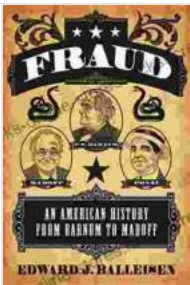


# Fraud: An American History, from Barnum to Madoff

Fraud is as American as apple pie. From the days of P.T. Barnum to the Bernie Madoff scandal, Americans have been swindled out of billions of dollars. This article takes a look at some of the most famous cases of fraud in American history.



## Fraud: An American History from Barnum to Madoff

by Edward J. Balleisen

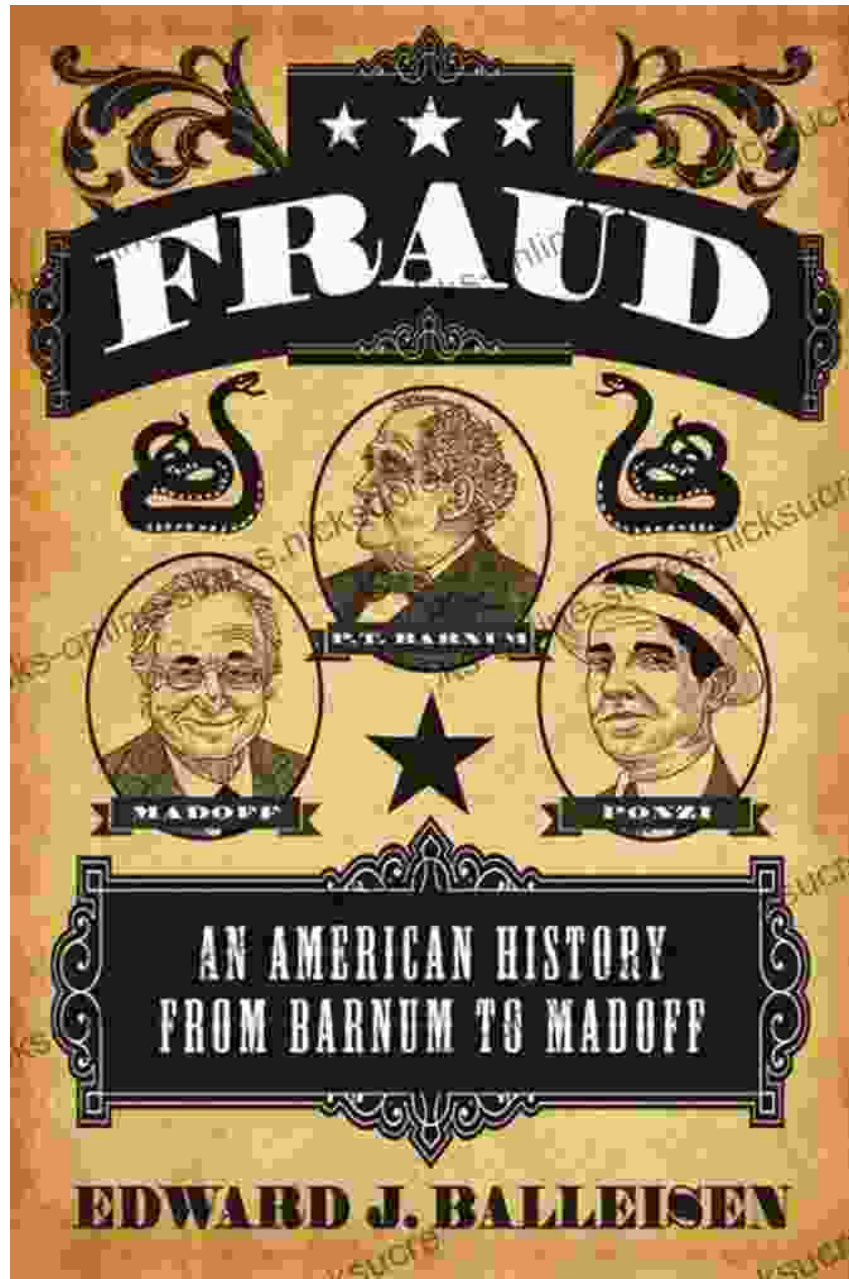
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## P.T. Barnum

