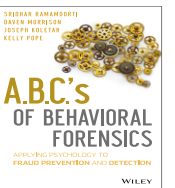




# Humans/Supplemented/Supplanted



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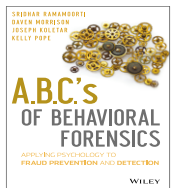


# Next Steps: Human in the Loop, CAIO?

- **Develop AI responsibly:** Encourage transparency, accountability and ethical considerations in AI R&D.
- **Promote AI education and retooling:** Invest in education and training programs that equip individuals with skills needed for jobs in an AI-driven economy (e.g., prompt engineering).
- **Bias and discrimination:** Ensure AI systems are developed and deployed in ways that minimize bias and promote fairness.
- **Strengthen data privacy:** Establish a robust data protection framework (e.g., GDPR) and privacy-preserving AI technology (EU AI Act, 2024).
- **Establish international cooperation:** Foster global collaboration on AI policy for shared risk and equitable benefits.



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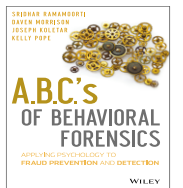


# LEADERSHIP AND CULTURE

- **LEADERSHIP** is really stewardship in establishing and maintaining the desired organizational culture.
- Given all the perils of AI, it seems that the nurturing of an ethical culture is about the best strategy a leader can employ to make the company less vulnerable to all the mischief that AI can foster.
- Emphasize everything positive about human beings and their virtues and attributes
- Building and replenishing TRUST must be an overarching goal, Bill George's VUCA response



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**INTEGRITY**

**ETHICS**

**PRINCIPLES**

**ACCOUNTABILITY**



# + Concluding Thoughts

Machines inevitably lead to the “denudation of the spontaneity, authenticity and richness of human experience”—valuing transactional resilience over trusted relationships is myopic

--lack of emotional, spiritual connection; love and empathy

--personal reputation, credibility, mentoring (pay it forward)

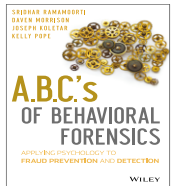
--the baby’s chuckle, the nurse’s smile, the mother/father’s hug cannot be duplicated (Jung, 1962: “memories, dreams, reflections”)

--”human beings are gregarious animals—community and decency critically important”; all about AA motto “think straight, talk straight”

--Autonomous systems: “bigger monster, weaker chains” ...this is the challenge of the 21<sup>st</sup> century!



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# Parting Quotes

**“Machine intelligence is the last invention that humanity will ever need to make.”**

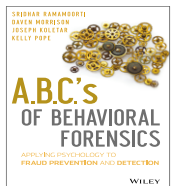
–Nick Bostrom

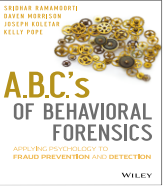
(Cf. Joke at Mathematician’s Conference)

**“The problem with humanity is paleolithic emotions, medieval institutions, and godlike technology.”** --Edward O. Wilson



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Questions?

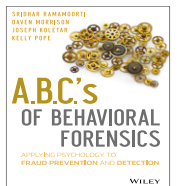


# BEHAVIORAL FORENSICS GROUP LLC

The *Behavioral Forensics Group* is a team of professionals with vast experience in detecting fraud, understanding why it occurs, and in recommending steps to mitigate fraud incidence within the corporate workplace, particularly within higher-level (and therefore more costly to the enterprise) executives. The fields of investigation, organizational psychiatry, accounting and behavioral forensics, and review are represented within the *Behavioral Forensics Group*. Acting in synergy to help organizations prevent, find, and/or reduce fraud, BFG is a premier, pioneering practice in this field.



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# Our inspiration:

[Even] though these reasonings concerning human nature seem abstract and of difficult comprehension ... and whatever pains these researches may cost us we may think ourselves sufficiently rewarded...if, we can make any addition to our stock of knowledge in subjects of unspeakable importance.

--Scottish philosopher, DAVID HUME

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