Deceptive Appeals and Cognitive Influences Used in Fraudulent Scheme Sales Pitches

Rafael J. Toledo
University of South Florida

Follow this and additional works at: https://digitalcommons.usf.edu/etd

Part of the Behavioral Disciplines and Activities Commons, Finance and Financial Management Commons, and the Social and Behavioral Sciences Commons

Scholar Commons Citation
Toledo, Rafael J., "Deceptive Appeals and Cognitive Influences Used in Fraudulent Scheme Sales Pitches" (2022). USF Tampa Graduate Theses and Dissertations.
https://digitalcommons.usf.edu/etd/9821

This Dissertation is brought to you for free and open access by the USF Graduate Theses and Dissertations at Digital Commons @ University of South Florida. It has been accepted for inclusion in USF Tampa Graduate Theses and Dissertations by an authorized administrator of Digital Commons @ University of South Florida. For more information, please contact digitalcommons@usf.edu.
Deceptive Appeals and Cognitive Influences Used in Fraudulent Scheme Sales Pitches

by

Rafael J. Toledo

A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Business Administration
Muma College of Business
University of South Florida

Co-Major Professor: Danielle Clark, DBA
Co-Major Professor: Mark Taylor, PhD
Paul Spector, PhD
Mauricio Palmeira, PhD

Date of Approval:
October 14, 2022

Keywords: Fraud, Scam, Deception, Mental Biases, Heuristics, System Mind

Copyright © 2022, Rafael J. Toledo
DEDICATION

I dedicate this work to my family: my amazing wife Yesenia and our two children, Ariyana and Julian. Thank you for your endless love, patience, and support. You are my inspiration. You are my everything.
ACKNOWLEDGMENTS

I would like to acknowledge and extend a special thank you to Professor Jennifer Wolgemuth, who went entirely out of her way to guide and mentor me in this process. Also, thank you to Professor Paul Spector, who gave me the vision and needed support to get this completed.

To all the stumbling blocks I faced along the way: thank you for reminding me how little your obstacles matter on the road to achieving my dreams.
# TABLE OF CONTENTS

List of Tables .................................................................................................................. iv

List of Figures .................................................................................................................. vi

Abstract ............................................................................................................................. vii

Chapter One: Introduction ............................................................................................... 1
  Overview of Study ............................................................................................................. 2

Chapter Two: Literature Review ....................................................................................... 4
  Deception ......................................................................................................................... 4
  The Complex Interplay Involved in Deception ............................................................... 8
  Demanding Cognitive Effort on the Part of Receivers ............................................... 9
  Detecting Deception ....................................................................................................... 11
  The Impact and Effects of Self Deception .................................................................... 12
  Understanding Fraud .................................................................................................... 16
  Trust and the Fraud Triangle ......................................................................................... 17
  The Lack of Fraud Literacy ........................................................................................... 18
  Financial Overconfidence ............................................................................................. 19
  Understanding Victims ................................................................................................. 20
  The Role of Gullibility ................................................................................................. 21
  The Role of Motivation .................................................................................................. 22
  The Role of Visceral Influences, Persuasion and Desires ......................................... 23
  Understanding the Role of Cognitive Influences ....................................................... 27
    Cognitive Biases and Heuristics ................................................................................ 27
    Representativeness .................................................................................................... 27
    Availability ................................................................................................................ 28
    Adjustment and Anchoring ....................................................................................... 28
  The Systems of the Mind .............................................................................................. 29
  The Problem with Intuition and Emotion .................................................................... 34
  Performance Overconfidence ....................................................................................... 35
  Cognitive Influences, Features, and Biases Defined ................................................... 37
    Associative Activation ............................................................................................... 37
    Priming ..................................................................................................................... 38
    Cognitive Ease ......................................................................................................... 38
    Mere Exposure Effect .............................................................................................. 39
    Biased to Believer, Initially ..................................................................................... 40
    Confirmation Bias ..................................................................................................... 40
Halo Effect.................................................................................................................41
WYSIATI (What You See Is All There Is).................................................................41
Substitution Heuristic..............................................................................................42
Pattern Illusion ..........................................................................................................42
Anchoring ..................................................................................................................42
Availability ................................................................................................................43
Representativeness ....................................................................................................43
Narrative and Storytelling .........................................................................................44
Hindsight/Outcome Bias ..........................................................................................45
Prediction ...................................................................................................................45
Intuition .......................................................................................................................45
Expertise .....................................................................................................................46
Optimism and Overconfidence ................................................................................47
Summary of Cognitive Influence Concepts ................................................................47

Chapter Three: Methodology .................................................................................50
Definitions ................................................................................................................50
Research Questions ..................................................................................................51
Video Selection Criteria ..........................................................................................51
The Choice of Infomercials .......................................................................................52
Qualitative Methods and Thematic Codebooks .......................................................53

Chapter Four: Case Study of a Fraud Scheme .........................................................55
Background Case Study on the subject, Don Lapre ..............................................55

Chapter Five: Results .............................................................................................62
Case Study: Incident of Fraud, as Detected in Infomercial Videos ..........................62
Overview of the Four Infomercials .........................................................................63
Infomercial #1: Money Making 2000 ..................................................................63
Infomercial #2: Money Making Now ..................................................................65
Infomercial #3: The Incredible Products Store ....................................................67
Infomercial #4: The Greatest Vitamin in the World ..............................................69
Data Analysis and Discussion ................................................................................71
Phase 1: Identify Deceptive Appeals .......................................................................71
Cycle 1: Data and Attribute Organization ...............................................................72
Cycle 2: In Vivo Coding .........................................................................................73
Cycle 3: Build Thematic Codebook (Iteration 1) ...................................................74
Cycle 4: Codebook Validation (Iteration 2) ..............................................................75
Cycle 5: Rebuild Thematic Codebook (Iteration 3) ...............................................76
Final Codebook .......................................................................................................76
Cycle 6: Identified Themes via Thematic Coding from Codebook ..........................77
Findings and the Final List of Deceptive Appeals ..................................................78
Codebook Distribution by Video ............................................................................88
Validity .....................................................................................................................90
Test 1: Stability access points in time .....................................................................90
Test 2: Intercoder agreement ...............................................................................91
LIST OF TABLES

Table 1: List of cognitive influences relevant to the study ..........................................................37
Table 2: Overview of Video #1 – “Making Money 2000” ...............................................................63
Table 3: Overview of Video #2 – “Making Money Now” ...............................................................65
Table 4: Overview of Video #3 – “The Incredible Products Store” .............................................67
Table 5: Overview of Video #4 – “The Greatest Vitamin in the World” .........................................69
Table 6: The Deceptive Appeal of Enthusiasm ..............................................................................78
Table 7: The Deceptive Appeal of Money ......................................................................................79
Table 8: The Deceptive Appeal of Simplicity ...............................................................................79
Table 9: The Deceptive Appeal of Narrative .................................................................................80
Table 10: The Deceptive Appeal of Secret Exclusivity .................................................................81
Table 11: The Deceptive Appeal of Support ...............................................................................82
Table 12: The Deceptive Appeal of Repetition .............................................................................82
Table 13: The Deceptive Appeal of Urgency ................................................................................83
Table 14: The Deceptive Appeal of Confidence .........................................................................84
Table 15: The Deceptive Appeal of Imagination .........................................................................85
Table 16: The Deceptive Appeal of FOMO ................................................................................85
Table 17: The Deceptive Appeal of Success ...............................................................................86
Table 18: The Deceptive Appeal of Visual Allure ......................................................................87
Table 19: The Deceptive Appeal Overview of Hardship .............................................................87
Table 20: Conceptual Codebook........................................................................................................94
LIST OF FIGURES

Figure 1: Number of fraud, identity theft, and other reports by year (FTC, 2022) .....................1
Figure 2: Demand on cognitive resources by all interpersonal communication .....................6
Figure 3: Components of deception and factors that improve deception
Effectiveness .............................................................8
Figure 4: Information processing...............................................................11
Figure 5: Self-deception improve confidence in beliefs .............................................13
Figure 6: The role of deception, self-deception, and cognitive influences on increasing demand on cognitive resources and straining cognitive ease to become cognitive strain ........................................15
Figure 7: Factors involving fraud and their effects..................................................19
Figure 8: The role of cognitive and visceral influences ...........................................25
Figure 9: Factors involving and affecting fraud .......................................................26
Figure 10: The effects and interplay of various factors on System 1 & 2 activation ..........49
Figure 11: Frequency of codes in video #1: Making Money 2000.............................88
Figure 12: Frequency of codes in video #2: Making Money Now.............................89
Figure 13: Frequency of codes in video #3: The Incredible Products Store ..................89
Figure 14: Frequency of codes in video #4: The Greatest Vitamin in the World ..........90
Figure 15: Links between deceptive appeals and cognitive influences identified in the study ..................................................................................................................106
ABSTRACT

Fraud schemes exploit the complex interplay that results from utilizing deceptive appeals to activate underlying cognitive influences. This study was designed, first, to identify the deceptive appeals present in the messaging of fraudulent schemes and, second, to identify the underlying cognitive influences being exploited by the deceptive appeals utilized. Findings reveal that effectively used deceptive appeals work to keep viewers’ mental processes in a state of cognitive ease. This state allows cognitive influences--such as heuristics, cognitive biases, and the System 1 mind--to remain in control of mental processing; however, System 1 is prone to accept deceptive beliefs. The results of this study demonstrate a significant interplay and linkage between the use of deceptive appeals and the activation of underlying cognitive influences to propagate the fraud schemes analyzed in this study.
CHAPTER ONE:
INTRODUCTION

Consumer fraud involves multiple categories, from identity theft and imposing as someone else, to investment scams and fake charities. Such fraud is growing and expanding at a rapid pace. As early as 1994, the U.S. Office of Consumer Affairs estimated that 85% of all consumers had been a victim of some type of fraud (AARP, 1994); but as shown in Figure 1, the number of consumers reporting fraud and the losses sustained has grown every single year since 2017, revealing part of a long-term uptrend (FTC, 2022). The impact of fraud involves more than individuals only, and fraud extends far beyond the United States. For example, in 1997, over 90% of the Albanian population became entangled in a massive Ponzi scheme involving victims throughout the country, nearly leading the developing economy to suffer an entire national economic collapse because of fraud (Langenderfer & Shimp, 2001).

Figure 1. Number of reports of fraud, identity theft, and other deception by year (FTC, 2022)
Given the widespread harm caused by fraud, it is important that we better understand what makes individuals vulnerable to it. To that end, this dissertation describes a two-fold study of the fraud process: First, the study aimed to uncover the effects of deceptive appeals that underlie the sales pitches used in fraudulent schemes. Second, the study investigated how those deceptive appeals exploit cognitive processes that induce individuals to succumb to a sales pitch or transaction and thereby become victims of fraud.

The literature review begins by examining the topic of deception as the foundation for understanding fraud. By defining deception and analyzing all the intricacies of how it affects mental processes lays the basis for understanding how to detect deception. Additionally, though we must understand the role of convincing oneself to believe lies, such self-deception is a special type of deception that is key to understanding the success of fraudsters. From there, understanding the language of fraud is examined, including a review of the origins of fraud research and the prevalent issues surrounding the reasons that some individuals become victims of fraud. An examination of the influence of instinct and desires leads to the role of cognitive influences that include cognitive biases, heuristics, and systems of the mind that affect decision making and often lead to acceptance of deceptive messaging.

Overview of Study

This study used a qualitative data analysis methodology to determine which deceptive appeals are being used and which cognitive influences are being activated during the sales-pitch presentations that fraudulent schemes. The data sources selected for the fraudulent schemes were four infomercial videos that sold money-making programs in the United States offered by the “King of Infomercials” Don Lapre. Infomercials were chosen as the primary data set due to their suitability for analysis; however, their approaches are representative and emblematic of many
other types of frauds, scams, and misinformation schemes. As opposed to other sales-pitch delivery methods, producers of infomercials do not have the ability of other schemes to customize their approach; therefore, they must present their entire sales pitch and deceptive tactics in one instance, which makes infomercials suitable for the comprehensive analysis needed in this study.