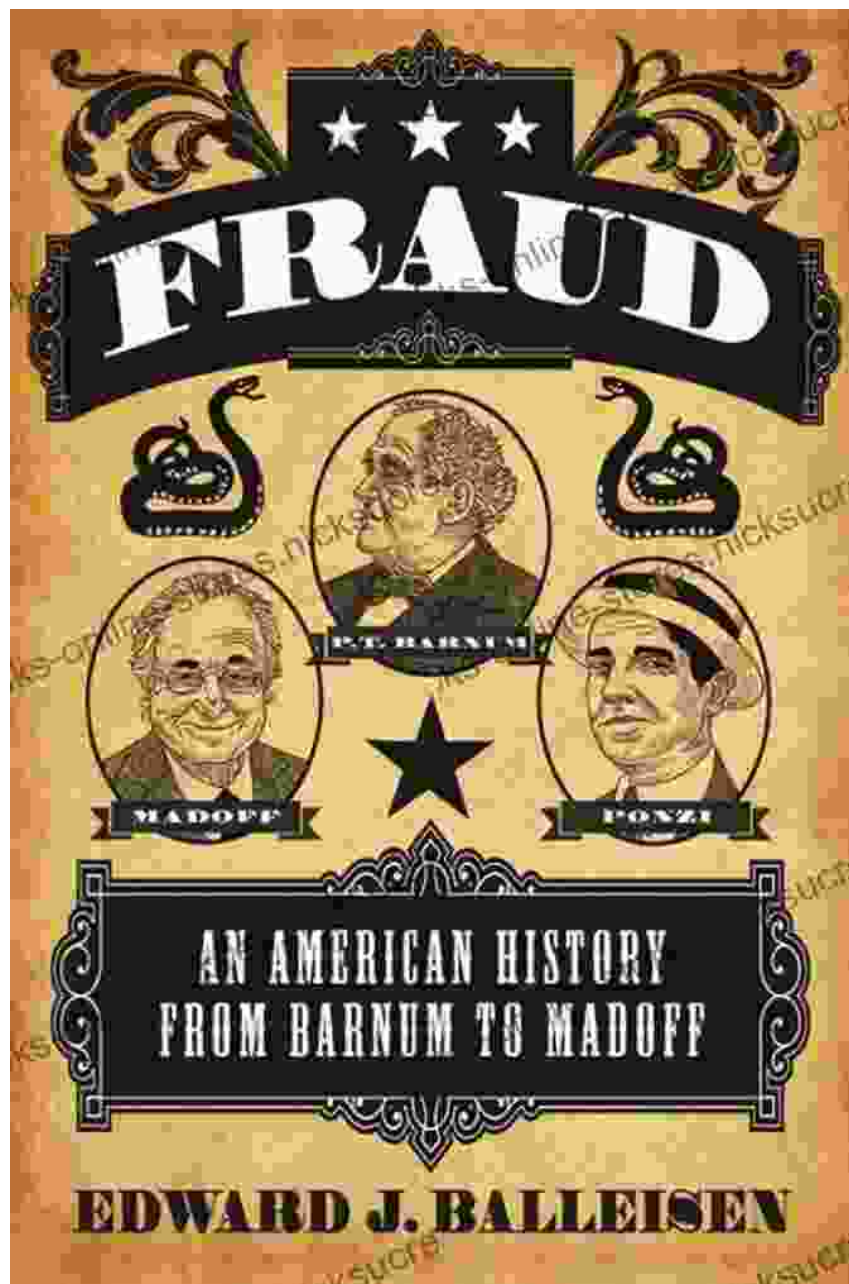
P.T. Barnum was one of the most famous showmen in American history. He was known for his outlandish claims and his ability to attract crowds. Barnum's most famous hoax was the Feejee Mermaid, which he claimed was a real mermaid that had been captured in the Pacific Ocean. The Feejee Mermaid was actually a stuffed monkey with a fish tail. Barnum also promoted other hoaxes, such as the Cardiff Giant, which he claimed was a petrified giant that had been found in upstate New York. The Cardiff Giant was actually a carved stone statue.



