

Exploring Embezzlement by Catholic Priests in the United States: A Content Analysis of Cases Since 1963

Robert A. Warren
Timothy J. Fogarty

The fraud triangle, originally developed by (Cressey, 1953), has proven a remarkably robust analytical device for the understanding of a broad range of financial deviance. This set of three factors has been successfully applied to many occupations and industries. Nonetheless, the specific meanings given to the general elements of the fraud triangle can be expected to vary. The fraud triangle should be always approached as an empirical question, and one which views the classic triangle as a starting point (Holderness, Negangard and Sultan, 2018).

Although the fraud literature remains firmly grounded in the corporate world, it has made major efforts to cover the not-for-profit organizational sphere in recent years. This movement is consistent with the general recommendation that the advance of knowledge about fraud would necessitate industry specific inquiry (ACFE, 2020). Within the studies of the not-for-profit world, deviance within religious organizations has been less focused upon by researchers (Shupe and Iadicola, 2000), despite estimations that the magnitude of the problem is very large and growing (Peters, 2015). Perhaps this oversight reflects findings that religiosity tends to mitigate against the commission of fraud (e.g., Wicaksono and Urumsah, 2017).

The study of fraud in the religious arena offers several advantages, beyond the irony of its presence. Anecdotal accounts characterize these entities as reluctant and slow adopters of modern business practices including elementary internal controls (Ventura and Daniel, 2010). When combined with a high volume of cash-intensive resources flowing through them, religious entities' prospects for large losses are clear. The ideology of religion also creates a surprising resistance to reform (Booth, 1993), in part reflecting that religion verges toward a closed system operating under its own rules (Shupe and Iadicola, 2000).

This research further narrows the inquiry to a single religious denomination and single type of fraud. Roman Catholicism is the largest single religious denomination in the U.S. (Hout, Greeley, and Wilde, 2001), making it especially worthy of specific attention. Focusing only upon one religion reduces differences that can be attributed to hierarchical control and personnel power variations. Singling out embezzlement makes the inquiry into how the fraud was accomplished rather uniform and quite understandable. Embezzlement is a rather mundane form of asset misappropriation that is relatively frequent and easy to detect, and well within the technical ability of most people (ACFE, 2020).

The archival data collection conducted by this paper reiterates the usual finding of the literature that the opportunity to commit embezzlement is very salient to its commission. However, our major contribution lies in the identification of unique forms of pressure and rationalization. As these dimensions of fraud are conventionally understood tends to have little expression in these cases. The factual record supports more of a moral licensing type of rationalization, which should be understood as special manifestation of the fraud triangle in this setting.

This paper is organized into five subsequent parts. The first develops the fraud triangle as the model against which observations are judged. The second section describes the application area and proposes a set of research questions. The third section describes the data collection and the other research methods used. A fourth section contains the results that describe what was found and bear upon the research questions. The paper concludes with a fifth section that includes a discussion of the findings, the larger implications of the work, and limitations.

The Theoretical Template

Almost every academic discussion of fraud, wherever it occurs or however it is accomplished, uses the framework of the fraud triangle. According to (Cressey, 1953), the mandatory conjunction of three quite different elements illustrated how fraud departed from normal conditions wherein the property rights of other people were respected. Some subsequent

scholarship has attempted to supplement the set of antecedent conditions that should be involved rather than debate this core (Dorminey, Fleming, Kranacher, and Riley Jr, 2012).

Pressure

The first element of the fraud triangle pertains to the motivation of the perpetrator. Most often called “pressure,” researchers sought to identify the unusual circumstances that led a person to depart from typical honesty (Schuchter and Levi, 2016). Best illustrated by a sudden gambling debt, the situation was made more extreme by the threat that it posed to a person’s social status. In that the origin of the debt should have not occurred, the problem was secretive or “non-shareable,” cutting the individual off from normal channels of support and possible assistance (Fajri, 2019).

The “pressure” element of fraud should not be conceived as narrowly as some do. As is often said, people’s more valuable asset is their good reputation. Circumstances that threaten reputations, not only as upstanding and honorable citizens, but as exemplary people capable of much more than average performance, need to be avoided (Stapel, 2014). Here, the difference between the social image that a person has and the deeper personal knowledge about the self may prove tricky to manage.

Opportunity

The second point of the fraud triangle is opportunity. Fraud does not exist theoretically but must be conducted. Opportunity addresses the means by which the perpetrator was able to obtain the resources that properly belong to others (Dellaportas, 2013). Normal circumstances weigh against opportunities of this nature because those with rightful interests are suspicious of others and take the appropriate protective actions. Moreover, professional assistance to safeguard assets is readily available (Albrecht, Albrecht, and Zimelman, 2011). Notably, organizations have long sought to protect their property from their own employees.

Opportunity is made more infrequent and rarefied by the often-neglected requisite that the act needs to include a low chance of detection. In most societies, ample penalties exist for those proven to have wrongfully re-directed assets in their favor (e.g., Wall, Fogarty, and Gissel, 2020). This necessitates that the circumstances surrounding the chance to take something also will disguise the perpetrator, or that the resources taken will not be missed by their owner for some time (Wells, 1997). An opportunity to be quickly caught and severely punished is not much of an opportunity (Prasmaulida, 2016).

Although opportunity separates those who merely want to commit fraud from those who do, it tends to be relegated to a secondary position by scholars of fraud (Hollinger and Clark, 1983). Whereas the other elements of the fraud puzzle present deeply psychological and sociological issues, opportunity verges toward the almost mechanical. Many opportunity parameters have to do with the organization that is victimized. Entities have different sizes and designs that may bear upon the prospects of a fraud’s success (Kumar, Bhattacharya, and Hicks, 2018). This bridges the fraud literature into that of risk management and internal control configuration, thereby deemphasizing the actual role of the perpetrator.

The consideration of opportunity also opens other issues. Some involve the interplay of it with motivation. Those wishing to commit fraud may purposefully seek out opportunities to do so, perhaps by apparently innocent decisions that bestow asset control (Hermanson, Justice, Ramamoorti, and Riley, 2017). Alternatively, opportunities may present themselves that tempt the otherwise honest citizen into disreputable behavior (Crumbley and Ariail, 2020). Since most fraud involve continuous behaviors, one also must differentiate the opportunity to begin the fraudulent sequence from the opportunity to successfully continue it through time. Little is known about the time horizon of the fraudster beyond that it may be elongated and emboldened by the absence of initial detection.

Rationalization

The final element of the fraud triangle is rationalization. Starting from the premise that almost all people are honest and adhere to the dictates of their society, rationalization involves the perpetrator’s ability to self-explain the fraudulent action. Perpetrators of fraud tend to call upon a set of special circumstances that enable them to retain self-respect through a course of conduct that would otherwise be condemned as inappropriate and rightly punishable by others (Murphy and Dacin, 2011). Rationalization has been elevated to importance in the fraud scholarship by the collective belief that people will not commit actions that would damage their personal identities, perhaps as a means of preserving their cognitive equilibrium (Nahartyo and Haryono, 2018).

Unlike the other fraud triangle elements, rationalization is inherently subjective. To effectively rationalize a deviant act, one must adopt a highly stylized, self-serving view of the world that most other people would either reject or never have conceived (Rothwell and Hawdon, 2008). Every situation allows a plentiful set of perspectives, most of which are routinely

ignored or stigmatized, but are available if needed. One could dispute how vital rationalization is to the fraudulent act, especially if its development occurs after the behavior has taken place. Murphy (2012) adds that rationalizations are part of a wider set of attitudes and personality characteristics.

Some rationalizations are so prevalent that they are worthy of particular attention. Several variations revolve around suggesting that what has occurred is not really a theft. Many who take cash or other resources that do not belong to them say that they intended to return these things, and they are merely borrowing on a short-term basis (Shepherd and Button, 2019). If such borrowing has been done unbeknownst to the proper owner, some would argue that there has been no harm done. This aspiration may be reasonably genuine but is often overwhelmed by increasingly large “borrowings” or by the failure of circumstances that would have enabled a restoration. Another variation on the “it’s not really stealing” rationalization is invoked by those with equity stakes in a business who take resources from that business and divert them to personal purposes (Jackson, Holland, Albrecht, and Woolstenhulme, 2010). The separate entity status of corporations is thus ignored, as are the property rights of the other shareholders in the business.

Another common form of rationalization could be called implicit wages. Employees who steal from their companies think that such actions compensate them for past underpayments or past non-payments (Anand, Ashforth, and Joshi, 2004). Fraud is believed to be a mechanism of “evening the score” for a vast number of conditions that the employee has endured. This line of thought is sometimes conceptualized as a psychological contract, in which violations or deficiencies are tallied, and restorations planned (Stone, 2000). Rationalizations of this sort are easier when all relationships are reduced to transactional terms. This perspective could be contrasted with that which is possessed by those who are committed to a cause broader than their own advantage.

