

Start-Up and Fraud Shenanigans: Case Study on Start-Ups Affiliated with Public Companies

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ABSTRACT

This study explains how fraud occurs in start-up companies. This study uses qualitative method with thick description technique with the aim of investigating current events and directing them to concepts and theories by utilizing information obtained from informants. The results of this study show that shenanigans were initially formed from a culture shock that led to a fraud in the form of corruption that harmed many parties, including investors. This happens because fraud has become a culture and the company leaders have lost their integrity. The novelty of this research lies in the type of fraud committed by fraud perpetrators that occur in start-up companies.

Keyword: Fraud, Shenanigans, Start-up, Culture, Integrity

1. INTRODUCTION

Since the millennium, fraud cases have spread indiscriminately. Many agencies are reported to have collapsed due to fraud committed by people within the agency. To make matters worse, these frauds often involve auditors. According to Dinata et al. (2018), fraud can be likened to an iceberg, where only 10% of fraud cases appear on the surface, while 90% are invisible or hidden under the surface.

Quoted from the ACFE homepage regarding the fraud survey in Indonesia, from 2016 to 2019 there was an increase in fraud cases in the form of financial statement fraud and asset misappropriation fraud. Meanwhile, there was a less significant decrease in fraud in the form of corruption.

From the two tables above, it can be seen that there was an increase in the number of fraud cases, especially in asset misappropriation and financial statement fraud between 2016 and 2019. There was a decrease in corruption by 9 cases. This condition indicates that agencies or companies are easy objects in acts of fraud. According to Jancsics (2014), corruption is an informal/illegal and confidential exchange of resources allocated. As a result, money, goods, or other resources that are thought to belong to an organization or collective are instead handled or exchanged secretly in a way that benefits one or more people who are not the legal owners. Financial statement fraud is a serious problem that can be done

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by manipulating income that is not in accordance with actual conditions (Sakti, 2020). Asset misappropriation is usually carried out by employees in relatively small amounts and immaterial. This type of fraud can also involve management, who is usually better able to disguise or conceal such misappropriation in a way that is difficult to detect (Jones, 2011). These three types of fraud make fraud cases even more complex, because currently fraud cases occur not only in state-owned companies, government agencies or private companies, but also in start-up businesses. The development of technology apparently cannot close the gap for fraud to occur, but instead becomes a new opportunity for this unlawful act. In recent years, start-up have become the key foundation and creation of work (Haltiwanger et al., 2013; Adelino et al., 2017). Kompas daily reported that in mid-August 2021 there was a fraud case at start-up Tokopedia. This indicates that the seeds of fraud grow not only in government agencies, state-owned companies, or private companies, but also in start-up companies.

Other cases also happened to start-ups engaged in agriculture and animal husbandry angoon.id. It was reported by [liputan6](http://liputan6.com) that the fraud case that caused this start-up to go bankrupt was because the CEO of the start-up used investment money from the public to cover operational expenses that should not have been carried

out. Various ways and tricks are carried out by fraud perpetrators to smooth out their actions. This method or trick is called shenanigans. Initially, the term "shenanigans" was known in financial statement fraud which was a gimmick of perpetrators to manipulate financial statements (Schilit, 2018). However, based on the current phenomenon, it turns out that shenanigans have become a gimmick not only for perpetrators of financial statement manipulation, but also for perpetrators of other types of fraud such as corruption and asset misappropriation. Momtaz (2020) mentions in his research that a significant influence in fraud is caused by moral hazard with many schemes carried out such as pump-and-pump schemes (Hamrick et al., 2020; Li et al., 2019) or ponzi schemes in Ethereum (Bartoletti et al., 2020).

This study will reveal the forms of shenanigans carried out by fraud perpetrators in start-up companies affiliated with public private companies, find out the extent of fraud that occurs within the start-up company, and draw conclusions on shenanigans using fraud theories, such as GONE theory and hexagon theory. This research is a qualitative research with thick description method. In this method the researchers try to understand the events that occurred through the information provided by the informants. Furthermore, the researchers

Table 1. Data on the Most Detrimental Fraud in Indonesia in 2016

No.	Type of Cases	Number of Cases	Percentage
1.	Corruption	178	77%
2.	Asset Misappropriation Fraud	41	19%
3.	Financial State-ment Fraud	10	4%

Source: Fraud Survey in Indonesia, ACFE (2016)