The study was conducted in two phases:

- During the first phase, to identify which deceptive appeals were used during the fraudulent schemes, I conducted an Inductive Thematic Analysis using a Qualitative Coding method.

- During the second phase of the study, I conducted a Deductive Qualitative Content Analysis to determine which cognitive influences were activated as a result of the deceptive appeals identified during phase one.

By identifying the series of deceptive appeals and specific cognitive influences that are exploited during a fraudulent sales scheme, one obtains a better understanding of the decision-making failures that leads to becoming a fraud victim.
CHAPTER TWO:
LITERATURE REVIEW

This literature review begins by understanding the fundamentals and attributes of deception and some of the ways its effectiveness can be enhanced. Of particular interest is examining the interplay that exists in all interpersonal communication, and the added complexity that deception demands upon the limited cognitive resources available. The role of self-deception and how it influences the forming of beliefs by victims and perpetrators is explored. The second major topic is in understanding fraud. The “Fraud Triangle” as well as the issues with financial literacy and overconfidence describe some of the ways individuals become susceptible to fraud. Further, relevant studies of fraud victim profiles, along with the roles of gullibility and motivation as the basis for becoming victims are examined. Lastly, the role of cognitive influences, such as cognitive biases, heuristics, and the System 1 and System 2 of the mind are defined and explored as they relate to deception and becoming victims of fraud.

Deception

Underlying all fraud is the attempt to deceive; therefore, a critical starting point to understanding fraud is to realize how deception works. Deception is a complex, dynamic and iterative process where senders attempt to manipulate the information they convey to deceive. Conversely, receivers attempt continuously to assess the possible validity of the information and thus, possible suspicions may arise as a result (Buller & Burgoon, 1996). Social norms dictate that when an interpersonal exchange of information occurs, there is an expectation or implied
contract that senders and receivers are being truthful in their exchange of interpersonal communication (Buller & Burgoon, 1996).

Before analyzing the intricacies involved in successful deceptions, one must consider interpersonal communication. Interpersonal communication involves a complex process that requires participants to take part in many perceptual, cognitive, and behavioral tasks, all at the same time (Buller & Burgoon, 1996). A constant interplay of producing and interpreting a rapidly changing stream of information exists, as both parties adjust to verbal and non-verbal elements, decipher ambiguity, adapt to instant feedback mechanisms, keep a steady pace and synchrony all while crafting responses and counter-responses. All these interactions combine into a demanding cognitive effort that will involve selective information processing that is influenced by the amount of cognitive resources in use and/or are available, the individual’s emotional state, and other information-processing biases present (Buller & Burgoon, 1996). In typical interpersonal communications, the load placed upon the cognitive- and information-processing systems is greatly influenced and affected by cognitive influences that operate in the mind. Figure 2 below illustrates how all types of interpersonal communication involve a complex interplay that places a demand on cognitive resources and increases the demand on those limited resources. Deception introduces even more complexity and demand into this process (see Figure 2).

As unacceptable or contrary to social norms as deception may be thought or appear to be, studies find that deception is consistently present, for deceptive messages arise in at least one quarter of all conversations (Boyle et al., 2018). A simple example of deception would be when on desires to conceal truth to gain something in exchange. Research on interpersonal deception theory defines deception as a message that is knowingly sent to foster a false belief or conclusion
(Buller & Burgoon, 1996). But there are multiple ways to deceive, other than just telling a lie; deception can occur by avoiding, obfuscating, exaggerating, or casting doubt on the truth (von Hippel & Trivers, 2011).

**Figure 2.** Demand on cognitive resources by all interpersonal communication

When studying any form of human communication, there are four critical attributes that are fundamental to all forms of interaction, but these four factors play a particularly influential role in the effectiveness and the success or failure of deception. The four attributes are: credibility, image and behavior management, confidence, and the medium of communication.

First, credibility may be defined as the entirety of judgments that the receiver has made about the ‘believability’ of the communicator. Those primary judgments are based on: character (trustworthiness), competence (knowledge), composure (poise), sociability (friendliness), and dynamism (assertiveness) (Buller & Burgoon, 1996). Credibility is a key variable in deception, and it plays an important role in the image and behavior management that deception requires.

A second attribute of human communication emerges when a sender attempts to increase his or her credulity even while committing an act of deception. Using image management, the sender might concentrate on conveying control and pleasantness by adopting an appealing demeanor, thus making an effort to demonstrate competence and trustworthiness (Buller &
Likewise, the sender will use behavior management to restrain or prevent the leakage of any ulterior motives, thereby avoiding an activation of the receiver’s suspicion of deceit.

Third, a deceiver may use a strategy in conducting behavior and image management by demonstrating a sense of confidence in what is being communicated. Confidence has been shown to be strongly associated with the amount of social-influence capability, since the more confident a person appears, the more likely he or she will be believed and the more likely the speaker’s advice or instruction will be followed when compared with somebody who lacks or does not correctly demonstrate a sense of confidence (von Hippel & Trivers, 2011).

Finally, the fourth attribute of communication is the actual medium of communication. When analyzing how deception is perceived, the medium of the exchange and the amount of interactivity that medium provides is a critical consideration. There are systematic differences in how deception takes place in an interactive environment, such as in face-to-face contact versus a non-interactive environment such as a video broadcast. In a face-to-face interaction, the receiver has access to a complete range of verbal, visual, and environmental cues, as well as social cues and feedback from other participants if present. Conversely, a non-interactive, one-way exchange is absent of all the cues available during an interactive exchange with the sender, and the lack of recognizable social cues from other participants leads to a limited cues environment that would affect perceptions and behaviors (Buller & Burgoon, 1996). Norris, Brooks and Dowell (2019) examined how fraud propagates, especially through the internet and found that utilizing this much more impersonal medium means that fraudsters must adapt to how their victims are attracted, and the fraudsters then targeted their messages to appeal to more specific psychological vulnerabilities that could be exploited online. One of the most successful strategies the deceivers
utilized was linking the messages with specific human factors, such as making short, impactful sales pitches that limited the duration of the communication to enable a more peripheral, instead of central, processing of information by the victim (Norris et al., 2019). Any environment that restricts or decreases the interaction of information exchange damages the perception of that interaction, and this is an important aspect of understanding deception detection.

Figure 3 below summarizes these findings by illustrating the three main components of deception along with the communication attributes that aid in increasing its effectiveness.

![Figure 3](image)

**Figure 3.** Components of deception and factors that improve deception effectiveness

**The Complex Interplay Involved in Deception**

Scholars agree that individuals vary in their ability to manage all the demands that general interpersonal communications places upon them, thus the ability to conduct competent interpersonal communication is considered a skilled activity (Buller & Burgoon, 1996). If this talent is a true skillset, then what may that imply about the more arduous role of deception? Regardless of how common deception may be in general conversations, the intricacies found in the definitions of deception would suggest that some individuals would be better or more skilled
than others at successful deceit. To achieve deception requires a continuous performance that is both dynamic and complex; also, it must occur while keeping several messages and their distortions active at the same time (Boyle et al., 2018). Thus, three different concurrent messages are occurring simultaneously during an attempt to deceive: a) the central deception message, usually verbal, which is the core of the lie being told; b) an ancillary message, either verbal or non-verbal, which boosts the believability of the lie to convince the receiver that both the deceptive message and the deceiver are to be believed; and c) an indicator message, usually non-verbal, that exposes the lies of the deceiver and/or the message, or reveals the information the deceiver is trying to hide. Whereas the central and ancillary messages exist to increase believability, the indicator message leaks the truth in the midst of the lies (Buller & Burgoon, 1996). For the deceiver to be successful, the deceiver must try to strengthen the first two messages while minimizing the third (Boyle et al., 2018). It is through this effort to navigate this dynamic and complex performance that the most skilled (and successful) deceivers prove to be more convincing than those who are more truthful. Successful deceivers have the ability to maximize their behaviors that encourage believability and minimize their behaviors that produce any discomfort that would create suspicion.

**Demanding Cognitive Effort on the Part of Receivers**

As has been shown, all interactions involving general interpersonal communication demand cognitive effort on behalf of the receiver, thus demanding the use of selective information-processing involvement, which is influenced by the number of cognitive resources in use and/or are available, i.e., the individual’s emotional state and other information-processing biases that may be present (Buller & Burgoon, 1996). This means that, in general interpersonal communications, the load placed upon one’s cognitive and information-processing system is
greatly influenced and affected by cognitive influences that operate in the mind. Receivers are unable to decode and interpret all the information and cues they receive, thereby increasing the potential for cognitive biases to affect the processing, which specifically affects their ability to recognize or detect deceit or develop suspicion over the validity of the information being offered (Buller & Burgoon, 1996). Most individuals enter exchanges of information with multiple biases, such as a truth and positivity bias; and such biases will result in an information-processing heuristic, whereby receivers will attend to incoming information in a selective way (Buller & Burgoon, 1996). This may cause the cues of deception to be missed and it also acts to confirm the initial impressions, which become resistant to newer information that may otherwise lead the receiver to dispute the earlier impression. From a cognitive perspective, a two-stage attribution process operates as information is initially processed: the initial stage, where the initial impression or characterization is formed; and the second stage, where subsequent information acts to correct the initial impression. When the mind is cognitively occupied, this two-stage attribution process is disrupted; and the more cognitively loaded and busy the mind becomes, the less likely the mind will correct the initial impression based on newer information (Buller & Burgoon, 1996). Figure 4 illustrates this process.

From a cognitive perspective, then, the recognition of deception is a complex task that adds a great deal of cognitive load and cognitive demands, but those demands surpass the cognitive demands already established by the very complex nature of ordinary interpersonal communications. Thus, deception and, specifically detecting deception, demand and require a great deal more cognitive resources than emerge in general communications and truthful exchanges (Buller & Burgoon, 1996).
Detecting Deception

For any deception to be successful, the receiver must accept it blindly. That acceptance is affected by the increasing cognitive load presented by the deception. That cognitive load becomes one of the important features that help detect the deception in progress, for it helps the potential victim recognize clues that the deceiver is transmitting. Four general sets of cues exist to help individuals detect and reveal deception in others: nervousness, suppression, idiosyncratic sources, and cognitive load (von Hippel & Trivers, 2011). First, a speaker’s nervousness is manifested by the weight of the potential costs that deception may bring. Nervousness can be unreliable as a deception detector, though, because nervousness can be induced by other factors unrelated to deception, such as discomfort in public speaking. Second, suppression emerges when a fraudster feels the need to control nervousness. In trying to suppress physical indicators, s/he may display additional physical indicators. An example of this is the attempt to control the body’s muscles, which results in muscle tension that increases the pitch of the voice (von Hippel & Trivers, 2011). A third indicator of deception is the emergence of idiosyncratic sources. An
example is when presenters change their habits or depart from their normal behaviors in an effort to decrease the revealing signs of their attempt to deceive. Lastly, deception may be detected by looking for cues of “cognitive load,” which results when a person must simultaneously keep two different types of content in working memory, such as the true information being suppressed combined with the deceptive information being communicated (von Hippel & Trivers, 2011). The cognitive load associated with attempting to deceive is based on the effort to hold on to truth and lies simultaneously. Despite the difficulties associated with maintaining deception, research shows how formidable it is to detect lies. Studies prove that professional lie detectors, such as trained police officers, have identified lies at a rate of only 55%, and meta-analyses of various forms of lie detecting methods show a success rate of only 54%. Detecting deception is not much better than a 50/50 guess (von Hippel & Trivers, 2011).