Application and Research Questions

The Research Setting: A Primer on the Catholic Church

The Roman Catholic Church (The Church) reported 1.329 billion members in 2020 (Lopez, 2020) with 68.6 million members residing in the United States (CARA, 2020). This religion is led by a Supreme Pontiff (currently Pope Francis) who exercises ecclesiastical and administrative authority from the Vatican City State in Rome, Italy (Annuario Pontificio, 2020).

The Catholic Church is divided into geographic areas called dioceses. Large dioceses are called archdioceses. There are 195 dioceses and archdioceses in the United States (Kennedy, 2017). A diocese is further divided into geographical boundaries called “parishes” (Donovan, 1950). Each parish is typically anchored by a church staffed by a priest who celebrates mass and administers the sacraments (Lopez, 2013). Priests typically have four to five years of post-undergraduate education and training which usually leads to a master’s degree in theology. Only men can be Catholic priests.

There are two types of priests. Diocesan priests are sponsored for seminary study by a bishop for a particular diocese. A diocesan priest, at his ordination, vows celibacy and obedience to the bishop or archbishop of the diocese that sponsors him. The vow of obedience entails agreeing to any assignment given to him by the bishop (Lopez, 2013). A newly ordained diocesan priest will usually begin his ecclesiastical career as an assistant pastor (called parochial vicar) at several parishes. If his service in that capacity is deemed satisfactory, he will then be assigned a parish of his own. Contrary to a common misconception of many, diocesan priests do not vow poverty. Typically, they draw a small salary and can use it for personal purposes like the laity. This attribute makes them employees for income tax purposes (Internal Revenue Service, 2019). In contrast to the diocesan priesthood, a man aspiring to ordained ministry may join a religious institute (commonly referred to as a “religious order”). A religious order is an organization of priests and brothers (non-ordained males) (Ferre, 2015) who join together around a common ministry but whose internal matters are not controlled by a bishop (Lopez, 2013). In addition to vowing chastity and obedience to the religious order’s superior, a religious order priest also vows poverty (Lopez, 2013). Members agree to remit all future income to the religious order. In return, the religious order is responsible for providing for the material needs of the member (Spiteri, 2014) Tax law exempts clergy members who vow poverty from having to file a federal income tax return (Internal Revenue Service, 2019).

Each diocese is free to establish its own pay and benefits package for priests. A recent study found that newly ordained priests were paid between \$26,000 and \$30,000 depending on their geographic area, with lead priests (pastors) earning between \$26,000 and \$34,000 (Gray, 2017). Although the diocesan priest also enjoys a plethora of other benefits including free room and board, health insurance, a car allowance, and a retirement plan (Gray, 2017), these rates of pay put them barely above minimum wage rates for a job that is quite demanding. Diocesan priests may retire at 70 years of age unless granted special dispensation (Gray, 2017).

The Church has a reputation for fiscal secrecy (Hoge and Augustyn, 1997). However, in recent years the Church has taken steps professionalize its accounting and fiscal management. In 1983, Canon Law (the separate law of the Catholic Church) was updated to require each parish to have a finance council consisting of parishioners willing to participate in financial matters (Spiteri, 2014). However, Canon law still gives the pastor sole control over the parish assets, even though he is obligated to use it for the good of the parish (Rasaian, 2014). Thus, a pastor can unilaterally open bank accounts, disperse funds, and sell assets.

Research Questions

How Roman Catholic priests who commit embezzlement fit into the theoretical ideas about fraud should be an empirical question. Priests are a highly distinctive occupational group who labor for a common organization, making them possible to be studied without incorporating elements of the Church into the analysis. Although each embezzlement case has its distinctiveness, the fraud triangle as supplemented should suffice as a way to describe what is important about behavior.

Pressure would seem to be less important as it pertained to fraud committed by Catholic priests. Most of them are not the same sort of economic actors as are the laity. They have steady employment that they cannot lose in the normal ways. Their livelihood is taken care of by their employer with many expenses paid in kind and therefore placed outside the usual cash economy. Priests do not have spouses or children that might create an expanded or predictable need for more financial resources. However, priests would seem very concerned about their reputations as upstanding citizens in the community.

RQ1: What are the financial and reputational pressures faced by Catholic priests who commit fraud?

Catholic priests would seem to have a strong ability to commit fraud. The literature shows that they command local positions of unchallenged authority over cash-generating operations with weak internal controls that would detect or deter the misappropriation of resources. For many, priests also exist as citizens above suspicion for misdeeds such as fraud.

RQ2: What is the magnitude and nature of the opportunity for Catholic priests to commit fraud?

The need for rationalizations may be less pronounced for religious personnel. Often rationalizations are efforts to preserve one's position in society and are meant to be consumed by external parties who might be important in the future (Cherepanov, Feddersen, and Sandroni, 2013). Priests are part of a much different environment that make such explanations less important to articulate. Confession and the pursuit of forgiveness replace the need to suggest that a good reason for actions needs to exist (Shupe, 2010). Religious doctrine includes mortal weakness, sin and recovery without the need for another explanatory story. A Catholic priest, having signed up for a life of spiritual devotion and worldly renunciation, should also be less inclined toward feelings of unfair distribution of material compensations.

Catholic priests are selected for their positions based on an extreme process of socialization. They are first attracted to the occupation not based on a rational calculation of its costs and benefits, or even based on a self-assessment of personal skills and interests. They are "called" to the priesthood based on their report of a divine intervention. Their acceptance of the wish of God will necessitate the voluntary abdication of what most people find the best parts of their life so that they can better serve the spiritual needs of the community.

Social psychological work suggests that the performance of good deeds may ironically produce a tendency toward subsequent bad behavior (Klotz and Bolino, 2013). "Moral licensing" is partly a psychological compensation, but also grounded in how people are observed by others and in their relative reputations (Lasarov and Hoffman, 2020). Moral licensing effects have been frequently experimentally documented (Blanken, Van de Ven, Zeelenberg, and Meijers, 2014) in ways which may demonstrate different sustaining pathways (Polman, Pettit, and Wiesenfeld, 2013) and varying time horizons (Cascio and Plant, 2015). Leaders and role models may be particularly susceptible to moral licensing, either by virtue of their own ego depletion (Lin, Ma, and Johnson, 2016) or the credit that they feel they have earned from the good behavior of their followers (Ahmad, Klotz, and Bolino, 2021).

RQ3: What sort of rationalizations do Catholic priests who commit fraud use or have available to them?

Method

Data Collection

An empirical effort was conducted to establish the general nature of the fraudulent activity by Catholic religious personnel. This began by attempting to find many of the cases that existed in the U.S. to get a general impression of the

phenomenon. A deeper dive was then made for more archival information through inquiries to law enforcement officers, reviews of transcripts of legal proceedings, and the solicitation of documentation not readily accessible by the public.

Data collection began in July of 2017 with an Internet search using phrases such as “Catholic Priest Embezzlement”, “Catholic Priest Financial Fraud”, and “Catholic Priest Theft.” This data enabled an archival description of this type of fraud. Detailed investigations of these cases were conducted leading to the compilation of a database with many different data points related to demographics and the nature of the scheme.

Results

Empirical Overview

The research methods described above yielded 98 cases from fraud between the years 1963 through 2020. Three cases were removed from the study (leaving 95 cases for consideration) because the fraud did not relate to their ministry. Seventy-five percent of the cases occurred since the turn of the century, with the most recent one filed in November 2021. Table 1 offers a time summary of the cases, using the decade in which the fraud began. [See Table 1, pg. 97]

The 95 cases include 17 federal prosecutions, 63 state prosecutions, one case prosecuted by both federal and state authorities, and 14 cases in which prosecution was declined and/or the matter was handled internally. More detail about the case dispositions is included in Table 2. [See Table 2, pg. 97]

The non-prosecution cases are included in the study because there was ample evidence that the clergy member committed financial malfeasance, even though the authorities either could not prove it beyond a reasonable doubt or they exercised prosecutorial discretion and declined to move forward with the case. For example, a religious order in 2011 sanctioned a member for allegedly amassing over \$1 million in real estate and luxury goods in violation of his vow of poverty, illegal drug use, and carrying on a conjugal relationship (Sheehan, 2011). In Queens, New York, the state prosecutor declined to prosecute a priest who maintained a secret bank account funded with \$1.6 million skimmed from his parish and an elderly female parishioner (Kershaw, 2001). In Santa Rosa, California, a diocesan priest was caught with \$19,000 in cash following a car accident. The bishop subsequently discovered that the priest had been embezzling for fifteen years. The bishop suspended the priest from ministry but no criminal charges were filed (Vasa, 2019).

