Detecting Corporate Psychopaths

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I. Psychopathy Definition

Psychopathy is a personal disorder, not a diagnosable disease, that is not easily defined. Few alternative, and imperfect, definitions are:

A psychopath is a person:

- who manifests “amoral or antisocial behavior, lack of ability to love or establish meaningful personal relationships, egocentricity, failure to learn from experience.” www.dictionary.com

- With an antisocial personality disorder, manifested in aggressive, perverted, criminal, or amoral behavior without empathy or remorse. www.Urbandictionary.com

- Who is mentally ill, who does not care about other people, and who is usually dangerous or violent. www.merriam-webster.com

II. Statistics

- Psychopaths make up 1% to 4% of the population
- 25% of people in prison are psychopaths
- More men than women are psychopaths
- Psychopaths are all races, cultures and socioeconomic backgrounds
- Psychopaths are seven times more likely than other criminals to commit stranger murders; twice as likely to commit other stranger crimes
- Psychopaths’ one year general crime recidivism rate is three times more likely than other criminals; four times more likely for violent crimes
- Age of onset for children with high psychopathy is 12.1 for violent crimes; 9.3 for nonviolent crimes

III. Characteristics

- Deception and manipulation
- Self-centeredness
- No emotion and no guilt
- Predatory
- Anti-social behavior
IV. Similarities in Psychopaths and Sociopaths

<table>
<thead>
<tr>
<th>Sociopath</th>
<th>Psychopath</th>
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</thead>
<tbody>
<tr>
<td>1. Hot-headed</td>
<td>1. Cold-hearted</td>
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<tr>
<td>2. Weak conscience</td>
<td>2. No Conscience</td>
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<tr>
<td>3. Unable to play along</td>
<td>3. Skilled actors</td>
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<tr>
<td>4. Result of environmental factors</td>
<td>4. Genetic disposition</td>
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V. Experience of the Victim

- Shock and disbelief
- Anger
- Fear and anxiety
- Stress
- Shame and embarrassment
- Fear of not being believed
- Guilt and confusion
- Feeling powerless, out of control, or ‘going crazy’
- Lack of trust and a fear of people
- Flashbacks
- Sleep disturbances and nightmares
- Relationship problems
- Depression
VI. The Impact of the Corporate Psychopath

From *Snakes in Suits* by Robert D. Hare and Paul Babiak:

Several abilities – skills, actually – make it difficult to see psychopaths for who they are.

First, they are motivated to, and have a talent for, ‘reading people’ and for sizing them up quickly. They identify a person’s likes and dislikes, motives, needs, weak spots, and vulnerabilities…

Second, many psychopaths come across as having excellent oral communication skills. In many cases, these skills are more apparent than real because of their readiness to jump right into a conversation without the social inhibitions that hamper most people…

Third, they are masters of impression management; their insight into the psyche of others combined with a superficial – but convincing – verbal fluency allows them to change their situation skillfully as it suits the situation and their game plan.

From *Corporate Psychopaths: Organisational Destroyers* by Clive R. Boddy:

Main Effects of Corporate Psychopaths:

1. A heightened level of conflict in the organization
2. People perceive that an organization is not doing business in a socially responsible manner or that shows commitment to employees
3. Heavier than necessary organizational constraints in the workplace
4. Workloads are greater
5. Negative impact on job satisfaction
6. Employees withdraw from organizational environment
7. Psychopaths are at higher levels of the organization

VII. Top 10 Careers with the Most Psychopaths

See *The Wisdom of Psychopaths* by Kevin Dutton

Number 1: CEOs
Number 2: Lawyers
Number 3: Media (television/radio).
Number 4: Salesperson
Number 5: Surgeon
Number 6: Journalist
Number 7: Police officer
Number 8: Clergy
Number 9: Chefs
Number 10: Civil servants
Top 10 least psychopathic professions