Table 2. Data on the Most Detrimental Fraud in Indonesia in 2019

No	Type of Cases	Number of Cases	Percentage
1	Financial Statement Fraud	22	9.2%
2	Corruption	167	69.9%
3	Asset Misappropriation Fraud	50	20.9%

Source: Fraud Survey in Indonesia, ACFE (2019)

will explore and investigate the events that occurred (Hampshire, 2014). The gap in this research is that there are very few previous studies discussing shenanigans in fraud. Some studies discuss shenanigans only in the context of financial statement manipulation and do not discuss shenanigans in other forms of fraud. This study will reveal the shenanigans committed in acts of fraud which are indicated in the type of corruption and have an impact on the manipulation of financial statements. This research is expected to contribute to various parties, such as government agencies, companies, regulators and the wider community, to be more aware of the shenanigans committed by fraud perpetrators so that fraud can be prevented as early as possible.

2. LITERATURE REVIEW AND HYPOTHESIS

Fraud Theory

Fraud theory continues to develop. It started with the fraud triangle theory which was launched by Cressey in 1950. The theory later developed into the fraud diamond (Wolfe and Hermanson, 2004), the fraud pentagon (Crowe Horwarth, 2011), and finally the fraud hexagon (Vousinas, 2016). Meanwhile, GONE theory (Bologna, 1993) was developed to perfect the theory of fraud triangle. In gone theory it is explained that there are 4 factors that cause fraud: greedy, opportunity, needs, and exposures. In the fraud hexagon, which is the most recent development of fraud theory, there are 6 factors that cause fraud: stimulus, capability, opportunity, rationalization, ego and collusion.

Shenanigans

The term shenanigans, originally proposed by Schilit (2018), discusses in detail the ways or gimmicks of fraud perpetrators in manipulating financial statements. However, along with the development of fraud cases, shenanigans have become a gimmick not only in the manipulation of financial statements, but also in other types of fraud such as corruption and asset misappropriation. Shenanigans can also

be referred to as a creative way to commit fraud, as proposed by Omurgonulsen (2009) through his research related to fraud that occurred in Turkey. According to Rezaee (2005), the various cases of fraud and the different ways of doing it can be a lesson.

Shenanigans of Fraud at Start-up

Fraud is one of the risks that must be faced by various government agencies and private companies, including technology-based start-ups. In 2019, McCormack, CFE reported that an American start-up Unicorn, Theranos, engaged in medical devices, has committed fraud by using fake patents. Holmes, CEO of Theranos, turns out to have used Theranos as his personal savings. This is a form of shenanigans performed by Holmes (Fraud Magazine, 2019). In 2020, as quoted from Wall Street's homepage, Las Vegas-based start-up NS8 was also detected to have manipulated financial statements by admitting fictitious revenues of 10 billion, a form of shenanigans. Meanwhile, in Indonesia, several start-ups have also been reported to have become objects of fraud, such as Tokopedia which reported that its employees had committed fraud by taking advantage of a discount program for partner stores, as a form of shenanigans (Kompas, 2021). Gleason et al. (2019) mentions that start-up is a playground in fraud behavior. This is due to the close collaboration between founders and investors, implicitly or explicitly through approval or in certain cases following investor requests which can create aggressive behavior in the business.

3. METHODS

This study uses a thick description method which is part of a qualitative research. The selection of the method was based on the research objective, to reveal how the shenanigans occurred in indications of fraud in one of the start-ups affiliated with a publically listed private company. In this case, researchers get information about the events that occurred from the results of interviews with informants. In this

study, there are several stages carried out, such as data collection and data analysis with a focus on understanding which focuses on meaning. This type of thick description research requires researchers to immerse themselves in the culture of events, conduct investigations on current events, and lead to concepts and theories by utilizing information obtained from informants (Summers, 2020).