The average age at ordination for the 95 priest perpetrators was 29.6 years, which reflects the four to five years of seminary education that a priest receives after his undergraduate education. The median age at ordination was 27.0. The youngest priest was ordained at 23, and the oldest at 48. The ethnicity was distributed as 85.6% Caucasian, 3.2% African American, 2.1% Asian, and 9.5% Hispanic. At least 20 (21.1%) of the total population of offenders were immigrants, including four from Mexico, three each from Ireland and Africa, two from Poland, and one each from Colombia, Italy, Lebanon, Yugoslavia, Romania, Russia, and Vietnam.

Table 3 summarizes the positions held by the fraudsters in the data. 85.3% (81) worked as pastors of a parish at the time of the financial misconduct. Another six (4.8%) were assistant pastors. The remaining priests worked in a variety of fields, including traveling evangelist, magazine editor, and diocesan chancellor (similar to the chief operating officer of a business). [See Table 3, pg. 98]

Frauds in the case data tended to be relatively long-lasting and costly affairs. Of the 95 cases, nine did not provide a sufficient record to show the length of the scheme. The 86 cases remaining had an average length of 6.1 years (median = 5.0 years) with a range from a few months to 28.6 years. The average loss on the 91 cases with sufficient documentation to calculate a loss was \$469,026. The median fraud was \$236,460, with amounts ranging from \$9,300 to \$5,000,000.

On some occasions, the amount taken by the fraudster was greater than the loss to the Church. For example, a priest in Indiana was convicted for not reporting on his income tax return the \$78,000 in kickbacks he received from the operators of the parish bingo games (O'Brien, 1991a, 1991b). Although this is the amount lost by the parish, it does not begin to measure the amounts taken from parishioners.

The cases for which more information was available fell into a rather predictable pattern of embezzlement. However, three cases are outliers because their circumstances do not fit the normal pattern of the diversion of money from parishes, and were excluded from time and dollar amount calculations. These cases include a retired diocesan priest who set up a fake online dating profile to lure lonely widows to send money to someone they thought was an American war hero stationed overseas (*United States v. Fleming*, 2015, 2016a, 2016b). The second case involved an Italian priest working at the Vatican who pleaded guilty in federal court to conspiracy to launder \$50 million for notorious financier Martin Frankel (*United States v. Emilio Colagiovanni*, 2002; *United States v. Emilio Colagiovanni*, 2004). The last outlier case involved a

priest who took a sabbatical to start a methamphetamine distribution business and adult book and toy store (Salvatore, 2013; *United States v. Kevin Wallin*, 2015).

RQ1: Pressure/Incentive

The researchers reviewed the court documents, prosecution files, police reports, media reports, and in one case the actual forensic account report prepared for the Church (Ryan, 2012) to determine the pressures that may have motivated the offenders to steal from their ministries. Many of the 95 offenders faced multiple pressures. Table 4 summarizes the primary pressures into eight categories. [See Table 4, pg. 98]

Fifty of the 95 priests stole primarily to support a lavish lifestyle. Many of these priests used the ill-gotten gain to support second and third homes. For example, a priest in Florida embezzled \$88,000 from an elderly widowed parishioner to make the mortgage payments on one of his two personally owned condominiums (Herbener, 2016). Another priest in Buffalo took \$200,000 in cash from the weekly offering in order to afford a nine-acre estate and two vacation condominiums (Gallagher, 2009). A third priest in Michigan built a \$3,000,000, 11,300 square foot house with an indoor pool and eight bedrooms (Donnelly, 2018).

Eight priests stole because of financial pressures created by losses stemming from their gambling addiction. A priest from Illinois, dubbed the “Riverboat Priest” by the local press, admitted to embezzling \$300,000 from his parish because he was a gambling addict (Birkett, 2009). A priest in Las Vegas used parish funds to cover losses from online gambling (Brown, 2012; Stanish, 2012). A priest in Kansas admitted to stealing approximately \$150,000 from his two parishes to fund a secret gambling addiction (Smith, 2016). Whereas many more of the 95 priests admitted to some sort of gambling problem, gambling was the root cause of the pressure in only eight of the cases.

For eleven priests, the pressure to steal came from the pursuit of illicit relationships that they could not afford without additional cash flow. For example, a priest in Virginia embezzled \$591,000 to support his secret wife and three children (Whisler, 2008). A priest in Connecticut used about \$1,000,000 in church funds to pursue romantic relationships with at least three men before abandoning his parish (Morgan, 2010). A priest in Pennsylvania embezzled at least \$32,000 to spend on men he met on a dating website (Cody, 2020; Martin, 2019).

Sometimes the motivation was not immediate gain. Four priests used the ill-gotten gain to prepare for a secure retirement. A priest in Virginia stole \$1.1 million from two parishes and invested most of the money in a business that provided high-interest short-term loans (Cummings, 2001). A priest in New York City who was caught with a handgun and \$50,000 in cash told police it was his “401-K plan” (Menchaca, 2003). A priest in rural Maryland skimmed \$400,000 from his parish’s collection and deposited the funds into personal retirement accounts (Chapman, 2017; Mattingly, 2017; Rosenstein, 2017).

Motivation is not always personal. Seven of the priests used the ill-gotten gain to support family members or other charities in foreign countries. A priest in Wisconsin skimmed parish funds to buy goods which were sent back to aid the poor in his native Nigeria (Anonymous, 2010). A priest in Kansas skimmed cash from the collection plate to take back to Mexico for his family during his annual visits (Garza, 2019; Rodebaugh, 2019, 2020). A priest from Pennsylvania skimmed funds from his parish to support a charity hospital in his native Lebanon (Anonymous, 1970; Mansour, 2020).

In sum, the collected evidence points to few conventional pressures. The incentives to steal could be summed up as a desire to live a life very different from that usually associated with a priest. This situation is distinctly different from fraudsters in other domains who are often pressured by collateral circumstances to maintain their existing lifestyles.

RQ2: Opportunity

The perpetrators in the data did not have to devise elaborate means to steal what often accumulated into large amounts. One commonality was the lack of internal control procedures or the circumvention of unenforced internal control procedures. An analysis of the cases found that clergy fraudsters used a variety of ways to steal, but the four common ways included taking cash directly from the weekly collection and poor box (36), coercing vulnerable elderly parishioners (primarily widowed females) to gift money to the parish or to the priest personally under false pretenses (8), diverting checks payable to the parish into non-parish accounts (11), improper reimbursement of personal expenses (9) and using secret bank accounts in the church’s name as a slush fund (12). Sometimes the schemes were more sophisticated. For example, a priest in Maryland with a realtor license operated a direct mail fundraising office that invested the considerable proceeds in speculative land deals for which he received kickbacks (Saperstein, 1981; Weisskopf, 1978). A priest in Ohio opened 20 secret bank accounts in the name of a faith-based rehabilitation center to deposit funds using false invoices for work provided gratis by contractors (Bulford, 2010; Ciccolini (2010); *United States v. Samule R. Ciccolini*, 2012).

Some of the 95 cases involved co-conspirators, defined as people who exceeded the culpability of the many employees who looked the other way. A priest in Michigan conspired with his secretary to skim cash from the collection plate, poor box, and the Mother's Day offering for his personal benefit. He also opened a secret bank account in the name of the parish in which he deposited large checks from parishioners and used the funds to purchase a condominium in Florida from his secretary at an inflated price. In return, the priest also allowed the secretary's ex-husband to remain on the parish's group health insurance plan (Carlson, 2014). A priest in Ohio hired his secret wife as the parish secretary, together embezzling from the parish to support their household (Nan, 2011). Another priest in Ohio conspired with the corporate CFO to skim funds from his diocese to pay for flying lessons and expensive trips (Giannamore, 2021; Kemo, 2021).

Weak internal control environments certainly contributed to the ability of the offenders to execute their schemes. This can be inferred from the ways the fraudsters finally were discovered. As summarized in Table 5, only 28 (29.5%) of the 95 offenders were detected during a routine audit mandated by the diocese, or by the normal internal controls instituted at the parish level. Many dioceses require that parishes undergo an audit only when the pastor is transferred. For example, a Pennsylvania priest who embezzled \$384,750 over a five-year period by charging personal expenses on the parish credit card and writing checks to himself was caught when the new pastor noticed discrepancies in the records and alerted the auditors (Aponick, 2012). A parish in Florida shepherded by the same priest for almost 40 years was flagged for audit when he retired. The audit uncovered multiple secret bank accounts, many questionable expenses, and ownerships interests by the priest in a private home, a cottage in his native Ireland, and an Irish pub (Whatley, 2006). [See Table 5, pg. 98]

Twenty-five (26.3%) of the 95 cases came from information provided by whistleblowers, at many times directly to law enforcement. For example, in Connecticut a parish secretary and an assistant pastor grew suspicious at the lavish spending by their pastor. When they believed their complaints fell on deaf ears at the bishop's office, they hired a private investigator who documented expenditures which included a Florida condominium (Potts, 2009; Schechter, 2007). In Mississippi, an assistant pastor alerted Homeland Security Investigations that the foreign-born pastor was raising money by falsely claiming that he suffered from cancer and needed money for medical treatment with the complicity of the local bishop (Childers, 2018).