*The Impact and Effects of Self-Deception*

Self-deceit plays a significant role in the understanding of deception and fraud, as it has consequences mirroring the effects felt by both deceiver and deceived. Deception as a whole can take many forms, such as telling an outright lie; but it also manifests in avoiding, obfuscating, or exaggerating truth, or in casting doubt over the truth. In the same way, self-deception takes on the same forms, but instead of the deception being directed outwardly towards others, it is instead directing the deception inwards, towards oneself. The effects of self-deception mimic the same set of processes that are involved in deception via interpersonal communication. Similarly, self-deception is a complex task that adds a great deal of cognitive load placed upon the cognitive and information-processing system. It is likewise greatly influenced and affected by cognitive influences that operate in the mind.
One of the primary reasons for the existence of self-deception is to allow the person to accept information that is welcoming and in agreement with her goals and motivations, while rejecting any unwelcome or contrary information that does not support the person’s beliefs or desires (von Hippel & Trivers, 2011). As shown in Figure 5 below, self-deception helps one confirm existing beliefs while rejecting disparate beliefs. Such self-deception allows deception to occur without all the associate cognitive load that comes with it (von Hippel & Trivers, 2011).

People who can convince themselves that deceptive information is true or that their motives are true, are able to bypass the cognitive load feel oblivious to the fact that deception is actually taking place. By self-deceiving, a bias is introduced, and the people eliminate anxiety over being discovered deceiving and then having to plead ignorance or ineptitude. They had self-deceived themselves into their version of the truth (von Hippel & Trivers, 2011).

**Figure 5.** Self-deception improves confidence in beliefs

Self-deception is inherently tied in with the automatic-versus-controlled processes of the mind. Controlled processes represent conscious effort done with awareness while automatic processes represent unconscious effort with no awareness. This automatic/unconscious versus effortful/conscious division in thinking is the foundation of theories of the mind, System 1 and System 2 (Kahneman, 2003). In the case of self-deception, this theory explains how a person can dissociate one goal from another goal by consciously holding one goal in their awareness and holding a different goal in their unconscious. That dissociation aids self-deception because a self-
deceptive goal can be enabled with effort while a hidden goal can be maintained under the surface (von Hippel & Trivers, 2011).

Self-deception’s major goal is to improve confidence. As Figure 5 above illustrates, there are two paths to achieving improved confidence with self-deception: One way is to use selectivity, either by selectively gathering information that conforms to the self-deceit or by applying selective attention only to the things that are agreeable. In terms of selective information gathering, non-conforming information is ignored, or searches are made only for conforming information. In either case, individuals are able to introduce bias into their thinking by avoiding having to confront the entire truth. They do so by searching only for those pieces they agree with, while ignoring the pieces they reject (von Hippel & Trivers, 2011). Another self-deceptive application is in rationalizing, which aims to adjust or rebuild the motives behind their original behaviors to make them more acceptable. All the possible applications of self-deception aim to convince the self that a falsehood is true, thereby improving the confidence to which the deception is being directed. In the end, self-deception’s ultimate utility is in avoiding the important cues that would reveal deception: it reduces the cognitive load associated with deception, it minimizes non-agreeable information, it exploits automatic mental processes, and it improves the confidence, i.e., the deception is ultimately successful.

When analyzing the reason a fraud victim becomes victimized, one might assume that it is due to that person’s ability to perform an effective form of self-deception. Von Hippel and Trivers argued that understanding how victims self-deceive is a critical component to acquiring victimhood (von Hippel & Trivers, 2011). Self-deception is so powerful because it eliminates all the cognitive signals that would ordinarily alert the potential victim that fraud is occurring. In
addition, by using self-deception as a method of self-enhancement, one enjoys much more confidence than is warranted, due to (false) assurance of his/her decision making.

Figure 6. Roles of deception, self-deception, and cognitive influences in increasing demand on cognitive resources and straining cognitive ease

Figure 6 summarizes the research findings that deception increases the load and demand on cognitive resources that impact the state of mind. This demand starts from a point where all mental processes are simple and require no effort or specific attention, and no threats exist (referred to above as “cognitive ease”) but the demand builds to a point of strain and subsequent fragmentation (referred to above as “cognitive strain”). The state of cognitive ease is impacted
also by several factors that increase the effectiveness of deception, resulting in more demand and more effort. Self-deception serves to improve confidence in beliefs by both confirming existing beliefs and rejecting opposing beliefs, both of which impact the state of cognitive ease. Cognitive influences impact the two stages that information goes through initially to be processed. Whether cognitive influences are present or if there is cognitive load, both affect how the initial impression is formed, while also weakening the subsequent opportunity for correcting the initial impression. Overall, the importance of this finding highlights the impact that all the processes involving deception and information processing result in cognitive resources being strained, which turns cognitive ease into cognitive strain.

Understanding Fraud

Deception is at the heart and foundation of every fraud: the goal is to deceive to gain something in exchange. The who, what, when, where, and how of fraud is as varied as what the imagination of the perpetrator can devise. Perpetrators of fraud are commonly called “con-men,” short for “confidence men,” because of the confidence and trust that they gain from their victim before the deception is realized. The term, “con-artist” is fitting because not only does the deceiver need to gain the confidence of their victim, but the fraudster typically also can exert substantial imagination and creativity to craft and commit the crime. Fraud may be considered a work of artistry in this respect. There is no typical way to defraud, but research points to frauds and scams following a general pattern: The first step is to find a victim or potential victim; this is done by either selecting someone (for any number of potential reasons) or by promoting the offering in a way that victims self-identify with the fraudster. The second step is to make the offering or sales pitch in a way that the fraudster gains the victim’s trust and acceptance to make the exchange (i.e., through payment, contribution, labor, loyalty, etc.) (Langenderfer & Shimp,
2001). From that point, the fraud can end, it can be repeated, it can be expanded, it can propagate, it can be converted, and so on.

**Trust and the Fraud Triangle**

One of the first and most important contributors to the academic research to understand fraud is the work of Dr. Donald Cressey. Dr. Cressey studied and interviewed hundreds of criminals and criminal-fraud cases to use as the basis to formulate the “Fraud Triangle”: part of an original theory describing the factors that lead to the commission of trust crimes (Clinard & Cressey, 1954). Dr. Cressey hypothesized that:

**Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct . . . verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property (Cressey, 1950, p. 742).**

“The Fraud Triangle” is comprised of three interrelated elements that together induce an individual to engage in a fraudulent act. The three elements are: 1) pressure or motive (a need that motivates the crime), 2) opportunity (access to the prize), and 3) rationalization (the ability to explain why fraud was justified). In his later work, Cressey (1950) further explains just how uniquely fraudsters can twist their perception of their culpability by not thinking of themselves as a trust violator but, instead, as an actor playing another role altogether, such as simply borrowing what he steals or being a very special businessman doing a creative deal (Cressey, 1950).

Cressey (1950) showed that understanding the root causes of fraudulent behavior is critical to accurately identifying the specific process by which individuals committing fraud learn
to exhibit the behavior in question, so that it can be used to derive a predictive understanding about their behavior (Cressey, 1960). For example, Cressey challenged the long-held notion that personality traits could be used as indicators to predict criminal behavior: he argued that personality traits are distributed in the criminal population about as equally as they are in the general population (Schuessler & Cressey, 1950). This suggests that those who commit fraud can be found in all corners of society.

**The Lack of Fraud Literacy**

Fraud education is considered the primary weapon against becoming a victim of fraud, but such education has limitations. As Kranacker and Stern (2004) explain, typical general financial education for consumers focuses on basic money management; and while typical undergraduate financial auditing courses focus on identifying errors and omissions in financial statements, they include only a cursory coverage of fraud. Because of the complexity of understanding how fraud schemes propagate via concealment, it is essential that a new and different set of skills and education be employed to detect and combat this crime (Kranacher & Stern, 2004). The question facing fraud education is whether it is effective against combating the spread of fraud victimization. Experimental studies have tested how effective it would be to teach individuals about fraud schemes, so as to preventing their victimization when they are only later confronted with a different, unique fraud scheme (Scheibe et al., 2014). The results demonstrated an unequivocal reduction of victims of the subsequent fraud scheme among individuals trained in fraud education versus those with no training. It is clear that fraud education initiatives are effective in reducing consumers’ susceptibility to fraud.
**Figure 7.** Factors involving fraud and their effects

**Financial Overconfidence**

Financial education and literacy may help people avoid financial fraud schemes, but one significant factor may impede their success at that: overconfidence. Experimental evidence provided by McCannon, Assad and Wilson (2016), shows that, following a financial literacy assessment, it was evident that the higher the individuals scored on a financial literacy scale, the more willing they were to escalate their risk in financial decisions. That increase in risky behavior directly leads to the propagation of fraud schemes as overconfidence seems to encourage individuals to place a greater emphasis on their perceived depth of knowledge and to forgo appropriate due diligence.

The work of Engels et al. (2020) took this finding a step further by detailing how the increasing complexity of fraud tactics requires that a higher degree of financial literacy and knowledge is needed. The researchers argue that the problem lies in the overconfidence that those who believe are financially literate may only have basic money management skills that fail to provide the degree of sophistication needed to detect the complex fraud schemes to which they
may be exposed. Drew and Cross (2016) provide an example that makes fraud victims specifically vulnerable to fraud, due to overconfidence. They point out how social engineering tactics, as an example, are specifically designed to exploit overconfidence as a way to manipulate the cognitive weaknesses that influence the thinking and decision-making processes of fraud victims (Drew & Cross, 2016).

**Understanding Victims**

The committing of fraud implies that there was a victim. What does an individual fraud victim look like? Are there any characteristics in fraud victims that make them more prone or vulnerable to deception or to cognitive influences in fraudulent schemes? To understand the effects of fraud and deception, must first eliminate any misconceptions about the fraud-victim profile; this replaces the stereotypical image of a victim with a more accurate profile. Research disproves the image of a poorly educated, senile, elderly, isolated person as a typical fraud victim. Pak and Shadel (2011) and the American Association of Retired Persons (AARP) paint a much different picture. The predominant victim of a fraud scheme, they found, is a white, middle-aged, married male, who has a higher education, a higher income, and more financially literacy compared to the general population (Pak & Shadel, 2011). Another study conducted by AARP frames fraud victims as being affluent and socially active, far from being socially isolated as stereotypes may portray (AARP, 1996a).

A general profile of individuals who were victims of fraud was constructed by an AARP study of victims of telemarketing fraud (AARP, 1996b). Researchers conducted focus groups with both victims and non-victims of fraud and looked for differences in their behaviors and motivating factors. From that study, a profile was established of three types of telemarketing fraud victims:
a) Those who became repeated victims were unable to distinguish between legitimate offers and fraudulent sales pitches.

b) Repeat victims who were weary of again becoming victims of a telemarketing scam, but who still appeared unable to control the situation and listened to the sales pitch.

c) Previous victims who had become very cautious about fraud, were at a low risk of susceptibility to fraud.

In addition, the AARP researchers found that some participants who had not been previous fraud victims would generally hang up the phone to avoid being presented with suspicious sales pitches; while those who would become fraud victims were more likely to take the call and listen to the fraudulent sales pitch (AARP, 1996b). These studies highlight two very important characteristics of fraud victims: First, fraud victims lack the ability to recognize that the offer being made is in fact a deception, a fraud or a scam. As a result of the failure to recognize this, the offering is considered in their decision making. Second, fraud victims place themselves in a setting or a position to be offered the fraud: they answer the call, respond to the email, attend the meeting, and more. The profile reveals that the first line of defense to not becoming a victim of fraud is simply to avoid being offered the sales pitch in the first place.