Respondents were selected using a purposive sampling technique. This technique was chosen based on the quality of informants who could provide information in accordance with their experience and knowledge regarding the events that occurred (Haven and Grootel, 2019). The criteria for informants in this study must be in accordance with the criteria set by the researchers. Some of the criteria that must be met as an informant are as follows: (1) the informant witnessed fraud that occurred in the start-up environment; (2) the informant was involved in fraudulent acts, either directly or indirectly; (3) the informant came from various divisions in start-ups with different positions or occupations; (4) the informant is declared as a permanent employee with a minimum of 1 year of work. The following is a list of informants who have met the criteria set by the researchers:

Table 3. List of Informants (Using Pseudonym)

No	Name	Position
1	Taufan	Chief of Operating Officer
2	Tio	CEO
3	Soraya	Customer Service
4	Zainab	Finance Staff and Administration
5	Dani	Finance Manager
6	Ali	Field Staff
7	Andre	Office Staff
8	Teguh	Field Staff

Source: Data Processed

Based on gender, the informants in this study were dominated by men. The informants were willing to provide

information and share stories about fraud that occurred in their workplace, but they asked researchers to keep their identities secret. The researchers agreed by changing the real name to a pseudonym. The pseudonyms are presented in table 3 above.

Information and opinion data were obtained by means of direct interviews with informants (dyadic face to face interaction) with the aim of getting the desired results (Roulston, 2016) so that researchers could uncover complex things and hidden facts (Hampshire et al., 2014). In conducting interviews with informants, researchers used semi-structured interview techniques. The use of semi-structured interview techniques provides a more flexible approach (Summers, 2020). Interviews were also conducted using a phronetic approach, an approach that suggests that qualitative research can be obtained, organized, interpreted, analyzed, and communicated systematically (Haven and Grootel, 2019).

Data analysis was carried out by analyzing the transcribed interview results (Hardinto et al., 2020) using a system of coding (Haven and Grootel, 2019) to reduce qualitative data (Summers, 2020). This stage aims to determine the fraud phenomenon that occurs and supports the factors identified as part of the literature review (Hardinto et al., 2020). This study uses gone theory and fraud hexagon theory to explain and critically discuss the findings of this study.

4. RESULTS AND DISCUSSION

Before discussing the fraud shenanigans in a start-up, the researchers had obtained initial information from one of the informants regarding the environment and conditions at the start-up. Based on the initial information, the informant admitted that he had committed fraud, either directly or indirectly, and even witnessed the incident himself. The fraud reported by the informant was in the form of corruption committed by start-up leader. The informant admitted that he had

witnessed and was aware of indications of corruption by the leader of the start-up and that he had even been given a “bonus” by the leader of the start-up. At that time, the informant only thought that the bonus was an allowance for his performance.

In the fraud tree concept initiated by ACFE (2016), there are 3 types of fraud that often occur: corruption, asset misappropriation, and manipulation of financial statements. These three types of fraud will have an impact on losses for agencies and even for the state. The growth of start-up companies in Indonesia is expected to help improve the country's economy. Therefore, it is very unfortunate if the growth of this start-up turns out to have a bad impact on the country's economy.

Culture Shock: A Form of Shenanigans

PT G is a start-up company with a fund raising business that is engaged in fisheries. The main principle of establishing the company is to promote fish farmer partners and prosper investors. At first, PT. G maintained its principles with integrity. However, along with increasing partners and increasing funding from investors, PT. G began to expand its wings to several lines of business. Unfortunately, this condition made the company lose focus on the vision and mission that had been built. This was even exacerbated by the culture shock experienced by the leader of PT. G who was not used to managing large funds. The culture shock made the CEO of PT. G commit fraudulent actions for his personal benefit under the pretext that the company's operations could still be handled if he only took a small part of the investment fund. Based on previous studies, it is explained that there are two things that can cause a leader to commit fraudulent actions: the authority possessed (Amaliyah, 2019) and the leadership's role as a public figure and decision maker (Fiolleau, et.al, 2018). The act of fraud committed by the CEO of PT. G is to rationalize and consider investor funds as an opportunity to commit fraud.

His simple personality before this start-up developed triggered the CEO of PT. G experienced culture shock. He defined the development of the company as an opportunity to benefit himself. The following is the opinion conveyed by Taufan regarding fraud:

“The three of us founded this company in 2016, Mr. CEO, I as COO, and my friend Budi, who currently chooses to supervise partners directly. In the past, Mr. CEO was a very simple person and had good intentions. However, as the company got bigger, Mr. CEO forgot our common goal. He likes to buy his own personal needs using company accounts or sometimes company funds are transferred to his personal account first, with notes for office operations, then spend the funds for his own needs. How do I know? Because I myself sometimes was told to transfer, and sometimes Miss Zainab who was also asked to transfer. This is because both of us used to hold the account token. At first I didn't know it, I thought the funds were indeed spent on company operations. However, after making observations, it turns out that he bought these items for his own use. I had reprimanded him for it was not in accordance with operational standards, but instead he ordered Miss Zainab to do the transfer. And when I reprimanded him again, he demoted me instead. Therefore, I am now just a regular staff, not COO anymore. What's even worse, he actually slandered me for wasting the company's money.”