Six clergy members (6.3%) were caught by tactics usually seen in police sting operations. In Chicago, a parishioner who was also a police detective suspected the pastor of stealing cash so he placed marked \$20 bills to discover that the bills were missing after the pastor accounted for the weekly collection (Jacobson, 2007). In South Dakota, a pastor and his team installed secret cameras in the counting room after the weekly cash collection unexpectedly dipped. A priest chaplain from a nearby Catholic high school was caught on video entering the room, opening the safe, cutting open the tamper-proof and pre-numbered bags, removing cash, and then re-sealing the cash into identical tamper proof bags he purchased (Viken, 2020; Zions, 2020).

Sometimes catching the offending clergy member was serendipitous. Eight priests (8.4%) were discovered during unrelated law enforcement investigations. In Massachusetts, a priest's embezzlement was discovered after police, looking into a murder committed by the priest's close male friend, wondered how the priest could afford a house with a seven-car garage on five acres (Cosgrove, 2005; Lehmert, 2006).

Opportunity can also be judged by final consequences. Table 6 summarizes the legal consequences of the 81 cases that have either been fully adjudicated through the criminal courts or currently under indictment. Although all the individuals in the database unquestionably stole money from their employer, only 58 or 71.6% were actually charged with embezzlement, fraud or larceny. Fifty-eight of the 63 cases in the analysis that was prosecuted by the state authorities charged embezzlement, theft, or larceny. Federal authorities preferred a variety of charges including bank fraud, money laundering, and tax evasion. Many offending clergy members were charged with multiple crimes. For example, a priest in Illinois was charged with both bank fraud and interstate transportation of stolen goods for embezzling funds from his parish to purchase and maintain a horse farm in rural Wisconsin (Knepel, 1991). [See Table 6, pg. 99]

Table 7 provides information about case dispositions for 78 cases that have been fully adjudicated through the criminal courts. This table does not take into consideration the 14 cases handled civilly or internally, or the four cases currently under indictment. All but one of the 17 clergy members charged in federal court either pleaded guilty or lost at trial. Federal prosecutors showed mercy by giving a priest who turned himself into his bishop for stealing \$150,000 to fund his gambling addiction and offered pre-trial diversion agreement (Smith, 2016). In state court, the 61 clergy defendants fared a little better. Fifty-three (86.9%) of the 61 cases adjudicated in state courts either pleaded guilty, lost at trial, or agreed to a pre-trial diversion plan. Five (8.2%) of the 61 defendants appearing in state court either won an acquittal at trial or had their charges dismissed. Two priests escaped earthly justice or were denied their rightful acquittals, by dying after being indicted but before the trial (Banta, 2020; Fritz, 1998). [See Table 7, pg. 99]

Sentences imposed are shown in Table 8. This analysis includes the 69 cases that were fully adjudicated out of 95 in the study and where sentencing data was available (some cases were sealed). Twenty-eight priests (40.6%) received no incarceration. Another seventeen (24.6%) received one year or less in prison. Long sentences were the exception rather than the rule. For example, a priest in Nebraska who stole \$125,000 from his parish and blamed it on a compulsive disorder received probation after promising to pay it back (Anonymous, 2007; Bowie, 2017). A priest in Louisiana who embezzled \$387,000 from his parish, gambling the money, away also received probation (Cook, 2013). [See Table 8, pg. 100]

White collar crime is supposedly more lightly punished because of the reputational damage already suffered by perpetrators. Therefore, an inquiry into the status of offenders following their legal proceedings is appropriate. As shown by Table 9, 20 of the 64 priests who received criminal convictions were returned to ministry. Sometimes this entailed taking a demotion or a less visible assignment with no fiscal responsibility. For example, a former pastor (and self-described “sexaholic”) in Minnesota who embezzled \$73,733 to finance his pilgrimages to strip clubs and massage parlors pleaded guilty, served a short stint in the county prison with work release privileges, and was eventually returned to ministry as an assistant pastor (Aslanian, 2014; Werenicz, 1991). [See Table 9, pg. 101]

Even a mild demotion was not always the response to criminality. For example, a priest in Nevada who served 36 months in federal prison after gambling away \$650,000 in parish funds, was transferred to another diocese where he became head of human resources (Brown, 2012; Mahan, 2012; McAullife, 2020).

Fifteen priests, 11 of whom had criminal convictions, retired with full priestly privileges restored and presumably on full pensions. For instance, a priest from Ohio who embezzled \$1,000,000 from a rehabilitation center he founded, pleaded guilty, served a six-month jail term and was retired as a priest in good standing (Ciccolini, 2010; Jenkins, 2014; *United States v. Samule R. Ciccolini*, 2012). Another priest in New Jersey who pleaded guilty to embezzling \$360,000 from his parish to pay a blackmailer who threatened to divulge the intimate nature of their alleged relationship was also allowed to retire in good standing (Holl, 2005; Kennedy, 2017).

In sum, opportunity looms large as a factor in the fraudulent activities of priests. Cash or its equivalent are loosely controlled, requiring very modest degrees of skill or deception by priests to access for personal purposes. This situation is furthered by the strong likelihood that detection is left mostly to happenstance. Opportunity is abetted by the probable awareness that those detected will not be severely punished nor will there be sizable reputational consequences.

RQ3: Rationalization

Rationalizations are usually personal reflections or at most given privately in the immediate aftermath of detection. This makes them difficult to empirically document. However, a review of the available police reports, court documents, and parole hearings gave some insight into the rationalizations offered by some of the offenders. Table 10 organizes these into nine categories. [See Table 10, pg. 101]

The “good purpose” line of reasoning has considerable variation. Two pastors indicated that they maintained secret bank accounts to have more funds available to the parish. For instance, a diocesan priest from Connecticut kept an “off the books” bank account to ensure the parish had enough funds to operate in the summer months when regular church attendance slipped, although doing so had been expressly forbidden by the bishop. During a four-year period, the priest spent \$2,000,000 from that account, with \$1.7 million going to various legitimate projects for the parish and school. However, the priest spent the remaining \$300,000 to enjoy a lavish lifestyle and maintain an alleged inappropriate relationship with a male friend with whom he maintained an apartment in New York City (Carella, 2013; Schechter, 2012). The “it’s not really stealing” rationalization was also seen when six priests argued that Canon Law gave them authority to spend the funds whoever they wished. Sometimes this argument is successful. A judge in Arizona dismissed an indictment against a priest who argued that Canon Law allowed him to rent a parcel of real property even without a proper parish purpose (Arellano, 2007, Kimerer (2007)).

Although evidence on rationalizations in these cases is not plentiful, its general absence may be the main point. Those that took money to spend in hedonistic ways and on purely personal pursuits did not tend to profess their entitlement as a general rule. In that priests often see themselves as independent contractors or entrepreneurs, they are more willing to buck the hierarchical authority of their organization in the name of a personal view of what is in the best interests of the clientele. The latter may be a highly occupationally specific fraud rationalization.

The use of the factual record to evaluate the nature of embezzlements by priests makes a definitive investigation of psychological attributes impossible to conduct. With easy targets and the understandable incentive to live a more robust lifestyle than that which the occupation’s compensation allows; one could suggest that it might attract predator fraudsters. However, we would suspect that such individuals would commit the fraudulent act at the first available opportunity. This

can be usefully contrasted with a moral licensing explanation which requires the progressive accumulation of good deeds prior to a defalcation. Table 11 provides information on the reported ages of the priests committing fraud for which reliable data on the birth of the offender and the start of the scheme is available. [See Table 11, pg. 102]

With an average age of 52 and an average of 23 years of pre-fraud service, priest fraudsters are late in their careers before commencing their criminal behavior. A cumulative 56% were over the age of 49. Little evidence exists for the predator theory. We would have to believe that predators would have struck sooner in their lives if that had been their plan from the beginning. While earlier in life embezzlement may have gone undetected, the balance of the evidence in these cases suggests that the focal fraud was the person's first offense. The idea that individuals late in life would turn to these acts is more consistent with the moral licensing line of thought. It is otherwise difficult to make sense of the often very indulgent acts committed with diverted money after a life of modesty and selflessness.

Discussion, Implications, and Limitations

Although some might be shocked that those that have devoted their lives to leading the faithful toward more spiritual lives would be capable of treating their congregation's contributions toward these causes as personal piggybanks, that which has been documented here shows that no occupational group is immune to the temptations of fraud. The data collected for this paper does not attest to whether Roman Catholic priests are more or less honest than other groups. The nature of their work may predispose them to embezzlement as opposed to other forms of fraud. We doubt that the data indicates regional or denominational peculiarities.