## **Bernie Madoff**

Bernie Madoff was a stockbroker who ran a Ponzi scheme that defrauded investors of billions of dollars. Madoff's scheme was based on the promise of high returns on investments. However, these returns were not actually based on real profits. Instead, Madoff was using money from new investors

to pay off old investors. Madoff's scheme collapsed in 2008, when he was arrested and charged with fraud. He was sentenced to 150 years in prison.



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## Other Famous Cases of Fraud

P.T. Barnum and Bernie Madoff are just two examples of the many fraudsters who have operated in the United States. Other famous cases of fraud include:

- **The Teapot Dome Scandal:** In the 1920s, Secretary of the Interior Albert Fall leased government oil reserves to private companies at below-market prices. Fall received bribes from the companies in exchange for the leases.
- **The Enron Scandal:** In the 1990s and early 2000s, Enron Corporation used accounting tricks to inflate its profits and hide its debts. The company collapsed in 2001, and its executives were convicted of fraud.
- **The Madoff Securities Scandal:** In the 1990s and early 2000s, Madoff Securities operated a private investment fund that defrauded investors of billions of dollars. The fund was based on a Ponzi scheme, and it collapsed in 2008.

## **The Psychology of Fraud**

What drives people to commit fraud? There are a number of factors that can contribute to fraud, including:

- **Greed:** Fraudsters are often motivated by greed. They want to get rich quick, and they are willing to break the law to do so.
- **Opportunity:** Fraudsters often take advantage of opportunities to commit fraud. For example, they may take advantage of a loophole in the law, or they may exploit a weakness in a company's accounting system.

- Rationalization: Fraudsters often rationalize their behavior. They may believe that they are justified in committing fraud, or they may believe that they will not get caught.

## **The Impact of Fraud**

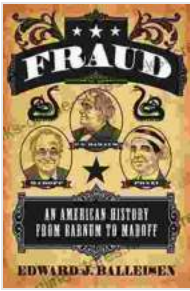
Fraud can have a devastating impact on individuals, businesses, and the economy as a whole. Individuals who are defrauded may lose their life savings. Businesses that are defrauded may go bankrupt. And the economy as a whole may suffer from lost productivity and investment.

## **Preventing Fraud**

There are a number of things that can be done to prevent fraud. These include:

- Educating people about fraud: It is important to educate people about the different types of fraud and how to avoid them.
- Strengthening laws against fraud: Laws against fraud should be strengthened to make it more difficult for fraudsters to operate.
- Increasing enforcement of fraud laws: Law enforcement agencies should be given more resources to investigate and prosecute fraud.

Fraud is a serious problem that can have a devastating impact on individuals, businesses, and the economy as a whole. However, there are a number of things that can be done to prevent fraud. By educating people about fraud, strengthening laws against fraud, and increasing enforcement of fraud laws, we can help to create a more fraud-resistant society.

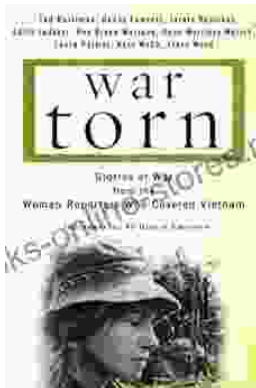


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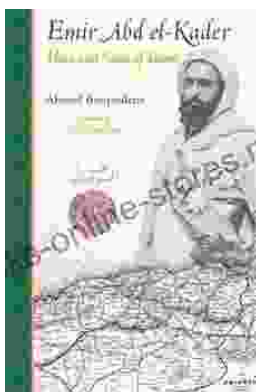
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