Taufan's statement seems to confirm the results of research conducted by Amaliyah (2019) and Fiolleau et al. (2018) that company leaders have the authority and power to make decisions based on what they believe, even though the action is an act of fraud. It's quite worrying to see a situation where leaders who experience culture shock actually make them take inappropriate decisions. The statement made by Taufan was later confirmed by Zainab as follows:

"That's right. The situation is like what Mr. Taufan said. I myself can't do anything because I'm a subordinate. I know, and I unconsciously do it too, but I can't go against the boss' orders."

If it is associated with the hexagon theory, the statements of the two informants indicate that the company leader has the capability to commit fraud through his authority. According to Utami et al. (2019), fraud occurs when a person has the capability to act. Furthermore, this condition can also be explained using GONE theory, where this fraudulent act is driven by greed, need, opportunity, and the absence of strong sanctions to punish perpetrators (Hardinto et al., 2020). Informants' testimonies on changes in behavior also show that there is a culture shock condition, a change in habits from simple person who is then entrusted with managing large funds. Habits that are carried out continuously will give birth to a culture that unknowingly triggers acts of fraud (Dinata et al., 2018).

Decision Making in the Dilemma of Culture Shock

The culture shock that occurred to the CEO of PT. G has an impact not only on changes in CEO behavior, but also on the owners of capital who co-founded the company with their personal money. The CEO and the financiers have shared the public's investment money for their personal needs. Researchers got this information from Zainab who provided proof of transfer to their personal account with a sizeable amount of money from a company account. This is also routinely carried out every month so that the company is in a difficult condition. Start-up fund raising usually collects investor funds through campaigns carried out on projects that they will open, such as funding for shrimp, fish projects, and so on. The campaign is opened with a value that they set themselves and a profit return agreement with a sizeable percentage to investors. From the results of this campaign fundraising, PT. G will

usually take 10% for operating costs, but in reality it can be more than that.

The culture shock caused many campaign projects to be absent from the management schedule, and the yields did not match the company's promises to investors. As a result, many investors complained about this delay. Various reasons were conveyed by the CEO to the company's call center employees to be forwarded to investors. The following is the statement of Soraya, a call center employee at PT. G.

"Yes. There are lots of investors who complain to me about the harvest or the profit sharing they should receive. There are various forms of complaints. Some of them complain about the profit sharing that is not in accordance with the portfolio that we provide, even the value is far from that percentage. There are projects where in the portfolio it is stated that the profit sharing rate to investors is 30%, but in reality they only receive 7%, and some even lose. In fact, the value of the project's campaign is from 700 million to 1 billion per project. According to investors, it doesn't make sense. Honestly, that's how it is. The realization doesn't match. Of the large campaign value, only half is given to partners. There are many projects that are not running because the money has run out. Yes, that is so. Boss always asks partners in the field to save money, while at this company the money is used for extravagance."

The culture shock experienced by CEO and owners of capital has an impact on poor decision making. The decisions they take are often detrimental to investors so that many complaints are made by the investors. Researchers even had time to find several articles written by investors with the title "fraudulent start-up G". Of course, this is very disappointing considering that a start-up company should be well developed for its survival. This decision making is very detrimental not only for investors who do not receive

the promised profit sharing, but also for partners because the funds sent to partners are often not sufficient to manage the project. The following statement was conveyed by Teguh, a partner of PT. G:

"It's very difficult. In the field we are often overwhelmed. We are short of money. We have explained our needs in the field, but the money sent to us is very little. At night, we also need lighting. You know that on the beach it is very dark at night. It takes a high cost, coupled with other needs, such as installing windmills, buying seeds, and others, all of which cost money. He often says to us that there is no money, but when I go to the office, everyone always eats well and we are always treated. He always pays for expensive food and when we go back to the field we are always given money. Boss always tells us to calm down, because the office will pay. And I always obey, because I think when else I can eat good food."