Pressure/Incentive

One should not expect that the life of a priest would immunize a person from all of life's pressures. However, such a life as it is conventionally understood would mitigate against most of the sources of pressure that are expected to create motivation for fraudulent acts. Most priests, even though they do not take a vow of poverty, understand that their material needs for food, shelter, clothing, medical care, and other basic necessities will be met by the Church. For most, this renders priests somewhat dependent on the contributions made by their parishioners. Roman Catholic priests also take a vow of chastity which excuses them from matrimony and family responsibilities. While priests may have aspirations for advancement within the church, they do not face the prospects of job loss and its accompanying economic uncertainty. All of these conditions would reduce, but not eliminate, the sort of pressure that Cressey (1953) imagined in the first element of the fraud triangle.

Thinking beyond mundane economic duress leads us to consider reputational maintenance as a potential source of pressure that would precipitate fraud. Unlike those whose reputation requires that they continually generate and exude wealth, priests are expected to be highly moral and exceptionally ethical. Their stock in trade is their piety and their trustworthiness such that regular people can feel confident about their discretion with secrets and the soundness of their advice concerning the conduct of everyday affairs. That embezzlement and lavish personal spending would be done as an effort to preserve reputation by a priest is rather inconceivable. In fact, the maintenance of a priest's reputation would seem to involve just the opposite—the continuation of a humble and modest lifestyle cognizant of its financing by donations. For priests, the fruits of embezzlement are inconsistent with their reputation, and should be instead understood as an effort to break from this reputation's constraints.

The pressure felt by a priest might be closely associated with the very occupation itself, or more precisely the demands that the role makes upon its incumbents. The basic arrangement whereby priests disavow the pleasures and satisfactions of this world in exchange for a low level of economic support, a considerable degree of social status, and eternal salvation may not always be favorable, as seen by a priest. Priests witness with regularity the enjoyments indulged in by the laity, all of which are financed by their ample discretionary resources. The pressure felt by priests might not be in the nature of a sudden emergency or an unexpected reversal, but instead be the grinding and persistent force of envy. In sum, that they are expected to be such ethical examples and to eschew any reward for such might prove difficult for some priests.

Opportunity

While the pressure aspect of the fraud triangle may be idiosyncratic for priests, the opportunity element is both strong and obvious. Most parishes are financed with cash donations from the parishioners which is collected each week at services. Although many faithful stuff their monetary contributions into pre-printed envelopes that identify the giver, others just drop currency in the baskets passed for that purpose. Procedures for counting the money and depositing it in bank accounts vary by parish. With many parishes quite small in size, procedures tend to be informal and not tightly controlled. The parish priest typically possesses various opportunities to override any controls that exist (Ventura and Daniel, 2010).

This ability is facilitated by very limited disclosure and reporting obligations of the parish. Parish councils consisting of volunteer parishioners tend to provide ceremonial oversight, often rubber stamping the acts of a priest who most consider a person beyond suspicion (Padgett, 2007). Hierarchical authorities of the dioceses expect parishes to be self-sustaining or to send money upstream and are not generally the source of structure or discipline.

Many factors exacerbate the opportunity for fraud in this environment. First the money tends to be relatively small amounts. This reduces the incentive of givers to be concerned about the propriety of its disposition. Second, the fact that all money is a donation reduces normal arms-length incentives. Non-reciprocal transactions are conducted with lower levels of control and audit trails (Zack, 2003). Religiously motivated transfers lack outcome accountability. Givers do not expect to see exactly what was purchased with their contributions. Religiosity is a culture of trust in which needs are met, and questions are not asked. Catholicism is also special in its outsized congregational deference to the priesthood (Shupe, 2011). Priests are deemed to be not like everyone else, and therefore they tend not to be suspected by people of being as weak and susceptible as they themselves might be.

Ironically enough the fraud-ripe environment of Catholic parishes may add to the likelihood that fraud will occur. That money is essentially available for the taking creates more trust and non-suspicion tendencies when it is not taken. This attitude only makes it easier to be taken in the future (Duncan, Flesher, and Stocks, 1999). In that pastors appreciate the need for internal controls (Duncan and Stocks, 2003) but do not invest in them testifies that they also either see themselves as above reproach, or are keeping their future options open.

Rationalization

The third element of the classic fraud triangle is the ability of priest fraudsters to make peace with their actions. Rationalizations are always available, even if priests, by virtue of their occupation, seem to have a more constrained range available to them. The best line of thought would seem to be foregone wages, in that a priest typically does not have sufficient income to afford many of the better things of life. Parishioners who are the source of their financing would not want to see their parish priest in toney restaurants or at the wheel of expensive automobiles. Going on a consumer binge of sorts might be seen by a priest as just desserts. This might be made more difficult by the priests' lack of an effective comparison group. How much compensation a priest should have been difficult to gauge and is unlikely to be a "keeping up with the Joneses" type rationalization, since the laity is so different, and other priests are not much better situated. However, Padgett (2007) suggests that priests are more likely to compare their standards of living to Jewish rabbis and Protestant ministers and thereby feel relative deprivation if these other denominations afford more support.

Priests are unlikely to think that money taken in embezzlements was not theft in that it was freely given by the faithful for the priest's discretionary disbursement. Even if this is an accurate enough statement of the law, a priest is likely to accept the reality of an entity called "The Church" that possesses superior rights over all donated property and its use. This institutional priority would be attested to by the unquestioned ability of church superiors to reassign the priest without limitation or objection. Even if parishioners have voluntarily surrendered their claims to these funds and recognize that priest living expenses must be paid from this source, the Church's superior claim would be difficult to rationalize away.

Shupe (2010) suggests that the worldview of Catholic priests is distorted by a "conceit of calling." Joining the priesthood is officially distanced from the rational choice made by other people to pursue other careers. A priest becomes a priest because he answers a call from God. This makes the priest a very special person and marks the person for life. If this were to mutate toward a belief in the absolute correctness of all priestly judgments, external parties would be surprised. However, given that priests are well aware that Catholic doctrine expressly reserves infallibility for very few acts by the Pope, too much should not be made about this line of thinking.

The paper provides some evidence consistent with moral licensing as a factor in appreciating the embezzlements done by priests. More conclusive evidence is difficult since the concept has only rarely been pursued outside experimental conditions. However, the idea seems to fit the extreme irony of this action. No occupational group would have higher moral credentials or more moral credits, making priests ideal targets for the sudden ethical reversal of moral licensing.

Limitations

This paper possesses several limitations which merit acknowledgement. For those interested in bad behavior by priests, nothing in this paper would be helpful in predicting which priest commits embezzlement. We should point out that these fraudsters are a small fraction of all priests. Of the ones that do steal, we only know the ones who have been caught, and were caught in ways that captured some media attention. This selectivity suggests that future research use other designs that could contrast fraudsters with non-fraudsters. We would have also benefitted from a longer time frame so that we could

have discovered whether the behavior has changed over time. A much larger database would be necessary to make such conclusions.

Although we have made the case that the archival data collection used by this paper contributes to our knowledge of fraud, we acknowledge that not all cases were collected. Embezzlements handled internally by the Church are not represented. Even if every case had been captured, a tendency to under-represent the subjective and psychological dimensions of fraud would still exist. The empirical record tells us quite well what happened but is often less clear about why it happened. Future research using qualitative methodologies will be needed to shed more light on motivations.

This study would have benefited from more cooperation from the religious and secular authorities. From late 2019 through January 2021, the lead author contacted the bishops in which the 95 fraud cases occurred, along with all but one of the religious superiors of the religious order clergy included in this research. The lead author asked for priest work histories, their current status, and most importantly, copies of the forensic accounting reports that the many dioceses prepared and submitted to law enforcement. Only three diocese responded with a complete biographical history of the offender, and only one diocese provided the forensic accounting reports. If the diocese or religious order responded at all, they usually sent a letter (sometime in very curt prose) declining to participate. Some states also have enacted blanket exemptions for law enforcement from Freedom of Information laws, making empirical inquiries more difficult to pursue successfully.