Number 1: Care aide  
Number 2: Nurse  
Number 3: Therapist  
Number 4: Craftsman  
Number 5: Beautician/stylist  
Number 6: Charity worker  
Number 7: Teacher  
Number 8: Creative artist  
Number 9: Doctor  
Number 10: Accountant

VIII. How to Survive the Psychopathic Boss

- Accept reality  
- Remember this is temporary  
- Be polite  
- Maintain privacy  
- Be honest  
- Fact check everything they say  
- Be compliant  
- Be emotionless  
- Work hard on your support network  
- Be prepared  
- Document everything

IX. Interviewing Psychopaths

- Planning and preparation  
- What to watch for during the interview  
- How psychopaths circumvent interview techniques  
- How to conduct yourself during the interview  
- Pay attentions to words used  
- Tap into their emotions, or lack thereof

X. What to Do About Psychopaths?

- Change the psychopath’s behavior  
- Change the corporate system  
- Change or protect yourself  
- Businesses can:
- Interview carefully and thoughtfully
- Hire external candidates with verifiable, tangible results
- Establish internal complaint process
- Establish internal succession planning – promote those with good track record from within company

**XI. Self-Test: Are you a Psychopath?**


**Amateur Exercise and Scoring:**

- 3 points for “Agree Strongly”
- 2 points for “Agree”
- 1 point for “Disagree”
- 0 points for “Disagree Strongly”

1. I rarely plan ahead: I'm a spur-of-the-moment kind of person.

2. Cheating on your partner is OK so long as you don't get caught.

3. If something better comes along it's OK to cancel a longstanding appointment.

4. Seeing an animal injured or in pain doesn't bother me in the slightest.

5. Driving fast cars, riding rollercoasters, and skydiving appeal to me.

6. It doesn't matter if I have to step on other people to get what I want.

7. I'm very persuasive. I have a talent for getting other people to do what I want.

8. I'd be good in a dangerous job because I can make my mind up pretty quickly.

9. I find it easy to keep myself together in situations when others are cracking under pressure.

10. If you're able to con someone, that's their problem. They deserve it.

11. Rules are meant to be broken.
**Results**

**Low 0 – 12:** You are warm and empathic with a heightened awareness of social responsibility and a strong sense of conscience. You like to carefully weigh up the pros and cons of a situation before you act and are generally averse to taking risks. You avoid hurting others and are easily hurt yourself. You are very much a ‘people person’ and dislike conflict. ‘Do unto others . . .’ are your watchwords.

**Below Average 13 – 18:** You are warm and empathic with a heightened awareness of social responsibility and a strong sense of conscience. You like to carefully weigh up the pros and cons of a situation before you act and are generally averse to taking risks. You avoid hurting others and are easily hurt yourself. You are very much a ‘people person’ and dislike conflict. ‘Do unto others . . .’ are your watchwords.

**Average 19 – 23:** Though your conscience is in the right place, you also have a pragmatic streak and generally aren’t afraid to do your own dirty work. You’re no shrinking violet – but no daredevil either. You generally have little trouble seeing things from another person’s perspective but, at the same time, are no pushover. ‘Everything in moderation – including moderation’ might sum up your approach to life.

**High 24 – 29:** You can play hardball with the best of them. You know what you want and are not afraid to go for it – even if it means bending the rules occasionally and putting a few noses out of joint on the way. Nothing fazes you. You are decisive, self-confident and pretty much up for anything. You are a ‘means-to-an-end’ person. For you, it’s not necessarily a matter of right or wrong but of what gets the job done. ‘Bring it on!’ is your mantra.

**Very High 30 – 33:** When most people think of psychopaths, Hannibal Lecter typically springs to mind! But actually, being psychopathic doesn’t necessarily mean that you’re a serial killer – or even that you’ll break the law. In fact, within the framework of clinical psychology, a psychopath is someone with a distinct cluster of personality traits including charm, charisma, fearlessness, ruthlessness, narcissism, persuasiveness, and lack of conscience. Sure, these traits may well come in handy if you aspire to be an axe-murderer. But they can also come in handy in the courtroom, on the trading floor, or in operating theatre. It just depends on what else you’ve got going on in your personality, and the start you get in life.