The Role of Gullibility

Given the above research findings, do some individuals have an enduring personality trait that makes them more gullible or susceptible to accepting or believing false premises? To address that question, the first point of understanding is to distinguish between credulity and gullibility. Credulity involves accepting a belief without performing critical analysis of any supporting evidence; while gullibility involves having a behavioral tendency to believe false premises and to be deceived (Teunisse et al., 2020). Gullibility is further defined as an
individual’s propensity to believe false premises, even in the presence of untrustworthy cues, regardless of any action ultimately taken (Teunisse et al., 2020). Research on gullibility also has found that exhibiting gullible behavior was less of a personality trait than a repeating propensity to accept false information, insensitive of deception clues (deceptive blindness), combined with the interplay of four key factors at the time of the forming of the false premise belief: a) situational or time pressures, b) cognitive factors, c) affective factors, and d) personality factors (Teunisse et al., 2020). The relevance of these factors further reinforces the above findings, as they confirm the role that cognitive influences play in the complex interplay of forming a belief based on deceptive tactics. Gullibility then, is based more on the individual’s ability to have a context-specific intelligence, such as social intelligence, to process social information and thereby detect deception and social cues that are transmitted. Thus, gullibility is not a particular IQ or thinking style (Teunisse et al., 2020). Further impacting the role of gullibility is the limitation that highly gullible individuals may have poor self-awareness of their own level of gullibility, thereby making them more prone to place themselves in positions to be deceived (Teunisse et al., 2020). This propensity toward fraud victimization is an extension of the above-described effects of self-deception and overconfidence.

The Role of Motivation

In the above section, credulity was defined as accepting a belief without performing any critical analysis of the supporting evidence. What then is the role of having the motivation necessary to perform the needed critical analysis? Motivation is a critical consideration when evaluating why a fraud victim would fail to recognize that the pitch being offered is a fraudulent one. For that detection to take place, a thorough examination, investigation, and due diligence of the offer being made involves substantial effort. An understanding of what exactly is being
proposed, the intricacies of how it operates, what the payout is, security of any guarantees being made, and all the other details involved in fraud-avoidance literacy. It requires the proper motivation and the available time to understand completely and, if there is no investment in those, critical details and ‘red flags’ may be missed. Many factors can explain why a potential victim would lack the proper motivation and the necessary time to ensure an offer is not fraudulent. One consideration is if the amount of money being requested of the victim is small: If victims feel that the amount in question does not merit an evaluation, then the details of the offer will escape their scrutiny, because it is simply not worth the necessary effort (Langenderfer & Shimp, 2001). Another consideration that affects motivation involves the offered payoff and the eagerness to get it. When focus shifts heavily towards the pleasant imaginary outcome, it takes motivation away from the monotonous details and possible cues that indicate a scam is underway (Langenderfer & Shimp, 2001).

**The Role of Visceral Influences, Persuasion, and Desires**

The motivation needed to stay focused on actively and critically analyzing a potentially fraudulent offer is greatly affected by the persuasion tactics being deployed. The persuasion tactics used by fraudsters are intentionally designed to elicit high levels of emotional arousal (Kircanski, 2018). Scam artists are experts at invoking emotions in their potential victims, and these serve to override deliberating over their decisions and to act outside the restraints of their normal behaviors (Langenderfer & Shimp, 2001). Fraudsters attempt to exploit and manipulate those visceral factors, such as emotions, desires, and natural basic needs. Visceral factors can be defined as drive states, such as hunger, sexual desire, fear, greed, and even physical pain; these have direct hedonistic impacts and can exaggerate the desirability of different goods and rewards.
(Langenderfer & Shimp, 2001). Under the influence of those needs and desires that encompass visceral factors, four important effects take place:

First, under the visceral influences, attention is diverted away from other areas and zeroes in on the object of the potential victim’s need or desire. For example, a person in severe pain dismisses other thoughts and has a strong focus on relieving that pain; the same distraction occurs when faced with hunger, greed, lust, and other objects of personal desires. Attention is powerfully placed on the object or need to satisfy the desire and other considerations are abandoned (Langenderfer & Shimp, 2001).

A second effect of such visceral influences is that decisions made while subject to the visceral influences often lacks cognitive deliberation and fails to consider the consequences of choices beyond the strong desire to satisfy the craving (Langenderfer & Shimp, 2001).

Third, those under the influence of visceral factors feel outside of their full control over decision making. This results in less careful analysis; instead, gut feelings and instinct take over rational deliberations (Langenderfer & Shimp, 2001).

The fourth consideration is that the power of visceral influences rises and quickly subsides, fluctuating considerably over time. They may temporarily retreat or intensify, come and go, ebb and flow (Langenderfer & Shimp, 2001). This is especially of interest in analyzing fraud because it explains the urgency that many scams emphasize in their offers towards potential victims; the shorter the time one has to make a decision, the more likely the visceral influence will impact the decision. Conversely, taking the time to deliberate on the details of an offer is much safer. Fraudsters impart an “Urgency Bias” to their audience, many of whom tend to prefer to take urgent action on tasks of lesser importance than to spend more time to resolve tasks of greater importance that do not have the same time-critical urgency attached to them. Many
consumers perceive items that require an urgent response to hold more scarce, valuable worth than those that do not need an urgent decision (Goswami & Urminsky, 2014).

**Figure 8.** The role of cognitive and visceral influences

To exploit urgency, a fraud will focus much more attention on the rewards of their offer rather than on the mechanics of the process. Once the visceral influences are activated, a careful analysis of the details is foregone in exchange for satisfying the craving and desire that needs to be satisfied (Langenderfer & Shimp, 2001).

These effects spotlight the impact of appeals to basic needs and desires, as well as the importance of the influence of attention and time. Individuals who are motivated to pay attention to an offer, take the time to learn the intricate details, and fully understand the offer in its entirety will not only be able to determine the facts of the offer but may also recognize the deception cues. Further, those motivated to place their attention on looking for signs of deception or the possibility of the offer actually being a scam may have an advantage to avoid becoming fraud victims. Those who are not motivated enough to spend the time needed to absorb all the important details will be persuaded by the visceral appeals being activated, e.g., greed, emotions, desires, needs, and other unimportant aspects of the offer and the delivery method (such as physical appearance, style, speech pattern, etc.). They will become overwhelmed by these visceral influences and will devote their time and cognitive resources to ruminate over the
rewards and fantasies being offered, instead of taking time to decipher the intricate facts and details of the offer (Langenderfer & Shimp, 2001).

Figure 9. Factors involving and affecting fraud

Figure 9 above illustrates some of the factors that affect the propagation of fraud and influence its outcome. The role of the fraud triangle aids our understanding of the cognitive foundations of fraud perpetrators, as well as understanding the dual impact of a lack of fraud education and a wealth of overconfidence. Those factors lead to individuals becoming victims. Fraud victims do not fit stereotypical molds; but more importantly, people become victims when they are prone to gullibility in accepting offers without engaging with the proper motivation that would help them detect the deception. Cognitive and visceral influences such as desires and emotions lessen the ability to maintain control over the persuasive messaging of fraud. Importantly, there exists a need to exert the proper amount of motivation over both the effects of
desires and the gullibility that may be present, making a person unable to distinguish fraudulent schemes from real opportunities.

**Understanding the Role of Cognitive Influences**

**Cognitive Biases and Heuristics**

Understanding the role of processes of the mind are deeply interconnected with how successful a fraud becomes. Mental processes are an invaluable component of fraud and deception research, as shown by researchers Daniel Kahneman and Amos Tversky. Their groundbreaking and future Nobel-prize winning careers began by explaining the premise of how mental heuristics worked. They argued that individuals relied on mental shortcuts, called “heuristics,” to avoid or reduce the mental complexity of assessing probabilities and making predictions. Instead, fraud victims jump to simpler judgments that avoid taxing the mind (Tversky & Kahneman, 1974). Such heuristics, while they can be quite speedy and useful, can also sometimes lead to “severe and systematic errors” (Tversky & Kahneman, 1974). In their early work, Kahneman and Tversky described three heuristic categories that contain a number of cognitive biases within them. Below are discussion of the three categories: 1) Representativeness, 2) Availability, and 3) Anchoring and Adjustment.

**Representativeness**

The “Representativeness” heuristic explains how evaluations are condensed by using the probabilities that a given object/group/target that one may not be unfamiliar with is represented by another more familiar one (Tversky & Kahneman, 1974). Specifically, individuals prefer to find similarities between something they don’t know and something they do know, for they feel they can make judgments based on the probability of that similarity. This representativeness heuristic leads to a series of biases, such as issues with understanding sample sizes,
misconceptions of chance events, illusions of validity, issues with predictability, regression to the mean, among others (Tversky & Kahneman, 1974). In terms of fraud, representativeness can lead people astray by assuming they feel knowledgeable about a subject when they have no experience with it simply because one event, issue, or illusion seems similar to something with which we feel comfortable or known.

**Availability**

The “Availability” heuristic denotes the way individuals assess the higher probability of an event simply because it is easy to bring its occurrence to mind. For example, a frequently occurring event is given higher probability of occurring than an event that occurs less frequently. Such assumptions lead to biases with errors such as retrieval of occurrences, effectiveness of searching and imagination, and illusory correlation (Tversky & Kahneman, 1974). In the case of fraud, the “availability” heuristic can be exploited by urging a person to overestimate the likelihood of something occurring simply by having them recall similar things that happened in the past.

**Anchoring and Adjustment**

The “Anchoring and Adjustment” heuristic occurs when individuals formulate a starting value for an object; then, whatever that initial value the individual lands on, it becomes an anchor to any future mental adjustment from that starting point. The value of that anchor greatly influences any future perception of the value in question. This leads to biases of insufficient adjustments, far away from the anchor, as well as to biases in how to treat conjunctive and disjunctive events, and errors in assessing subjective probability distributions (Tversky & Kahneman, 1974). In fraud, the response of anchoring is evoked by the fraudster establishing for
the person a target value, such as the price/worth of an object. Typically, that price or value is outrageously exaggerated to bias any future assessment of the worth of that object.

The Systems of the Mind

The concept of a System 1 and System 2 in the human mind was developed by Keith Stanovich and Richard West in their research to identify and interpret the existence of the systematic irregularities in human cognition (Stanovich, 2000). The researchers made the distinction between performance errors that may be characterized as “mistakes” or “momentary lapses” as opposed to those that diverge from logic and reasoning. Behaviors that diverge due to irrationality connote a systematic divergence, not simply a momentary one. The term ‘bias’ refers to those instances of systematic deviations from reasoning as opposed to random or transitory processing errors (Stanovich, 2000).

Kahneman (2003) argued that the difference in effort exerted provided the most useful indicator to a mental process, and he distinguished “effort” a being part of System 1 or System 2. The “Fast Thinking” System 1 manages intuition; it operates automatically, is driven by habits, and is quickly and with little effort expended, as it links associations that are emotionally charged and difficult to control. Conversely, the “Slow Thinking” System 2 manages reasoning; it is slow and deliberate, and it requires greater effort to activate (Kahneman, 2003).