References

- ACFE. (Association of Certified Fraud Examiners) 2020. *Report to the Nations on Occupational Fraud and Abuse*. Retrieved from: <https://acfe-public.s3-us-west-2.amazonaws.com/2020-Report-to-the-Nations.pdf>.
- Ahmad, M. G., Klotz, A. C., and Bolino, M. C. (2021). Can good followers create unethical leaders? How follower citizenship leads to leader moral licensing and unethical behavior. *Journal of Applied Psychology* 106(9), 1374–1390
- Albrecht, W. S., Albrecht, C. O., Albrecht, C. C., and Zimbelman, M. F. (2011). *Fraud examination*. Boston: Cengage Learning.
- Anand, V., Ashforth, B. E., and Joshi, M. (2004). Business as usual: The acceptance and perpetuation of corruption in organizations. *Academy of Management Perspectives*, 18(2), 39–53.
- Annuario Pontificio. (2020). *Pontifical Year Book*. Rome, Italy: Liberia Editrice Vaticana.
- Anonymous. (1970, June 10, 1070). Priest is Arrested on Fraud Charges. *The New York Times*.
- Anonymous. (2007, February 13). Priest to plead guilty to theft by deception. *Sioux City Journal*. Retrieved from https://siouxcityjournal.com/news/state-and-regional/priest-to-plead-guilty-to-theft-by-deception/article_c4ff85e7-bf40-5ef8-898f-d29dda044a3a.html.
- Anonymous. (2010, July 15). Priest Pleads in Theft Case. *Lacrosse Tribune*.
- Aponick, J. (2012). Statement Regarding Father Caesar Belchez [Press release].
- Arellano, S. (2007). *Order to Dismiss in the Case of State of Arizona v. Dennis Riccitelli*. Maricopa County, AZ: Superior Court of Arizona.
- Aslanian, S. (2014, March 12). Rev. Stan Maslowski tells a story of sex, theft and grace. *Minnesota Public Radio News*.
- Banta, M. (2020, March 31). Rev. Jonathan Wehrle, retired priest charged with embezzlement, died Tuesday, bishop says. *Lansing State Journal*.
- Birkett, J. (2009). *Indictment*. Dupage County, IL: Clerk of the 18th Judicial Circuit of DuPage County, IL.
- Blanken, I., van de Ven, N., Zeelenberg, M., and Meijers, M. H. (2014). Three attempts to replicate the moral licensing effect. *Social Psychology*, 45(3), 232–238
- Booth, P. (1993). Accounting in churches: A research framework and agenda. *Accounting, Auditing & Accountability Journal*, 6(4), 350–371.
- Bowie, R. (2017). *Order of Probation*. Omaha, NE: District Court of Douglas County, NE.
- Brown, C. (2012). *United States' Sentencing Memorandum in Support of Sentencing Recommendation*. Las Vegas, NV.
- Bulford, R. (2010). *Government Sentencing Memorandum*. Cleveland, Ohio.
- CARA (Center for Applied Research in the Apostolate). (2020). Frequently Requested Church Statistics. <https://cara.georgetown.edu/frequently-requested-church-statistics/>.
- Carella, A. (2013, January 22). In Priest Scandals, Diocese Seems Last to Know. *Stamford Advocate*, 23–24.
- Carlson, F. L. (2014). *Superceding Indictment, United States v. Edward Belczak and Janice Verschuren*.
- Cascio, J., and Plant, E. A. (2015). Prospective moral licensing: Does anticipating doing good later allow you to be bad now?. *Journal of Experimental Social Psychology*, 56, 110–116.
- Chapman, D. (2017). *Sentencing Memo. United States v. John Mattingly*.
- Cherepanov, V., Feddersen, T., and Sandroni, A. (2013). Rationalization. *Theoretical Economics*, 8(3), 775–800.
- Childers, W. (2018). *Affidavit for Search Warrant*. Jackson, MS: Homeland Security Investigations.
- Ciccolini, S. (2010). *Sentencing Memorandum for Defendant-Samuel Ciccolini*. Ohio.
- Cody, J. (2020). *Sentencing Sheet for Joseph McLoone*.
- Cook, B. (2013). *Plea Agreement*. Natchitoches Parish, LA: 10th Judicial District Court of Natchitoches Parish.

- Cosgrove, R. (2005). *Report of Investigation*. Barnstable, MA: Massachusetts State Police.
- Cressey, D. R. (1953). *Other people's money; a study of the social psychology of embezzlement*. New York: Free Press.
- Crumbly, D. L., and Ariail, D. L. (2020). A Different Approach to Detecting Fraud and Corruption: A Venn Diagram Fraud Model. *Journal of Forensic and Investigative Accounting*, 12(2), 242–260.
- Cummings, E. (2001). *Fairfax County Police Department Supplementary Investigation Report*. Fairfax, Virginia: Fairfax County Police Department.
- Dellaportas, S. (2013). Conversations with inmate accountants: Motivation, opportunity and the fraud triangle. *Accounting Forum*, 37(1), 29–39.
- Donnelly, F. (2018, March 14, 2018). How \$42K-a-year priest built mansion worth millions. *The Detroit News*. Retrieved from <https://www.detroitnews.com/story/news/local/michigan/2018/03/14/okemos-priest-mansion-embezzlement/32948537/>.
- Donovan, J. D. (1950). The Sociologist Looks at the Parish. *The American Catholic Sociological Review*, 11(2), 66–73.
- Dorminey, J., Fleming, A. S., Kranacher, M.J., and Riley Jr, R. A. (2012). The evolution of fraud theory. *Issues in Accounting Education*, 27(2), 555–579.
- Duncan, J. B., Flesher, D. L., and Stocks, M. H. (1999). Internal control systems in US churches. *Accounting, Auditing & Accountability Journal*. 12(2), 142–164
- Duncan, J. B., and Stocks, M. H. (2003). The understanding of internal control principles by pastors. *Nonprofit Management and Leadership*, 14(2), 213–225.
- Fajri, S. N. (2019). the Effect of Financial Stability, External Pressure, Personal Financial Need, Financial Targets, Ineffective Monitoring and Audit Quality on Detecting Fraud Financial Statement in Perspective of Fraud Triangle. *Jurnal Ilmiah Ekonomi Bisnis*, 23(2), 194–202.
- Ferre, B. J. M. (2015). The Religious Brother. *Sal Terrae*, 103, 805–818.
- Fritz, M. (1998, November 16). A Mystery of the Cloth. *Los Angeles Times*.
- Gallagher, T. (2009, August 3). Buffao pastor admits theft of \$213,000 from parish. *National Catholic Reporter*. Retrieved from <https://www.ncronline.org/blogs/ncr-today/buffalo-pastor-admits-theft-213000-parish>.
- Garza, J. (2019). *Defendant's Acknowledgment of Rights and Entry of Plea*.
- Giannamore, P. (2021, April 28, 2021). Monsignor Pleads Guilty in Theft from Diocese Case, Will Spend Time in Jail. Retrieved from <https://www.msn.com/en-us/news/crime/monsignor-pleads-guilty-in-theft-from-diocese-case-will-spend-time-in-jail/ar-BB1g96TT>.
- Gray, M. (2017). Compensation of U.S. Diocesan Priests in the Catholic Church. Retrieved from <http://nineteensixty-four.blogspot.com/2017/07/earnings-in-catholic-church.html>.
- Herbener, T. (2016). *Affidavit for Arrest Warrant*. Rockledge, Florida: Circuit/Court Court in Brevard County, Florida.
- Hermanson, D., Justice, S., Ramamoorti, S., and Riley Jr, R. (2017). Unique characteristics of predator frauds. *Journal of Forensic Accounting Research*, 2(1), A31–A48.
- Hoge, R., and Augustyn, B. (1997). Financial contributions to Catholic parishes: A nationwide study of determinants. *Review of Religious Research*, 21, 46–60.
- Holderness Jr, D. K., Negangard, E. M., and Sultan, J. (2018). Are Individuals More Likely to Misappropriate During Economic Recessions or Expansions? An Examination of the Relative Impact of Pressure and Opportunity. *Journal of Forensic and Investigative Accounting*, 10(1), 14–24.
- Holl, J. (2005, October 29). Priest Pleads Guilty to Theft of \$360,000 From His Parish. *The New York Times*, B14.
- Hollinger, R. C., and Clark, J. P. (1983). Deterrence in the workplace: Perceived certainty, perceived severity, and employee theft. *Social Forces*, 62(2), 398–418.
- Hout, M., Greeley, A., and Wilde, M. J. (2001). The demographic imperative in religious change in the United States. *American Journal of Sociology*, 107(2), 468–500.

