

The 'Mandelaian' model

Author Michael Friedlander uses the personal qualities and skills displayed by the South African president as a formula for detecting and contending with potential scams and scammers

• MARTIN SHERMAN

Detecting the Scam: Nelson Mandela's Gift by Michael Friedlander is an intriguing book with a refreshing and original take on the fascinating topic of high-profile deceit and deception. It offers a distinctly original perspective on the art of negotiation and of diagnosing stratagems of deception that will appeal to a wide range of readership.

Friedlander draws on his long years of experience as an international lawyer and senior business executive in the US, Europe and the Middle East to conduct an evaluation of the mechanisms and machinations of some of the most well-known scandals of the last decade in finance and international politics. His highly engaging analysis spans episodes such as the Enron bankruptcy, the Madoff embezzlement and the Ahmed Chalabi debacle in Iraq.

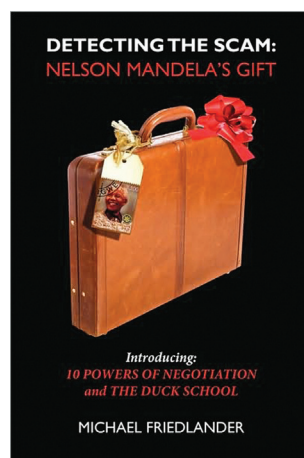
Perhaps reflecting his South African roots, Friedlander suggests a decidedly unusual and original set of criteria for detecting and contending with potential scams and scammers: the personal qualities and skills displayed by Nelson Mandela in his dealings with the South African regime, which Friedlander identifies as integrity, curiosity, courage and moral authority. It is the example set by the iconic African leader that the author deems "the gift" Mandela has provided for students of scams and swindles, and which he codifies into his "10 Powers of Negotiation" to serve as a road map for those wishing to avoid falling prey to sophisticated schemers.

Although couched in affable raconteur style, and well-spiced with wry humor, this very readable book contains much real – and troubling – substance. It raises the disturbing allegation of complicity – whether active or passive, witting or unwitting – on the part of those charged with sounding the alarm bells to warn of impending scamming and alert those who might fall victim to it.

Friedlander reserves particularly harsh censure for what he terms "our finest and brightest minds" – the lawyers, the accountants, intelligence experts and strategic planners – whose professional function is to



BERNARD MADOFF, president and founder of Bernard L. Madoff Investment Securities LLC, walks out of Manhattan federal court in New York last year. Friedlander includes an analysis of the Madoff scam. (Bloomberg)



scrutinize the claims of potential deceivers and to warn of their impending trickery. Too often, indeed in all the case studies in the book, he finds them to be, at best, derelict. Whether it was because the lure of profit eclipsed their professional integrity, or whether professional indolence induced them to take the easy way out, they regularly ignored, or negligently failed to pick up on, the accumulating evidence that foul play was afoot.

He is no less scathing in his criticism of those who molded these dysfunctional professional "luminaries," America's leading universities, for failing to endow their graduates with an adequate measure of "Mandelaian" qualities: the intellectual curiosity to probe into the suspicious, the spiritual courage to recognize the unpalatable and the moral authority to expose the fraudulent. Friedlander drives his point home forcefully with a telling quote from Robert Gates, formerly president of Texas A&M University and currently US secretary of defense. Speaking after the Enron scandal, Gates acknowledged the responsibility of the nation's universities for the proliferation of fraudulent conduct – or at least for not preventing it.

"All of these liars and cheats and thieves are graduates of our universities. The university community cannot avert its eyes and proclaim that this is not our problem,

that there is nothing we can do or that these behaviors are an aberration from the norm."

But Friedlander does not exonerate the victims either. He raises an interesting moral question by suggesting that those who fall prey to wiles of the scammer often bear some measure of guilt – by disregarding and/or concealing what they know to be the unpalatable truth, or at least what they suspect might be.

As a guidebook to allow us to successfully navigate through the traps of tricksters, he lays out a set of common sense rules which he terms "The Duck School." In it he enumerates the cognitive pitfalls the layman should avoid so as not to succumb to temptation of believing – and putting money into the belief – that what looks like a duck, walks like a duck and sounds like a duck is in fact a swan.

But quite apart from being a compelling read in its own right, perhaps the most important aspect of *Detecting the Scam* is the potential its suggested analytical techniques have for the investigation of additional events in both the political and the commercial spheres, not only in an ex-post-descriptive sense for analyzing past scams, but also in an ex-ante-predictive sense to forecast, and hopefully avoid, future ones.

Particularly amenable to application of its proposed principles are the ongoing political processes in the Middle East and the US, where so much is at stake.

Hopefully Friedlander will rise to these challenges in the near future.