System 2 is comfortable remaining disengaged as much as possible in a low-effort mode, which allows System 1 to continually generate impressions, intentions, and feelings that it passes on to System 2. If there is no conflict or reason for alert, which is most of the time, System 2 will simply accept what it is given by System 1 with no interference, and it remains disengaged in low-effort mode. On those occasions when System 1 runs into trouble, it will call upon System 2 to provide more dedicated processing to solve the issue and answer a question for which System
1 has no answer. Systems 1 and 2 have a very efficient design that divides control and labor between them to minimize overall effort while optimizing performance. System 1 stays on at all times and keeps System 2 inactive until an event violates System 1’s model of the world; that condition necessitates calling on System 2 to use logic and reasoning to decipher the event in question. System 1 models familiar settings and situations very effectively to make rapid, automatic reactions and short-term predictions, but it also is prone to making systemic errors and it lacks the ability to reason, use logic, or use reflection. At that point, System 2 is activated to overcome the automatic impulses and errors controlled by System 1. Because System 1 stays on at all times, it cannot be turned off and must be overridden by System 2 if activated. The systematic errors and biases that occur may not be avoided because they slip by undetected, for System 2 may not be aware or active and able to detect them. Because System 1 is always on it expends low energy while one of the main characteristics of System 2 is its unwillingness or reluctance to activate because it expends higher energy and resources. In an emergency, though, System 1 automatically takes complete control to protect is from danger, reacting to the threat before our conscious mind even becomes aware of the existence of a threat. To review: most human activity originates in System 1, whereas System 2 only takes over when things get difficult enough for it to be forced to activate and to override System 1 with the final assessment. System 1 is automatic and in full control, so one of System 2’s most important tasks is to override the impulses of System 1 and engage in restraint and self-control (Kahneman, 2011). This battle to resolve the conflicts between the fast, automatic, emotional reactions of System 1 and the intentional, rational, self-control of System 2 are at the heart of the struggle within the mind every day. System 1 generates immediate, involuntary impressions of whatever is
perceived by the senses. In contrast, System 2 creates intentional, explicit judgments that may come from the initial impression or from a logical reasoning effort (Kahneman, 2003).

In sum: When quick reactions are needed, when we repeat a well-established habit, when intuition instead of deep analysis is used, that is the System 1 in use. Conversely, System 2 is activated when critical thinking and focus are needed, when a new experience is underway, or when a difficult and challenging decision needs to be planned. System 2 helps us avoid errors, as researchers have noted:

In making predictions and judgments under uncertainty, people do not appear to follow the calculus of chance or the statistical theory of prediction; instead, they rely on a limited number of heuristics which sometimes yield reasonable judgments and sometimes lead to severe and systematic errors. (Kahneman & Tversky, 1973, p. 237).

One final point: System 1 and System 2 can operate jointly in some settings. System 2 can take over an activity such as chewing when a greater amount of attention is necessary; but for the most part, chewing is an automatic System 1 process. In more serious cases--for example a sudden, loud noise--there is an immediate, automatic System 1 response; but to more carefully inspect the source of the noise and assess its meaning, System 2’s focus may be needed to take over and carefully analyze the situation. In some cases, attention can be drawn away from an unwanted focus on something unimportant by directing and focusing it intently towards a different target of greater importance (Kahneman, 2003).

The ability to pay attention is dependent on having a limited amount of mental resources to spare, resulting in an attention budget that only can be allocated towards a certain number of activities. If any activities exceed the budget, then attention will fail. This is especially true of
activities that require careful attention and may interfere with one another, which is why it is so difficult to multitask or do several activities at the same time. It is possible to do several things at the same time, of course, but that depends on how easy and little effort is required to stay below the limited attention budget. Difficult or demanding activities result in a person being able to focus intensely only on one task, thus creating a blindness to other stimuli that also may require attention. In the case of deception, this suggests that presenting complex information may take attention away from the deceptive cues or other signals that may alert a fraud is taking place. This is especially true when it comes to needing the information to be processed by System 2, which requires slow, deliberate, and focused attention in conducting complex calculation or analysis that require dedicated attention free of disruptions; otherwise, the attention is taken away and the task is uncompleted (Kahneman, 2003).

System 2’s focus operates like a narrow spotlight, while System 1’s focus is broad like a streetlight. System 2’s focus is intense and operates at the detriment of larger awareness. The activation of System 2’s focus can be so intense that individuals become effectively blind to other stimuli regardless of how attractive they are. In the well-known “Invisible Gorilla” experiment, researchers asked participants to count the number of rapid passes of a basketball amongst a team of players (Simons & Chabris, 1999). Focused on the ball itself, most participants failed to recall that a gorilla had walked onto the scene several times. System 2 was so intensely focused on the delicate task of the ball, that the other significant stimuli that was present stayed completely outside of System 2’s awareness. As a different example in terms of communication, if the task is to count the number of instances of a particular letter occurring in a given text, System 2’s focus may be so intent on counting letters that the context or topic of the given text may be completely missed (Alba-Juez, 2021). Researchers in the “Invisible Gorilla”
experiment concluded that attention is simply a zero-sum game, whereby placing more attention on one thing results in less attention paid to others: This effect is named “inattentinal blindness” (Simons & Chabris, 1999). In the case of fraud, this inattentinal blindness helps the fraudsters keep attention placed on the appealing aspects of their sales pitch, such as affording luxurious objects, and maintaining attention away from calculating the logical probabilities of the scheme’s actual success.

Those fast System 1 capabilities are developed both innately and by repetition. System 1 is composed of innate capabilities from our birth, and those are meant to help us perceive the world and protect us from danger, recognize threats, avoid losses, and more. Other System 1 capabilities are developed via prolonged practice to the point where they become fast and automatic, such as reading and mathematical activities. Furthermore, System 1 has learned emotional connections between ideas and their verbal expression; thus, it is very influenced by the emotional content in communication. Such connections become automatic associations that produce emotional reactions to words or ideas (Alba-Juez, 2021). The more we practice a task and the more skill we develop at a task, then there is less need for energy and attention to accomplish that task. Such activities slowly transition from the effortful concentration bailiwick of System 2 to the repeated-practice/automatic realm of System 1.

The intuitive System 1 is frequently more influential and responsible for more choices and judgments than is the rational System 2, especially when System 2 is busy or remains inactive. Because of its influence and specific features, System 1 can be used to affect logical decision making, especially in how we communicate. It is because of System 1’s influence and features that bad actors can exploit the interplay between the Systems 1 and 2 to persuade and even manipulate their audience by appealing to emotions instead of rational thinking (Alba-Juez,
2021). A weakness of System 2 is that it requires much more effort and discipline. Because self-control is one of System 2’s primary responsibilities, self-control becomes at the mercy of the effort that System 2 is willing to expend. Self-control requires attention, energy and, most importantly, it requires effort, which is not only tiresome, but it introduces a problem called “ego depletion” (Kahneman, 2011). When one is tired, unable or unwilling, and has to force oneself to do something, it becomes that much more difficult to exert self-control when the next activity is presented. Ego depletion is the lowered motivation to exert effort in a second task when the first task drained one’s effort and energy. After expending energy in exercising self-control in the first task, it is simply that much more difficult to expend effort in the second task. When ego is depleted, we are prone to quit or give up easily when a complicated cognitive task is required. The high demands placed on System 2 and its ability to exert self-control requires energy, and it becomes easier to defeat that self-control then attempt the task (Kahneman, 2011). In the realm of deception and fraud, creating a depletion in System 2’s efforting process requires a need for not only effort but self-control and critical thinking to identify the deception cues to be defeated.

The Problem with Intuition and Emotion

Intuitive thinking is based on automatically assessing and reacting to an input, a feature of System 1. Researcher Kahneman (2003) stated that a defining property of intuition is that it comes to mind spontaneously and highlights ‘accessibility’ as the defining characteristic of intuitive thought. Accessibility is on a continuum and depends on how much effort is demanded to retrieve one item versus another. At one end of the spectrum are the rapid, automatic, and effortless intuitive operations of System 1; on the other end of the spectrum are the slow, serial, and effortful judgments of System 2. Intuition is the part of System 1 that creates impressions, which are automatically computed representations (Kahneman, 2003). For example, stimuli that
arouse emotional reactions happen spontaneously, especially when one is in a “hot” emotional state, i.e., highly motivated. It greatly increases the accessibility of thoughts related to that emotion, while decreasing the ability to coexist with other thoughts, such as suspicion of fraud. Doubt, skepticism and self-monitoring, on the other hand, are part of System 2’s assets, because those involve the effortful attempt to become aware of incompatible thoughts at the same time (Kahneman, 2003).

In a study on how emotional arousal may increase susceptibility to fraud, it was found that con-artists will exploit emotional arousal because that promotes the use of heuristics and biases rather than calling upon the higher-order cognitive process needed for complex thinking. Fraudsters want victims to focus on the rewards offered as opposed to detecting the deception of the scam (Kircanski et al., 2018). The researchers induced emotional arousal under various conditions and found that doing so increased the participants’ intention to purchase items that actually were falsely advertised scams (Kircanski et al., 2018).

Fraud and deception thrive in situations where emotional states are aroused. If we are sold a fantasy, one that inspires us to believe it is achievable, one where we can see ourselves already being where the deceiver is telling us we can be, the fantasy is a powerful tool of persuasion. But more powerfully, the emotional activation of the automatic System 1 will turn off the effortful and rational System 2 with all its doubts and skepticisms. When we are too occupied by the emotional stimuli that activates System 1, there is cognitive depletion, and the mind has no room left for the slow, effortful, rational thinking of System 2.

**Performance Overconfidence**

The role of overconfidence in financial decision making was explored above, but a theory of the “Dunning-Krueger Effect” paints a broader picture about this effect in encounters with
deceitful experts. Coutinho et al. (2021) shows a clear pattern in how individuals may misjudge their estimated and actual performance. People with the lowest test scores tend to overestimate their performance outcome while those with the highest scores tend to underestimate their performance outcome. Furthermore, individuals do not realize the extent of their lack of knowledge or skills within a specific domain, and that failure to recognize one’s own shortcomings results in a failure to adequately prepare and to consult prior learning and performance outcomes (Coutinho et al., 2021). A study conducted on participants who considered themselves highly intuitive scored worse at estimating their performance on test scores, which suggested to the researchers that those who pride themselves on intuition were more susceptible to the influences of heuristics (Coutinho et al., 2021).

One of the key determinants of the ability to think critically is to be able to decouple one’s beliefs from the evidence before them. Virtually all measurements involving critical thinking attempt to assess the ability to avoid reasoning that is biased by prior beliefs and opinions, and the inability to decouple one’s beliefs from the reasoning process is so prevalent that it has been termed, “the belief bias effect” (West et al., 2008). In an experiment testing this effect, participants were presented with evidence that was either consistent or inconsistent with their prior beliefs, and then they were asked to evaluate the quality of the evidence. Ultimately, the evidence that was inconsistent with subjects’ prior beliefs was found to be far more flawed than evidence that was consistent with their previous beliefs. This finding highlights the conclusion that critical thinking is greatly limited when logic is in conflict with prior beliefs (West et al., 2008).

Lastly, another very important and relevant feature of System 1 is its ability to make stories into coherent narratives. Fitting together pieces of a story to weave them into a coherent
narrative is an occurrence that takes place within System 1 regardless of the amount of data or the quality of the data presented. Alba-Juez (2021) concludes that this feature explains to a certain extent how deceptive information is spread and believed so strongly because the story in which it is crafted is so agreeable and satisfying to its audience that it overshadows whether it is based on truth (Alba-Juez, 2021). This suggests that regardless of how poor the evidence presented or any shortcomings present in the story, if a convincing narrative is packaged to be believable and in agreement with its audience to satisfy their beliefs, it will be a far more important factor than the lack of truth or evidence behind it.

**Cognitive Influences, Features, and Biases Defined**

There are hundreds of cognitive biases and influences identified in research, but Table 1 below lists the 19 influences that are relevant to the study I performed. A discussion of several of those influences especially critical to my study appears below the Table.