- Internal Revenue Service. (2019). *Social Security and Other Information for Members of the Clergy and Religious Workers*. (Publication 517). Washington, DC: Government Printing Office. Retrieved from <https://www.irs.gov/pub/irs-pdf/p517.pdf>.
- Jackson, K., Holland, D. V., Albrecht, C., and Woolstenhulme, D. R. (2010). Fraud isn't just for big business: Understanding the drivers, consequences, and prevention of fraud in small business. *Journal of International Management Studies*, 5(1), 160–164.
- Jacobson, M. (2007). *Incident Report Number 0717907926*. Chicago, IL: Chicago Police Department.
- Jenkins, C. (2014, February). "Father Sam" Restored to Public Ministry. *Akron Beacon Journal*. Retrieved from <https://www.beaconjournal.com/article/20140201/NEWS/302019531>.
- Kemo, K. (2021). Court of Common Pleas, Case 21CR34. Jefferson County, Ohio.
- Kennedy, P. J. (2017). *Official Catholic Directory* Baltimore: National Register Publishing.
- Kershaw, S. (2011, December 18). Priest Will Not Face Charges in Handling of Church Funds. *The New York Times*, A19.
- Kimerer, M. (2007). *Motion to Dismiss Indictment or In the Alternative to Remand For a New Determination of Probable Cause*. Phoenix, AZ: Superior Court of the State of Arizona.
- Klotz, A. C., and Bolino, M. C. (2013). Citizenship and counterproductive work behavior: A moral licensing view. *Academy of Management Review*, 38(2), 292–306.
- Knepel, S. (1991). *Docket*. Milwaukee, WI: United States District Court.
- Kumar, K., Bhattacharya, S., and Hicks, R. (2018). Employee perceptions of organization culture with respect to fraud—where to look and what to look for. *Pacific Accounting Review*. 30(2), 187–198.
- Lasarov, W., and Hoffmann, S. (2020). Social moral licensing. *Journal of Business Ethics*, 165(1), 45–66.
- Lehmert, A. (2006, December 2). Disgraced priest avoids jail term for embezzling. *Cape Code Online*.
- Lin, S. H. J., Ma, J., and Johnson, R. E. (2016). When ethical leader behavior breaks bad: How ethical leader behavior can turn abusive via ego depletion and moral licensing. *Journal of Applied Psychology*, 101(6), 815–839.
- Lopez, J. (2013). The Difference Between Diocesan and Religious Priests. *South Texas Catholic*. Retrieved from <https://southtexascatholic.com/news/the-difference-between-diocesan-and-religious-priests>.
- Lopez, L. (2020). Number of Catholics in World Grows: There are More than 1.3 Billion. Retrieved from <https://zenit.org/articles/number-of-catholics-in-world-grows-there-are-more-than-1-3-billion/> [March 26](#).
- Mahan, J. (2012). *Judgment in a Criminal Case*. Las Vegas, NV.
- Mansour, J. (2020, April 21, 2020) *Interview Regarding Father Louis Richa/Interviewer: R. Warren*.
- Martin, B. (2019). *Affidavit for Probable Cause*. Chester County, PA: Chester County District Attorney's Office.
- Mattingly, J. (2017). *Attachment A: Statement of Stipulated Facts-United States vs. John S. Mattingly*.
- McAullife, K. (2020). Eparchy of Phoenix, Clergy Profile for Msgr. Kevin McAullife. Retrieved from <https://ephx.org/clergy-profile/?smid=861>.
- Menchaca, P. (2003, October 16, 2003). Jackson Heights Priest Busted for Stolen Funds, Phone Threats. *Queen's Chronicle*. Retrieved from https://www.qchron.com/editions/western/jackson-heights-priest-busted-for-stolen-funds-phone-threats/article_17a1c655-7469-5121-a0c8-37e22d784ab4.html.
- Morgan, P. (2010). *Application for Arrest Warrant*. Waterbury, Connecticut: State of Connecticut Superior Court.
- Murphy, P. R. (2012). Attitude, Machiavellianism and the rationalization of misreporting. *Accounting, Organizations and Society*, 37(4), 242–259.
- Murphy, P. R., and Dacin, M. T. (2011). Psychological pathways to fraud: Understanding and preventing fraud in organizations. *Journal of business ethics*, 101(4), 601–618.
- Nahartyo, E., and Haryono, H. (2018). Magnitude of Corruption, Rationalization, and Internal Control Quality: an Experimental Study on Subsequent Offense. *Jurnal Akuntansi dan Keuangan Indonesia*, 15(2), 3–11.

- Nan, F. (2011). *Field Report Number 2011-331232 (Draft)*. Cleveland, OH: Cleveland Department of Police.
- O'Brien, J. (1991a, May 2). Priest Gets 10 Months in Bingo Scam. *Chicago Tribune*, 25.
- O'Brien, J. (1991b, January 25). U.S. Agent Says Priest Pocketed Bing Cash. *Chicago Tribune*.
- Padgett, T. (2007, February 15). When priests pilfer. *Time*. pp. 43.
- Peters, C. S. (2015). *More than just good deeds: Fraud within religious organizations*. unpublished doctoral dissertation, Utica College).
- Polman, E., Pettit, N. C., and Wiesenfeld, B. M. (2013). Effects of wrongdoer status on moral licensing. *Journal of Experimental Social Psychology*, 49(4), 614–623.
- Potts, M. (2009, September 1, 2009). Father Fay Dies in Prison Saturday. *Stamford Advocate*.
- Prasaulida, S. (2016). Financial statement fraud detection using perspective of fraud triangle adopted by SAS No. 99. *Asia Pacific Fraud Journal*, 1(2), 317–335.
- Rasaian, L. (2014). *The Collaboration between the Parochus and the Parish Finance Council in the Protection of Parish Property: Practical Reflections on the Relation between Canons 532 and 537 of the 1983 Code of Canon Law*. Université Saint-Paul/Saint Paul University. Retrieved from https://ruor.uottawa.ca/bitstream/10393/30969/1/Rasaian_Lawrence_2014_Thesis.pdf.
- Rodebaugh, K. (2019). *Complaint/Information: State of Kansas vs. Juan Garza Gonzalez*.
- Rodebaugh, K. (2020) *Interview Regarding Father Juan Garza/Interviewer: R. Warren*.
- Rosenstein, R. (2017). *Plea Agreement*. Greenbelt, Maryland: United States District Court.
- Rothwell, V., and Hawdon, J. E. (2008). Science, individualism, and attitudes toward deviance: The influence of modernization and rationalization. *Deviant Behavior*, 29(3), 253–274.
- Ryan, B. (2012). *Forensic Examination Report, St. Joseph the Worker Parish, Diocese of Harrisburg*. McKonly and Asbury, LLP, Certified Public Accountants.
- Salvatore, J. (2013). *Criminal Complaint*. United States District Court.
- Saperstein, S. (1981, July 16). Father Carcich: A New Life. *The Washington Post*.
- Schechter, R. (2007). *Government Sentencing Memorandum*. Bridgeport, CT.
- Schechter, R. (2012). *Government Sentencing Memorandum*. Bridgeport, CT: United States Department of Justice.
- Schuchter, A., and Levi, M. (2016). The fraud triangle revisited. *Security Journal*, 29(2), 107–121.
- Sheehan, G. (2011). Press Release Concerning Fr. John Corapi from SOLT Regional Priest Servant [Press release].
- Shepherd, D., and Button, M. (2019). Organizational inhibitions to addressing occupational fraud: A theory of differential rationalization. *Deviant Behavior*, 40(8), 971–991.
- Shupe, A. (2010). *Spoils of the kingdom: Clergy misconduct and religious community*, Chicago: University of Illinois Press.
- Shupe, A. (2011). *Rogue clerics: The social problem of clergy deviance* (Vol. 1): Transaction Publishers.
- Shupe, A., and Iadicola, P. (2000). Issues in conceptualizing clergy malfeasance. *Bad pastors: Clergy misconduct in modern America*, Chicago: University of Illinois Press.
- Smith, A. (2016). *Motion For Delay of Prosecution*. Wichita, KS.
- Spiteri, L. (2014). *Canon Law Explained*. New York: Sophia Institute Press.
- Stanish, M. (2012). *Defendant's Sentencing Memorandum for Kevin Mcauliffe*. Las Vegas, Nevada.
- Stapel, D. (2014). Faking science: A true story of academic fraud. (Brown, N. J. L. Trans. from Dutch of Outspring). Retrieved from <http://nick.brown.free.fr/stapel/FakingScience-20141214.pdf>.
- Stone, K. V. W. (2000). The new psychological contract: Implications of the changing workplace for Labor an Employment Law. *UCLA Law Review*, 48, 519–548.