Another misconception about psychopaths concerns diagnosis. A lot of people think that you’re either a psychopath or you’re not, that it’s all very black and white. But this is not the case. In fact, psychopathy – like height, weight and IQ (to take just a few examples) – lies on a spectrum. Yes, at the sharp end you may well find your serial killers and axe-murderers. But at the same time, all of us have our place at some point along the continuum. Some of us may score higher on some psychopathic traits than on others. But unless you score high on all of them, you don’t really have anything to worry about!
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Kathy Bazoian Phelps is a partner at Diamond McCarthy LLP in Los Angeles. She has been a lawyer since 1991, with experience in bankruptcy law, fiduciary representation and fraud litigation, as well as serving as a fiduciary herself. Kathy’s practice includes representing trustees and receivers, serving as a Chapter 11 trustee, representation of litigants and parties in interest in bankruptcy and receivership cases and other insolvency proceedings. She is particularly knowledgeable about the administration of Ponzi scheme cases and has extensive litigation experience in a claims arising in these types of cases.

Kathy has lectured widely and written on bankruptcy and receivership matters, with a focus on Ponzi schemes. Her book entitled The Ponzi Book: A Legal Resource for Unraveling Ponzi Schemes, co-authored with Hon. Steven Rhodes, has garnered national and international attention as the authoritative work on Ponzi scheme law.

In addition to her roles as lawyer, speaker and author, Kathy also serves as a mediator and is currently on the roster for the Financial Industry Regulatory Authority, as well as the Bankruptcy Mediation Panel for the Central District of California and the Bankruptcy Mediation Panel for the District of Arizona.

Publications

- The Ponzi Book: A Legal Resource for Unraveling Ponzi Schemes. co-authored with Hon. Steven Rhodes (Ret.) (LexisNexis® 2012)

- Fraud and Forensics: Piercing Through the Deception in a Commercial Fraud Case, co-author (American Bankruptcy Institute 2015)

- Ponzi-Proof Your Investments: An Investor’s Guide to Avoiding Ponzi Schemes and Other Fraudulent Scams (IRR Publishing 2013)
• *The Depths Of Deepening Insolvency: Damage Exposure For Officers, Directors and Others*, co-authored with Prof. Jack F. Williams (American Bankruptcy Institute 2013)

• Author of *The Ponzi Scheme Blog* at www.theponzischemeblog.com

**Memberships and Positions**

• Editor in Chief of *Receivership News*, 2012 to present

• California Receivers Forum, Los Angeles/Orange County Chapter, Board of Directors, 2010 to present

• National Association of Federal Equity Receivers, Board of Directors, 2012 – 2014, October 2016 to present

• National Association of Federal Equity Receivers, Co-Chair, Conference Committee, 2012 to present

• National Association of Federal Equity Receivers, Chair, Judicial Outreach Committee, 2016 to present

• National Association of Federal Equity Receivers, Co-Chair, Nominating Committee, 2016 to present

• American Bankruptcy Institute, Board of Directors, 2017 to present

• American Bankruptcy Institute, Co-Chair of Commercial Fraud Committee, 2015 to 2017

• American Bankruptcy Institute, Special Task Director of Commercial Fraud Committee, 2013-2015

• Member, International Chamber of Commerce FraudNet global network, 2012-2015, [www.icc-fraudnet.org](http://www.icc-fraudnet.org)

• American Bar Association, White Collar Crime, Asset Forfeiture and Business Bankruptcy Subcommittee focused on parallel insolvency and criminal proceedings, 2012 to present

• National Association of Bankruptcy Trustees, Member

• Armenian Bar Association, Member

• Los Angeles Bankruptcy Forum, Member

• Los Angeles County Bar Association, Member

• Beverly Hills Bar Association, Member