**Table 1.** List of cognitive influences relevant to the author’s study

<table>
<thead>
<tr>
<th>Associative Activation</th>
<th>Pattern Illusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priming</td>
<td>Anchoring</td>
</tr>
<tr>
<td>Cognitive Ease</td>
<td>Availability</td>
</tr>
<tr>
<td>Mere Exposure Effect</td>
<td>Representativeness</td>
</tr>
<tr>
<td>Biased to Believe Initially</td>
<td>Narrative and Storytelling</td>
</tr>
<tr>
<td>Confirmation Bias</td>
<td>Hindsight and Outcome</td>
</tr>
<tr>
<td>Halo Effect</td>
<td>Prediction</td>
</tr>
<tr>
<td>WYSIATI</td>
<td>Intuition</td>
</tr>
<tr>
<td>Substitution</td>
<td>Expertise</td>
</tr>
<tr>
<td>Optimism and Overconfidence</td>
<td></td>
</tr>
</tbody>
</table>

**Associative Activation**

System 1 operates Associative Activation influences automatically. Ideas or associations do not operate on their own, nor do they activate just one other idea; they operate as nodes in a larger associative network, where one idea is linked to another idea, and that triggers another, till the result is a cascade of ideas. All of these are connected to, and supportive of, other automatic
reactions. A word may trigger memories, which may trigger emotions, which may trigger physical reactions, which may intensify the emotions, thus activating a self-reinforcing loop of automatically associative, cognitive, emotional, and physical responses (Tversky & Kahneman, 1974).

**Priming**

The Priming influence takes advantage of the associated activations because, by introducing or priming one idea into awareness, of the result is a priming of other related, associated ideas into awareness more quickly. For example, utilizing a particular word quickly brings to mind a few related words because one association triggers another. This effect is not limited to words, as actions can be primed by ideas, much like gestures can unconsciously influence thoughts and feelings. Priming the idea of money, for example, has been found to cause individuals to behave more independently, more selfishly and more individualistic (Tversky & Kahneman, 1974).

**Cognitive Ease**

A person’s mind carries a “cognitive load,” which can be described on a scale from “ease” to “strain.” When all mental processes are easy and require no effort, no specific attention, and no threat to worry about, then System 1 is usually in control and there is a state of cognitive ease. Conversely, if a problem needs effort, attention, complex analysis, or calculations, and those demands are unmet, that indicates cognitive strain and System 2 will be activated. Cognitive ease is caused by familiarity, repeated experiences, clear or primed ideas, effortless activities, thoughts that feel good and true. That feeling of experiencing something familiar and that you have seen before indicates a reflection of prior experience and stimulates the sense of ease. System 1 produces that feeling and System 2 relaxes and stays uninvolved.
Cognitive ease is associated with good feelings and provoking a favorable attitude, meaning there is a strong link between feeling positive emotions and the cognitive ease of System 1. A happy mood signals that things are going well that everything is safe, and we can let our guard down. This comfortable position increases reliability of intuition and creativity, and it keeps System 1 in control--but System 1 is prone to logical errors. A bad mood, feelings of discomfort, unhappiness, sadness, and suspicion serve to lessen reliance on intuition, decreases creativity, and signals System 2 that higher vigilance and analysis is required: this is when System 2 overrides System 1 (Kahneman, 2011).

**Mere Exposure Effect**

Even when the associative machine runs smoothly and remains in cognitive ease, it also has a consequence of biasing beliefs. For example, one reliable way to make someone believe a lie is to frequently repeat it, because the cognitive ease produced by the familiarity of having heard it before is not easily distinguishable from the cognitive ease connected with truth. The “mere exposure effect” of being aware of an idea, whether true or false, repeatedly produces cognitive ease (Kahneman, 2011). Anything that reduces cognitive strain and maximizes cognitive ease will improve believability. As a result of requiring a great deal of energy, System 2 is considered to be reluctant or lazy to activate and tries to avoid becoming active and expanding energy. For this reason, most people are guided by whatever first impression System 1 created at the outset, unknowing of where those impressions originally came from--whether they are true or false, or whether they are associated with other beliefs. This first impression stuck simply because it originally produced a sense of cognitive ease. The only defense against these untraceable impressions that were originally misguided judgments of System 1, is to mobilize and activate System 2, whose efforts will invoke self-control, rationality, and the critical thinking
analysis needed to reject the flawed intuitive first impressions created by System 1 (Kahneman, 2011).

**Biased to Believe, Initially**

To understand any message, the mind first has to believe it as fact; then, after accepting it, the message can be questioned as whether to discard it as untrue. System 1 is in charge during the initial acceptance of belief, which it does automatically, to build the best interpretation of the input to maintain cognitive ease. But System 1 does not keep a list of messages that it rejects, nor does it allow that an alternative interpretation might have existed. Instead, the belief is accepted, and System 1 moves along. Doubt is not part of System 1, because doubt interrupts cognitive ease, thereby places a cognitive strain that prompts System 2 into analysis as to why contradictory interpretations exist and cause doubt. Since System 1 is biased into believing everything, it can be considered gullible, believing anything. System 2 is aroused by doubt, uncertainty, and unbelieving, but System 2 may already be busy with analysis or attention focused elsewhere. When System 2 is preoccupied, we will believe just about anything because System 1 is biased to believe it is in control. Findings show that if System 2 is busy or tired or depleted, we likely will be persuaded by any message presented to us, such as commercials, sales pitches, or other promises (Kahneman, 2003).

**Confirmation Bias**

As discussed above, the associative activation automatically links one idea to another, continues to multiply, and combines with System 1’s automatic bias. In addition, the associative element seeks out confirming data to beliefs already held. This “confirmation bias” starts with a deliberate search for evidence that confirms an existing belief, instead of beginning a deliberate search for evidence that *refutes* the belief (Alba-Juez, 2021).
Halo Effect

System 1 wants to simplify the world around it and make everything as coherent as possible to maintain cognitive ease. This extends to how individuals are viewed; and when a decision to like or dislike a person has been made, that decision carries over, as a halo, to like or dislike everything else about that person. This means that if a person has made a positive impression, everything about them, even including things that may not be known about that person, perpetuate the positive view (vice-versa for negative impressions). A further important feature of the halo effect is the order in which the impressions were made. Even if it is by random accident that our first impression of someone is formed, the halo effect solidifies first impressions to the detriment of whatever subsequent impressions or evidence about that person is presented. The halo effect thus makes a positive (or negative) first impression permanent, and subsequent evidence is ignored—until System 2 takes over and begins analyzing the situation (Alba-Juez, 2021).

WYSIATI (What You See Is All There Is)

System 1 views the world as coherent, consistent, and based on intuition and first impressions, where everything is true, and associations are easily formed. System 1 perceives everything there is to see, through the information received. System 1 wants to accept a story regardless of how incomplete it may be. It feels that there is enough evidence to accept the story and no more than what is being presented is needed. The What You See Is All There Is (WYSIATI) feature of System 1 allows a message that is missing critical information to be accepted as true, simply because it is consistent (i.e., coherent), and coherence is what maintains cognitive Ease. Furthermore, WYSIATI results in overconfidence in the evidence or belief held, because a truth based on coherence may be regarded as being of high-enough quality to be
supported and defended. WYSIATI results in victimhood because of its failure to consider that the evidence on which the belief is based is somehow incomplete, untrue, or missing. Thorough analysis is ignored, because of the erroneous myth of WYSIATI (Kahneman, 2011).

**Substitution Heuristic**

System 1 is continuously attempting to make sense of everything— but only by means of intuition and a desire to maintain cognitive ease. When a difficult question or challenge arises that requires doubt, logic, or computation, System 2 will activate; but before that happens, the automatic System 1 will make one last attempt to maintain control and keep System 2 away. It will substitute a hard question (that needs complex analysis) that is outside its control, with an easier one (using intuition) that is within its control. One particular substitution is described in the Affect Heuristic discussed above, regarding the way that emotions, likes, and dislikes determine beliefs (Kahneman, 2003).

**Pattern Illusion**

The associative feature seeks to find causes and explanations to continue the linkages between ideas. This need to find linkages or patterns, even where none exist, leads to underestimating truly random events by finding links between them (Tversky & Kahneman, 1974).

**Anchoring**

An anchor is a suggestion for an unknown quantity. That initial suggestion will influence, or weigh (like an anchor), on any future estimates within the initial range suggested. Any suggestion of any number, regardless how uninformed (or even completely random) it may be, will also serve as both influence and anchor. Even attempts at ignoring the influence of the anchor will still have an inevitable influence around that anchor point. Anchoring is related to
both the Priming effect and part of the Associative effect. System 1 attempts to make things true and brings up associated thoughts to suggest coherence, but those actions open the door to systematic errors; so, System 1 tries to build a scenario where the anchor is correct and then evoke similar evidence to cause associations. System 2 may expend the effort to adjust the anchor, but even logical adjustments will still be swayed by the influence of the initial anchor (Tversky & Kahneman, 1974).

**Availability**

Availability refers to the ease with which something comes to mind. How feasible, frequent, or important an event or idea arises may be assessed by how easily (or how many instances of that event or idea reoccurs). Such information is retrieved from memory, and the availability of a memory is enhanced by the emotional affect or vividness that the memory holds. For example, to assess how dangerous or emotional a remembered activity was, we may judge by how easily that activity is remembered to be dangerous or delightful, how many times it was remembered to have happened, or how emotionally charged the memory is. The ease or fluency with which a scenario comes to mind increases the assessment of how plausible, simple, or frequent the event actually was and what probability is assigned to it (regardless of how rare it may actually be). This availability can be manipulated and exploited by framing and presenting lies and low-probability events with vividness and emotional content (Kahneman, 2003).

**Representativeness**

System 1 is adept at creating an impression of similarity to represent individuals as members of categories. This stereotyping or “representativeness” is an intuitive shortcut for System 1, and it produces an outcome that is the most coherent for System 1. Even if the representation is not the most probable, it seems plausible; and plausibility, probability, and
coherence are easily confused. While some representative stereotyping may be based on truth, other instances may be entirely false or misleading. One of the major flaws in representativeness is that it fails to consider the quality of the evidence being presented, and System 1 wants to process all incoming information as if it were true. System 1 will hold in memory a prototypical example of a member of a category and similarly use it to represent all members in that category (Tversky & Kahneman, 1974).

**Narrative and Storytelling**

One of the most important features of System 1, as it continuously tries to make sense of the world, is to weave stories, regardless of their quality, into cohesive narratives. The “narrative and storytelling fallacy explains how the flawed, yet cohesively woven stories have a significant effect in changing views and expectations into the future. The most compelling of narratives share some basic attributes: simplicity rather than complexity; concrete rather than abstract; a focus on a few standout successful events rather than on a larger collection of failed events; overweighting personal attributes rather than accounting for the role of luck in the outcome. Additionally, the WYSIATI effect of System 1 takes whatever limited information is available and considers it as all there is, then it weaves a cohesive story. This makes simpler, less detailed stories easier to process as they can be weaved into coherence more easily than complicated ones that have more pieces to make fit. The amount and quality of evidence can be difficult to make coherent, but the gaps in truthful evidence are advantageous to weaving a coherent story. A good story exploits System 1’s need to maintain cognitive ease by crafting a simple and coherent way to explain everything, regardless of its truth. (Alba-Juez, 2021).
Hindsight / Outcome Bias

A story that is coherent and compelling leads to the illusion that the outcome of that story was inevitable, if not predictable. The mind does not process non-events well; it tries to assign significance in its quest for coherence, and that leads to overweighing the impact of skill and underweighing the impact of luck in the eventual outcome. This “outcome bias” means that, whether the outcome was positive or negative, the decision-maker will be either blamed or praised far too heavily for their involvement. Furthermore, the Hindsight Bias alters the perception of one’s beliefs or the quality of a decision based on the outcome. Because System 1 is weaving a coherent story with whatever data it has, it will even rebuild past beliefs, knowledge, and decisions based on a new event, and then construct a new story that eliminates those old beliefs that no longer fit after the change of mind occurred. Once a new belief is adopted, it becomes difficult to even recall what the old belief was to maintain coherence (Alba-Juez, 2021).