- United States v. Emilio Colagiovanni. (2002). *Criminal Information*.
- United States v. Emilio Colagiovanni. (2004). *Judgment in a Criminal Case*.
- United States v. Fleming. (2015). *Indictment*.
- United States v. Fleming. (2016a). *Transcript of Guilty Plea Hearing*.
- United States v. Fleming. (2016b). *Transcript of Sentencing Hearing*.
- United States v. Kevin Wallin. (2015). *Judgment in a Criminal Case*.
- United States v. Samule R. Ciccolini. (5:10 CR00290-001). 63. In 1475 (Ed.), *ND OH 09/09/2012*.
- Vasa, R. (2019). Statement Regarding Oscar Alejandro Diaz Canchola [Press release].
- Ventura, M. and Daniel, S. J. (2010). Opportunities for Fraud and Embezzlement in Religious Organizations: An Exploratory Study. *Journal of Forensic & Investigative Accounting*, 2(1), 56–72.
- Viken, J. (2020). *Amended Order of Forfeiture*. Rapid City, SD: United States District Court. District of South Dakota.
- Wall, J., Fogarty, T. J., and Gissel, J. (2020). Why punishment does not fit the crime: Experimental evidence that situational circumstances crowd out damage done. *Journal of Forensic Accounting Research*, 5(1), 142–176.
- Weisskoph, M. (1978, May 10). Carich Pleads Guilty to Misuse of Funds. *The Washington Post*. Retrieved from <https://www.washingtonpost.com/archive/politics/1978/05/10/carcich-pleads-guilty-to-misuse-of-funds/65f00a75-7e6f-46a9-bd43-2453da3d8bca/>.
- Wells, J. T. (1997). *Occupational fraud and abuse*: Obsidian Publishing Company.
- Werenicz, R. (1991). *Complaint*. Minneapolis, MN: State of Minnesota, County of Hennepin District Court.
- Whatley, T. (2006). *Probable Cause Affidavit*. Delray Beach, FL: Delray Police Department.
- Whisler, B. (2008). *Government's Position Paper with Respect to Sentencing*. Alexandria, VA: United States District Court.
- Wicaksono, A. P., and Urumsah, D. (2017). Factors influencing employees to commit fraud in workplace empirical study in Indonesian hospitals. *Asia Pacific Fraud Journal*, 1(1), 1–18.
- Zack, G. M. (2003). *Fraud and abuse in nonprofit organizations: A guide to prevention and detection*, New York: Wiley.
- Zionts, A. (2020, March 11). Former Rapid City Priest Found Guilty on All 65 Charges. *Rapid City Journal*.

Table 1: Schedule of Embezzlements by Decade

Decade in Which Scheme Started	Number
1960's	3
1970's	1
1980's	7
1990's	18
2000's	41
2010's	25
Total	95

Table 2: Schedule of Dispositions of Priest Fraud Cases

Description	Secular Priest	Religious Priest	Row Total
Federal (Guilty Plea or Pre-Trial Diversion)	13		13
Federal (Trial Conviction)	2		2
Federal (Partial Guilty Plea and Convicted at Trial on Remaining Charges)	1		1
Federal (Guilty Plea) and Convicted at State Trial	1		1
Fugitive Following Federal Indictment	1		1
State Court (Guilty Plea)	45	1	46
State Court (Trial Conviction)	2		2
State Court (Acquitted at Trial)	1		1
State Court (Case Dismissed After Indictment)	4		4
State Court (Died After Indictment But Before Trial)	2		2
State Court (Pre-Trial Diversion) Records Sealed	4		4
State Court (Indicted but Disposition Unknown Because Records are Sealed)	1		1
State Court (Under Indictment)	2	1	3
Civil Suit or Handled Internally	13	1	14
Row Total	92	3	95

Table 3: Summary of Job Titles of Priest Fraudsters

Job	Number	% of Total	Notes
Parish Pastor	81	85.27	80 Diocesan priests and 1 religious priest.
Parochial Vicar	6	6.33	6 diocesan priests
Weekend Help (Part-Time)	1	1.05	1 diocesan priests
Nursing Home Rector	1	1.05	1 Diocesan priest
Boys Home President	1	1.05	1 Diocesan priest
Emergency Grants Manager	1	1.05	1 Diocesan priest
Diocesan Chancellor	1	1.05	1 Diocesan priest
Vicar General	1	1.05	1 Diocesan Priest
Traveling Evangelist	1	1.05	1 Religious Priest
Fundraiser	1	1.05	1 Religious priest
Total	95	100.0	

Table 4: Summary of Pressures Felt by Offenders

Pressure	Number	% of Total
Lifestyle above means	50	52.6
Illicit Relationship	11	11.6
Gambling Addiction	8	8.4
Support Family Members or Ministries in Home Country	7	7.3
Financial Security	4	4.2
Scammed by Con Artist	3	3.2
Miscellaneous	3	3.2
Unknown	9	9.5
Total	95	100.0

Table 5: Summary of Methods of Detection

Method of Detection	Number	Percentage
Diocesan Audit	19	20.0
Flagged by Internal Controls or Employee at Parish	9	9.5
Whistleblower	25	26.3
Unknown	20	21.1
Unrelated Law Enforcement Contact or Litigation	8	8.4
Sting Operation by Parishioners or Staff	6	6.3
Complaint by Victim, Family Member, or Estate	5	5.2
Bank Report of Suspicious Activity to Law Enforcement	2	2.1
Self-Reported by Priest	1	1.1
Total	95	100.0

Table 6: Summary of Primary Charges

Charges	Federal	State	Row Total	% of All Cases
Embezzlement, Theft or Larceny		58	58	71.6
Bank Fraud	4		4	4.9
Mail Fraud	4		4	4.9
Conspiracy		1	1	1.2
Wire Fraud	2		2	2.6
Money Laundering		1	1	1.2
Tax Fraud	4	1	5	6.2
Currency Structuring	1		1	1.2
Organized Fraud		1	1	1.2
Obstructing an Official Proceeding	1		1	1.2
Interstate Transportation of Stolen Property/Possession of Stolen Property	1	1	2	2.6
Combination of Wire Fraud, Tax Fraud, and Interstate Transportation of Stolen Property	1		1	1.2
Total	18	63	81	100%

Table 7: Summary of Completed Case Dispositions

Disposition	Federal	% Completed Federal Cases	State	% of Completed State Cases
Guilty Plea	12	70.5	46	75.4
Found Guilty at Trial	2	11.8	2	3.3
Guilty Plea in Federal Court and Convicted at Trial in State court	1	5.9	1	1.6
Guilty Plea to Part of Indictment and Found Guilty at Trial on Remaining Counts	1	5.9		
Pre-Trial Diversion After Indictment	1	5.9	4	6.6
Case Dismissed After Indictment			4	6.6
Died After Indictment But Before Trial			2	3.3
Acquitted at Trial			1	1.6
Records Sealed After Indictment (Disposition Unknown)			1	1.6
Total Cases	17	100%	61	100%

Table 8: Summary of Sentences

Length of Jail Sentence	Number of Offenders	% of Total Sentenced Cases	Mean Fraud	Median Fraud	Range	Notes
No jail time	28	40.6	\$258,578	\$125,000	\$1,990,700	.
1 Day to 12 months	17	24.6	\$342,244	\$295,000	\$988,680	
13 to 24 months	6	8.7	\$286,940	\$284,120	\$276,000	
27 to 36 months	7	10.1	\$610,154	\$358,000	\$1,516,169	One priest was paroled after 14 months for in-patient treatment.
37 to 48 months	5	7.2	\$768,994	\$650,000	\$1,106,970	
60 months	3	4.4	\$1,460,807	\$1,900,000	\$1,582,422	
80 to 92 months	3	4.4	\$1,478,488	\$591,484	\$1,173,784	One priest was sentenced to 84 months but was mostly likely serve only 18 months. Another priest was sentenced to 60 months in federal prison and 156 months in state prison. He served 80 months before his death, so sentence is reflected as 80 months.
Total Cases	69	100.0				

Table 9: Schedule of Perpetrator Status Following Conclusion of Legal Proceedings

Status Following Disposition of Case	Number	Number with Criminal Conviction	Under Indictment	Acquitted at Trial	Case Dismissed After Indictment	Pre-Trial Diversion	Died Awaiting Trial	Civil Suit or Handled Internally
Priests Returned to Ministry	27	20			2	1		4
Suspension/Leave of Absence	30	16	4			3	1	6
Priests Retired with No Restrictions	15	11			1	1		2
Priests Retired with Restrictions	9	7				1	1	
Permanently Removed from Priesthood	7	5		1				1
Unknown	7	5			1			1
Total	95	64	4	1	4	6	2	14

Table 10: Summary of Rationalizations

Rationalization	Number	% of Total
Unknown	39	41.1
Deserved Extra Compensation	19	20.0
Funds Used for Good Purpose	16	16.8
Addiction or Mental Health Issue	6	6.3
Discretion Allowed by Canon Law	6	6.3
Donation Meant for Priest Personally	4	4.2
Agreement with Religious Superior for Special Treatment	2	2.1
Informal Loan	2	2.1
Informal Sexual Abuse Settlement	1	1.1
Total	95	100.0

Table 11: Schedule of Age and Experience of Priest Fraudsters

Age Range at Time of Fraud Detection	Number	Average Years in Ministry	Lowest Number of Years	Highest Number of Years
30-34	3	5	0	8
35-39	6	7	1	12
40-44	13	13	2	20
45-49	17	19	8	25
50-54	13	22	9	29
55-59	10	23	9	32
60-64	17	33	23	37
65-69	5	39	37	43
70-74	4	41	23	48
75-79	0	0	0	0
80-84	1	51	51	51
Total	89			