The statement conveyed by Teguh indicates that there is corruption committed by the CEO and the owners of capital. So that employees do not complain, the CEO and owners of capital choose to give money and treat employees to expensive meals as a way to keep their mouths shut. This condition explains that fraud has been successfully rationalized, both by the leaders and employees. There are 3 rationalizations that occur in acts of fraud: First, denial of responsibility, where the perpetrators can avoid that corruption is the only option that occurs because of compulsion; Second, denial of injury, where the bribe recipient believes that nothing dangerous will happen if he accepts bribes/gratuities; Third, denial of victim, where the victim of bribery/gratuity is basically vague, cannot be identified directly and does not harm parties close to the perpetrator so that the recipient of the bribe feels innocent or feels that the action does not harm other parties (Anand et al., 2005; Dellaportas, 2013; Irwin & Cressey, 1962; and Ramamoorti, 2008). This interprets that the decision

making made by the CEO of PT. G is certainly a wrong decision and can have a negative impact on the sustainability of the company.

Awareness Point of Decision Making Negligence

Abandoned projects, bad company operations, low investor funds, and constant complaints from investors are the impact of the culture shock experienced by the leader of PT. G, coupled with his ego and greed that makes company leader take wrong decisions by distributing money to employees so that the issue of corruption is not known to outsiders.

However, in the current condition the leader of PT. G began to realize that he was running out of money to continue stalled projects and was having a hard time providing a profit share to investors. At this point, if the leader of PT. G has integrity, he should stop his wrong doings. According to Endro (2017), the integrity possessed by individuals in an organization can prevent acts of corruption. Thus, it is very important for individuals to have integrity, so that they can return to their awareness point, carrying out the vision and mission of the organization/institution properly.

Unfortunately, this does not apply to the leader of PT. G. When he realized that the funds to manage the project were running low, he still committed the fraudulent act. Then he committed collusion. The CEO of PT. G gathered all partners from each project and campaigned on the promises he would give if this collaboration got successful. Partners were asked to report activities that were not running smoothly in the operations of several projects and prepared manipulative photos as if the big harvest would soon arrive in a few months but was hampered by several things in the field, and so on. This was explained by Dani, a partner in the field project.

"Actually, in the field, the project went smoothly. However, the money from the head office was not immediately sent to the field. Boss says that he is also having a hard time and we are asked to pause the

project for a while. To investors, the boss reported that the project was experiencing problems so that operations and harvests were delayed. I didn't understand at first, but because my boss asked me to, I finally could only obey. He said that the project was put on hold while waiting for funds to drop. Later after the funds drop, the boss will give a bonus. Try asking Andre. Andre was even told to take photos of another successful project to cover up this project that ran out of money."

The fraudulent actions carried out by the start-up leader were increasingly complex. There were many ways he did to keep this illegal act going. The luxury lifestyle of the start-up leader can also be seen from the latest type of car he has. This behavior continues to be carried out by start-up leader, as stated by Andre, one of the informants, as follows.

"There are 3 projects in the same location. Project 1 was successful and the results were very good. We have a big harvest. The profit earned is greater than expected. However, at the head office the profits are then distributed as profit sharing, which consists of investors, partners and offices. Now, the problem is that even though the harvest or the profits are so large, we only get a very small share. On the other hand, investors also said that the profit sharing was not as promised. Where's the money then? Yes, of course it flows into the boss's pocket. Project 1 was successful, but the other 2 didn't work. He said there was no money. Finally, to report to investors, I was told to take photos of project 1 to cover projects 2 and 3 which were not working."

Based on the statements of the informants above, it can be concluded that acts of fraud can make perpetrators addicted to playing their roles. This confirms the truth of the hexagon theory that the fraudulent act involves an element of collusion in it. Collusion is carried out by start-up leader to benefit himself. On another occasion, the researchers tried to ask the CEO of PT. G related to his actions

which are an indication of fraudulent behavior. Here is his statement:

"I think this is not an act of fraud. Why do you seem to accuse me of fraud? This is my company, I built it, I am the founder, and I am looking for investors. Why can't I withdraw my share? Think of it as an allowance that I receive on top of my salary as CEO. If other friends can get benefits, why can't I as CEO? Therefore, I also feel annoyed with the affiliated companies. I was considered as if I had committed fraud. And how can you justify my behavior like that? Even if there are late harvests or stalled projects, it's only a matter of time, not my fault. Besides, if I like to give money to my friends, I hope they will be more active in their work. Think of it as money for their hard work, not collusion."