Prediction

System 1 is designed to jump to conclusions (regardless of the quality of the evidence or the size of the “jump”) to make sense of everything, weaving coherent stories that make the world seem much simpler and predictable than it really is. This “prediction effect” leads to overconfidence in both the coherence and the illusion that the future can be correctly anticipated and controlled. System 1’s ability to rebuild coherence of past outcomes is an illusory hindsight that increases confidence in the ability to forecast the future (Tversky & Kahneman, 1974).

Intuition

Intuitive thinking is at the core of System 1 processing. Some intuition is based on a skill or expertise created by repeated experience and recognition of familiar cues. When an event
produces a cue, that cue recalls information already in memory, and that experience provides the
answer; but this is not intuition; it is actually recognition. Another type of mistaken intuition is
based in System 1’s substitution of an easier question to replace a harder one, resulting in an
answer that seems coherent but actually is not addressing the original problem. Predictions based
on fabricated intuition are formed from a link that WYSIATI uses to automatically apply the
associative memory to build a coherent story from the new information—regardless of its quality.
The assumed Intuition is further enhanced by intensity matching, whereby the more emotional
and extreme the evidence, the more extreme and overconfident the intuitive prediction becomes
to match that intensity. At this point, System 2 is needed to correct “intuitive” predictions
(Kahneman, 2003).

**Expertise**

Acquiring expertise, especially in complicated tasks, takes time to develop because it is
ordinarily not a single skill, but a combination of smaller skills. Expertise develops in a
predictable environment that permits the skills to be learned, practiced, and repeated predictably
over time. The skillset acquired in expertise gets stored into memory, to be recognized and
retrieved consciously or intuitively. Through enough repetition, System 1 will automatically
recognize and retrieve predictability due to expertise but will count it as “intuition.” Those
intuitions based on skills and expertise are of far higher quality than most others, but all
intuitions are prone to the associative errors of System 1. For more complex problem-solving
related to the experts’ skillset, System 2 will activate to override fabricated intuitions
(Kahneman, 2003).
Optimism and Overconfidence

A persistent view is that the world and human traits are better than they actually are, that our goals are more attainable than they actually are, that our ability to project future outcomes is better than it actually is, and other similar views. However, these are characteristics of the “optimism bias.” This optimism leads to errors in planning: decisions are made based on unrealistic scenarios of overestimating possible benefits and underestimating all the costs instead of carefully considering the probabilities of gains and losses. Losses are to be avoided, due to “loss aversion,” where losses loom larger than gains, and there is a stronger drive to avoid losses than to achieve gains. Additionally, optimism about gains often leads to more risks taken, increased, or overlooked; competition is ignored; and skills and attributes are exaggerated--all because of overly optimistic forecasts. Undue optimism manifests itself into overconfidence in decision-making and predictions. Overconfidence is not sufficient to evaluate accuracy, as it can be based on faulty System 1 processes, such as substitution and availability, which are only strengthened by System 1’s urge to rely on easily available information that helps weave a coherent story to reinforce the impression of accuracy (Kahneman & Tversky, 1996).

Summary of Cognitive Influence Concepts

Figure 10 below summarizes the research findings described in the influence categories above. There is a correlation between the rising amount of complexity in the information needed to be processed and the increased cognitive load. The more the information matches current beliefs, the more it remains in cognitive ease, while the less the information matches, the more cognitive load increases. Cognitive ease requires less energy, and the mind increases its energy needs as the cognitive load increases. As the mind stays in cognitive ease, System 1 is in automatic control, uses some specific cognitive processes and biases to stay in control, and is
accepting of any information it receives. However, as the factors above increase cognitive load, System 1 attempts to remain in control by using cognitive processes and biases to keep System 2 from activating to resolve conflicting information. As the factors move the mind into cognitive strain, the rationality of System 2 activates, bringing along doubt and self-control to override System 1’s easy acceptance of information. System 2 performs complex calculations and critical thinking as needed to resolve and answer the problem faced. But System 2’s need for high amounts of energy can only be used for a limited time and soon becomes exhausted. If System 2 depletes the mind and body of energy, it may quit the process and the mind reverts back to System 1’s easy acceptance.

In terms of fraud, this interplay between System 1 and System 2 signifies that a fraud can take two approaches to victimizing people: 1) Keep information simple, built upon existing beliefs, using low energy to process, keeping System 1 in control, and easily accepting the offer; or 2) Overwhelm the mind with such intensity, complexity, challenging beliefs, over an extended period of time, whereby even the attempt at complex calculations and rationality become so exhausted and depleted that System 2 resigns, handing control back to System 1’s undisciplined acceptance of information. See Figure 10 below for the effects and interplay of various factors of System 1 and System 2 activation, leading to cognitive strain.
Figure 10. The effects and interplay of various factors of System 1 & 2 activation
CHAPTER THREE:

METHODOLOGY

The purpose of this study was to uncover which deceptive appeals and cognitive influences were used in fraudulent scheme sales pitches. To analyze the sales pitch comprehensively, schemes presented via recorded video were selected. To achieve the goals of the study, I chose long-form television commercials that showcased a specific product, commonly referred to as “infomercials.” The infomercials selected were produced by Don Lapre, a famous and very successful infomercial personality commonly referred to as the “Infomercial King.” All of the selected infomercials in the study sold programs described as designed to generate wealth at an accelerated pace, with no special skillset needed by the purchaser. Below are definitions, research questions, and a description of the process that resulted in defining the videos selection criteria, the choice of using infomercials, and the methodology used in the study.

Definitions

- “Deceptive Appeal” - Themes or topics used to deceive or to persuade action.
- “Fraudulent Scheme” – A Money-making program (“Get Rich Quick” enticements) that results in accusations of fraudulent crimes.
Research Questions

1) What deceptive appeals are being used in the sales pitches of Don Lapre’s money-making scheme infomercials?

2) Are the deceptive appeals identified in Don Lapre’s money-making scheme infomercials activating cognitive influences (such as cognitive biases, heuristics, and “system mind” processes)?

Video Selection Criteria

- Videos easily available online (i.e., recordable) to ensure accessibility and scrutiny of material.
- Videos selling a method for making money at an accelerated pace.
- Videos selling a scheme that was well-known, geared towards a general audience, rather than those featuring obscure presenters and products.
- Schemes that resulted in criminal and/or civil complaints for violations related to their sales pitches.

Given the criteria established in the video selection process and the research questions of the study, a search was begun to find videos that matched the criteria established. To ensure the videos would be found in a public, easily accessible forum, where enough material for selection would be found, the YouTube website was selected as the source of infomercials to analyze.

Multiple programs and presenters were considered, and a search for those who had a criminal or civil accusation of a crime tied to their programs was conducted. From those, a search for presenters who had at least 3 complete videos posted and whose quality was sufficient to be analyzed, and a runtime of at least 5 minutes each (but longer lengths were preferred). Program had to include a money-making scheme and a specific sales pitch asking for a purchase or
investment to be made. The search yielded two results that matched all the criteria established:
the use of infomercials as the type of video, and the schemes by infamous presenter Don Lapre.

**The Choice of Infomercials**

For this study, infomercials were selected as the primary data source because they are emblematic of many other types of frauds, scams, and misinformation schemes. Infomercials are an exemplary illustration of the design and application of a deceptive sales pitch, but they also represent many of the same applications of fraud and deception used by many other deceptive tactics in similar ways. Unlike other schemes’ sales methods that can be customized, fragmented, or built over time, infomercials must present an “all in one,” beginning-to-end, sales pitch of the product or service being offered. They do not have the ability to extend the sales pitch or exploit many of the resources available to other communication mediums. In general terms, all types of sales pitches often have built-in pressures to facilitate and ease the decision maker’s acceptance of the offer. For example, sales pitches made in the pitcher’s office may yield an advantage of setting up an encouraging environment to facilitate the sale. Sales pitches made in exchange for another benefit (money, a meal, entertainment) may give a tit-for-tat illusion. A one-on-one sales pitch that can be customized to each individual receiver provides the salesperson a significant advantage to mold the appeal to that unique person’s interests. Also, having that personal contact can extend further by allowing them to continue calling and meeting the prospect with more offers and advantages to the salesperson.

Conversely, infomercials broadcasted on television or the internet do not have the same advantages of “life-like” sales pitches. A presenter in virtual form must appeal to a broad audience, in the limited duration of their message, in the limited window of the prospect’s possible attention span, with no promises of a future contact. Hence, such presenters must
broadcast in their first (and possibly only) attempt the strongest, most appealing, most convincing sales pitch they can muster to capture the user’s attention strongly enough to keep them tuned in for the entire message, and then create a “call to action” that is strong enough to elicit a response that leads to the viewer taking a specific action to close the deal.

Being they are videotaped, infomercials present an opportunity to insert deception, fraud, and misinformation as though presenter and audience met in real-time (mimicking that face-to-face quality that is so persuasive). For the purposes of this study, a sales pitch made via an infomercial provides the most complete method to study the appeals (deceptive or otherwise) being made in their entirety. However, the framework, methods, and lessons derived from this study are not limited exclusively to infomercials; there is opportunity to use any other medium to understand fraudsters’ application of deceptive appeals and cognitive influences.

**Qualitative Methods and Thematic Codebooks**

The methodology used for this study was a combination of qualitative methods, where Phase 1 was designed to address Research Question 1, and Phase 2 was designed to address Research Question 2.

Research Question 1 asked what deceptive appeals are being used in the sales pitches of Don Lapre’s money-making scheme infomercials? To answer that question, the goal of Phase was to identify deceptive appeals using an Inductive, Thematic Analysis with Qualitative Coding. This process was completed in six cycles of coding, as described in Chapter 5.

Research Question 2 asked whether the deceptive appeals identified in Don Lapre’s money-making scheme infomercials activated cognitive influences (such as cognitive biases, heuristics, and “system mind” processes)? To answer that question, the goal of Phase 2 was to
identify cognitive influences using Deductive Qualitative Content Analysis. This process was completed in four cycles of coding, as described in Chapter 5.
CHAPTER FOUR:
CASE STUDY OF A FRAUD SCHEME

Background Case Study on the Subject, Don Lapre

Don Lapre was known as the “King of Infomercials” while he appeared as a fixture on television from the 1990s through 2011, touting his money-making programs. Hocking his claims of a number of simple, yet secretive, ways to get rich, Lapre described everything from placing classified ads and starting 1-900 numbers to selling vitamins and opening unique-product stores in malls. Lapre’s infomercials consistently ranked in the top-10 most broadcasted infomercials at the time and brought him vast amounts of wealth and notoriety. His high-energy and story-filled money-making videos claimed that those who followed his plans could make thousands of dollars in weeks, days, or even hours. Using a set featuring attractive (i.e., rich neighborhood) landscapes, his infomercials were distinctively filled with real customers who claimed to have been skeptical at first, but now find themselves making more money than they thought possible, by following Don’s simple programs.

The story of Don Lapre, along with his methods and his mass appeal match all the criteria of the video selection process (described above) for the purpose of this study. His biography, though, belies the success of his later years.

Don Lapre was born in 1964, in Providence, Rhode Island; but he spent his childhood in Phoenix, Arizona. An early entrepreneurial mind since childhood, Don made money collecting
discarded furniture and reselling it. He did not finish High School, to work in his father’s house-painting business (Leigh, 2000).

In 1988, he started one of his first-known businesses: a dating service named, “1828 Club,” but he declared Chapter 7 bankruptcy two months later. That same year, he married his wife and business partner, Sally Redondo. Being $35,000 in debt, with no money for wedding rings, and having endured bankruptcy, the Lapre’s used their personal experiences as debtors to start a new venture in a credit-repair business named, “Unknown Concepts,” in 1990. The company claimed to provide those with bad credit ratings guaranteed access to credit cards, loans, and even discounted vacations, all packaged for $37 (Leigh, 2000). As consumers who ordered the package would later find, they were not issued any credit cards, just provided a list of providers who might issue them for those with poor credit; and as for the discounted vacations, the customers received only instructions on contacting a travel agent to ask for last-minute discounts. The Arizona Attorney General finally charged Lapre and his wife with violating consumer-fraud laws, and also barred them from providing credit services in the future. Finally, they had to pay restitution to their victims (Leigh, 2000).