The statement given by the CEO of PT. G implies that the CEO rationalized his behavior and considered that the failures that occurred in the company, such as investor losses, delayed harvests, and projects that were not on schedule or even out of operation, were not his fault. Through this statement it can be seen that the CEO of PT. G rationalizes by assuming that the behavior is not a mistake. When he uses company money for his personal interests, he assumes that it is an allowance that is taken outside of his basic salary and he feels entitled to ownership of the company because he is the founder of start-up G. In fact, the Limited Liability Company Law no. 40 of 2007 Article 71 explains that the distribution of dividends on shares owned can be divided in accordance with the provisions of the General Meeting of Shareholders (GMS). This means that all profit sharing must be communicated together to reach a mutual agreement between all shareholders and company leader.

Robbing Peter to Pay Paul (Indonesia: Gali Lubang Tutup Lubang)

Integrity should arise when someone is at the point of realizing the consequences of mistakes in decision making. However,

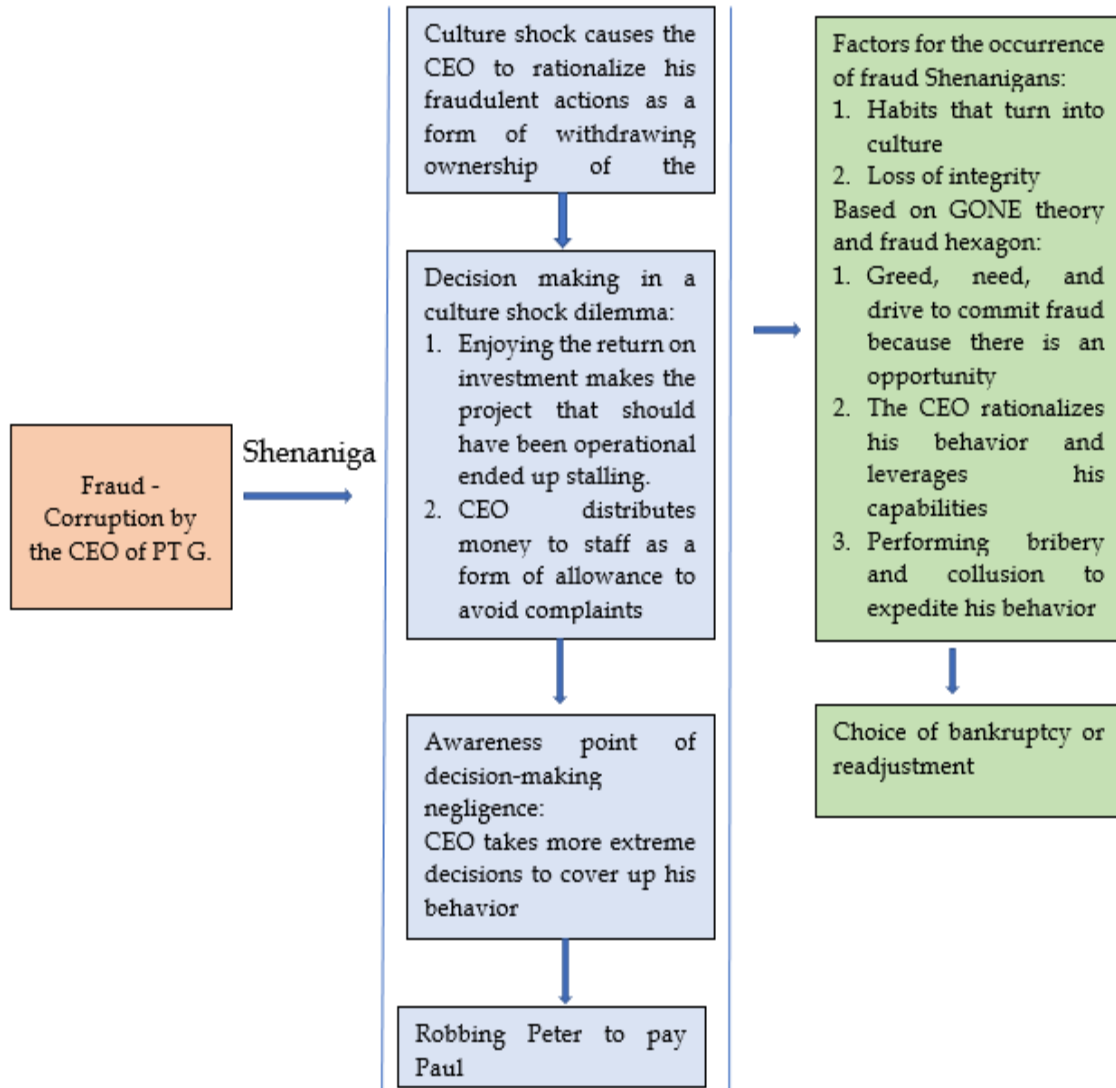
in this case, the start-up leader was even “robbing Peter to pay Paul”. Realizing that the funds owned by the company could no longer cover project operations, the start-up leader then opened a premium campaign with fantastic value. This was done to obtain funds to cover on-going project operations. Meanwhile, the project being campaigned for was actually just a fiction he had created and never existed. He only needed the money without realizing the project. One of the informants, Ali, explained as follows:

“We will open another campaign with a value of 1 billion. The money will be used to cover the operation of project 2 which is not running. He said that in 2 weeks

he would also open the same campaign to cover project 3. However, the project that was campaigned to get 1 billion actually didn't exist. What is shown in the campaign are only photos. Then, he will tell investors as if the project being campaigned for has suffered a loss. The campaign is actually just to cover up another project.”

The practice of “robbing Peter to pay Paul” carried out by start-up leader can be seen clearly from Ali’s statement above. Some campaigns were deliberately opened to obtain large funds with the aim of deceiving investors who would fund the project. This action certainly has become

Figure 1. Research Results Chart



Source: Data Processed

a much bigger act than the small fraud that was carried out in the beginning. This condition confirms the results of research conducted by Johnson (2000) that fraud is actually not just a big act that harms, but it comes from small actions which, in the process, grow to be bigger. This also acknowledges the truth of the GONE theory regarding exposure, where the perpetrator will continue to take this action because there is no legal sanction for his action.

The Choice: Bankrupt or Readjustment

Corruption is a paradigm of manipulating common interests for particular interests (Enro, 2017). This is very contrary to the integrity that must be owned by every individual. Individuals who have integrity will not ignore the importance of particularity. For individuals with integrity, the vitality of particularity is very important, because with a strong life force of particularity, the common good can be realized. The particularity of each individual varies but must still have the same ultimate goal, the common good. Decisions taken must be participatory so that they can be carried out responsibly. Organizations that have integrity not only strive with participatory actions to realize the common good, but also ensure that these efforts are the contribution of all its members to realize the common good (Enro, 2017). The loss of integrity experienced by the company's leader shows that there has been a failure of integrity that has caused fraud to grow in the company environment.

After doing "robbing Peter to pay Paul" strategy, the leader of the start-up company seemed to be just waiting for a ticking time bomb, when it will all end. But at a critical juncture, other leaders who weren't involved could take the option of readjustment before the company slowly went bankrupt. Therefore, a statement regarding integrity is very necessary to deal with the bad conditions in the company. Readjustment can be made by imposing sanctions on leaders who

commit fraudulent acts through dismissal, and streamlining company operations. In this condition, in order for the company to continue to grow and develop properly, the company needs to instill integrity in every individual involved. The flow of research results is described in the following chart:

5. CONCLUSION

Fraud that occurred at PT. G is a fairly complex act of corruption. This fraud continues to spread to other areas such as bribery and collusion. In this case, GONE theory and hexagon theory answer all the factors causing fraud to occur. Greed, opportunity, need, and the absence of legal sanctions make the start-up leader continue to carry out his fraudulent actions. Other factors in the hexagon theory also answer the causes of fraud. Ego, pressure, rationalization, opportunity, capability, and collusion are all owned by the company's leader to carry out these illicit actions. The capabilities that should lead to positive actions are actually misinterpreted by committing corruption, as well as collusion by inviting all partners to indirectly support the fraud committed. It can be concluded that individuals who commit fraud are not only those who have ego, needs, rationalizations, and opportunities, but also those who have the capability within the company to support fraud. Based on the results of proving the theory, there is a shenanigans factor that makes a person able to commit fraud, namely culture shock. Changes that occur from having nothing, not having certain authority or capabilities, to suddenly getting the opportunity to have everything, make individuals tend to experience unusual changes in their lives. Under these conditions, every individual and organization has the choice to instill integrity as a way to prevent corruption. It is recommended that further research examine more case studies with the fraud phenomenon within the company so that it can prove that culture shock is the first door to fraud. This research also needs to be further developed using quantitative

methods where the background profile of individuals who have capabilities in the company can be used as an indicator to prove the culture shock that occurred.

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