Lapre brushed off the troubles and used his seemingly unwavering confidence to sell a booklet about how consumers could get a refund of Federal Housing Administration (FHA) insurance fees after paying off their mortgages. The 36-page manual that cost less than a dollar to produce would be sold for $85, via classified ads placed in newspapers. Later, Lapre would start offering packages on how to set up 1-900 phone lines to make profits. He claimed these ventures would earn him from $1,000 per day to $50,000 per week, from his tiny one-bedroom apartment. It was a signature claim that would play an enduring role in his notoriety (Barrett, 2011).
In 1992, Don Lapre stepped into the television broadcasting arena, hosting an infomercial show called “The Making Money Show with Don Lapre.” He promised viewers that he would share all the money-making secrets that had made him a fortune. At the time, infomercials were a $500 million industry and, for years thereafter, Don Lapre’s infomercials ranked in the top-10 most frequently broadcast infomercials on cable television. This cemented Don Lapre’s lengthy presence on television and in the infomercial legacy that coined him the “King of Infomercials” (Leigh, 2000).

Don Lapre’s infomercials sold his money-making packages, all featuring Don’s unique persona, a mix of charisma and sincerity, along with claims of vast fortunes. Some of Don’s most successful packages were sold with names such as: “Money Making Secrets,” “Buying and Selling,” “The Secrets to Don Lapre’s Most Successful Campaigns,” “Custom Internet Web Set Up Guide,” and “Don Lapre’s 11 Secrets to Success” (Barrett, 2011). Lapre’s infomercials were filmed in front of beautiful garden landscapes, tropical beach backgrounds, or in the middle of New York City. He even appeared with celebrity spokespersons, such as Alan Thicke and Cindy Margolis. Saturday Night Live would further cement Don Lapre’s notoriety when actor David Spade spoofed Lapre’s brand of infomercials in comedic skits on the popular show. Most of Lapre’s infomercials featured a significant number of testimonials by customers proclaiming the veracity of Lapre’s claims and touting the amount of money they had made by following his methods. Sadly, after purchasing those packages of booklets, tapes, videos, and assorted “gifts,” consumers would be bombarded with telemarketing offers such as websites, other money-making ventures involving sports, psychics, dating, and entertainment services. While customers bought Lapre’s infomercial packages around $39.95, the “back end” offers enticed customers to spend thousands of dollars more to get access to the entire Lapre toolkit needed to be successful.
(Barrett, 2011). Lapre would admit to a reporter in 1995 that, if not for the “back end” offers made to customers, he likely would not have survived on selling the packages alone (Leigh, 2000).

By 1994, Lapre claimed to be making upwards of $40 million dollars on sales of the “Money Making Secrets” package. He expanded his offerings to include an “Incredible Products Store” offering unique gadgets in shopping malls, and a “National Lifetime Reminder Service” that would place phone call reminders on selected dates for the customer to be reminded of special events. But the core of this $39 package was comprised of 100 “membership kits” that the buyer could then sell to recruit other individuals to buy for $39 apiece and themselves become sales representatives of the reminder service to others. Lapre claimed the company generated over $80,000 per day on this “pyramid-type” concept (Barrett, 2011).

Legal troubles were not far behind Mr. Lapre at this point. The States of Arizona and Michigan acted against Lapre for failing to pay taxes and failing to register his business as required. He faced multiple complaints from the Federal Trade Commission, the Better Business Bureau, and even the trade group Electronic Retailing Association for his deceptive advertising practices and mounting consumer complaints about fraud. The IRS hit Lapre with a nearly $1 million-dollar lien for failure to pay back taxes (Barrett, 2011).

Nevertheless, Lapre’s spending skyrocketed: paying for television airtime, new office buildings, employee compensations, and numerous new ventures, such as offering $500 referral bonuses to customers who recruited more people into the money-making package schemes. In addition, he lived a lavish lifestyle, and embarked on a multi-million dollar investment in land development in Puerto Vallarta, Mexico, to build a luxury beach-front property (Leigh, 2000).
In their hey-day, Lapre’s companies were reported to be bringing in $1.2 to $1.6 million per week; but by the end of 1999, the massive spending, legal troubles, and mounting complaints resulted in him declaring Chapter 11 bankruptcy on behalf of himself and the five other companies under his control. Filings would list assets of $9 million versus liabilities in excess of $12.5 million (Leigh, 2000). In a twist of events, the bankruptcy filing stripped Lapre’s ownership over his own money-making packages and infomercials, which were later sold to another company, “Universal Business Strategies,” who would continue selling all of the same money-making packages, even re-airing the same infomercials featuring Don Lapre himself, and fleecing customers in the same way for a number of years. Lapre himself to publicly denounced this new company’s use of his own infomercials as an unethical maneuver (Barrett, 2011).

While most tales of fantastic rises and spectaculars falls would conclude at this point, Don Lapre would unsurprisingly stage yet another comeback. In 2004, he teamed up with Doug Grant, described as “Nutritionist by degree, with postgraduate work in in sports medicine, rehabilitation, and fitness training,” as well as a “Certified Nutritional Microscopist and nationally licensed phlebotomist” (Barrett, 2011, p. 11). Mr. Grant’s degrees were reportedly obtained from the American Holistic College of Nutrition, a non-accredited correspondence educator with no academic standing (Barrett, 2011). Grant was involved in multiple multi-level marketing companies, to include his being the founder and owner of one that sold a variety of natural vitamins and holistic health products. When they joined forces, Lapre and Grant developed “The Greatest Vitamin in the World,” claiming its formulation to be all that was needed for optimal health, as well as alluding to its potential to cure serious illnesses, such as cancer (Barrett, 2011). The “Greatest Vitamin” would be marketed via a new campaign of Lapre’s infomercials that offered not only a 30-day supply of the vitamin for $39.95 (plus $8.95
shipping and handling), but also presented a great financial opportunity to make a fortune by purchasing a new Don Lapre money-making package. For an additional $35, Lapre offered viewers an opportunity to become “independent advertisers” who would get paid $1,000 for every 20 people they got to try the vitamin. From there, they would get paid a commission for every person those individuals got to try the vitamin, and bonuses of up to $5,000 for every 100 individuals thus recruited (Barrett, 2011).

But the very next year, legal troubles caught up with the two partners. In 2005, Doug Grant was charged with the first-degree murder of his wife five years earlier, which resulted in a manslaughter conviction and a prison sentence of five years. In 2005, and again in 2006, the Food and Drug Administration ordered Lapre to stop marketing his “Greatest Vitamin in the World” as being able to prevent or cure a long list of diseases, to include cancer, diabetes, and arthritis among others. In 2006, the Better Business Bureau reported that “The Greatest Vitamin in the World” had received an unsatisfactory rating based on the numerous complaints, unsubstantiated advertising claims, and failure to honor refunds (Barrett, 2011).

Then, in 2007, the US Postal Inspector served a federal warrant on “The Greatest Vitamin in the World” business and on Don Lapre personally, leading to the permanent shut down of Lapre’s latest venture. In 2008, the State of Maryland banned Lapre and his company from ever again doing business in the state (Barrett, 2011).

In 2011, a federal grand jury in Arizona indicted Don Lapre. Federal prosecutors charged Lapre with 41 counts of mail fraud, wire fraud, money laundering, and conspiracy for defrauding more than 220,000 victims for a total of $52 million dollars (Shira, 2011). When Lapre failed to appear at his arraignment, a warrant for his arrest was issued. Five days later, Lapre was discovered at a fitness center, where he had been living for two days. In an attempt to avoid
arrest, Lapre attempted suicide by inflicting a serious knife wound to his groin. He was arrested, however; and in October 2011, while in prison awaiting trial, Lapre managed to sever his throat using a razor blade. He wrapped himself in bedsheets to conceal his wound from the prison officers, and he soon died by suicide from the massive blood loss (Shira, 2011).

In a last statement on his website before committing suicide Lapre wrote that he was:

left to fight a battle that will for sure destroy what energy I have left inside…I tried to create the best product on earth, paid out millions, made very little trying to make it a success. I have been accused of something I did not do. I did not have the perfect company, but never once did I allow one thing to be done that would violate any law…For all those who sent me testimonials of what you did because of some of my help…I am grateful I made a small difference in your lif[ves]…Never stop dreaming. (Shira, 2011, p. 4).
CHAPTER FIVE:

RESULTS

Case Study: Incidents of Fraud, as Detected in Infomercial Videos

The four videos selected for this study met the criteria established above of being easily available online via the streaming video website YouTube, selling money-making schemes, and having a well-known presenter who was prosecuted for civil or criminal complaints of fraud. The infomercial videos of Don Lapre fit all these criteria. Lapre’s infomercials were broadcast from the 1990s through 2011, even after he died, on national television and the internet. Four videos were chosen from the dozen or so available on YouTube because they were of complete and sufficient quality for analysis and had a runtime of at least five minutes, although most ran nearly 30 minutes. The four videos selected were also chosen based on the variety of the schemes being sold and the variety of the presentation style being utilized. This selection method allowed for some variation in the videos’ approaches and products sold to analyze some of the different styles and appeals employed by Don Lapre in his sales pitches.

Video 1 sold a money-making scheme based primarily on selling classified ads in newspapers. It used a direct pitch to the camera by Lapre, as well as testimonials with an appealing beach and garden background.

Video 2 sold three money-making schemes based on buying and selling products, classified ads, and 1-900 phone lines. It used an interview format with three panelists asking
Lapre questions. There was a backdrop in the middle of New York City, a vibrant, wealthy environment.

Video 3 sold a product placement in malls: a store-concept scheme. It used a one-on-one interview format with famous actor Alan Thicke as the interviewer, and it featured a graphics-laden presentation style.

Video 4 sold a vitamin-formula selling scheme. It used a mix of independent panelists speaking about the process, expert and customer testimonies, and Lapre speaking directly to the camera.

**Overview of the Four Infomercials**

The following overview details each of the infomercial videos analyzed by describing its filming location or background, the price of the program being sold, any guarantees offered with the program, who are the main presenters along with what format it is presented in, the total runtime of the video, the contents of the program being sold, and a detailed description of the contents of the infomercial.

**Infomercial #1: Making Money 2000**

**Table 2. Video #1 – “Making Money 2000”**

<table>
<thead>
<tr>
<th>Video #1</th>
<th>Making Money 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Beach Landscape</td>
</tr>
<tr>
<td>Guarantee</td>
<td>30-Day Money Back Guarantee</td>
</tr>
<tr>
<td>Host</td>
<td>None</td>
</tr>
<tr>
<td>Presenter</td>
<td>Don Lapre</td>
</tr>
<tr>
<td>Runtime</td>
<td>28 Minutes</td>
</tr>
<tr>
<td>Format</td>
<td>Don Lapre directs a pitch to the camera, interviews with members, presents testimonials</td>
</tr>
</tbody>
</table>
This infomercial begins with Don Lapre standing amidst a beachfront landscape, his name displayed over text that describes him as a “Self-Made Millionaire.” He starts his sales pitch by asking directly to the camera, “Think about this, if millions and millions of people just like you have already started up their own small business and they made a fortune, then why can't you?” Then, there are short clips of testimonials stating how much specific money people made following the program being sold by Mr. Lapre. Don Lapre spends most of this infomercial presenting his sales pitch directly to the camera. He shares his personal story of rising from poverty in a one-bedroom apartment, to making millions of dollars using the techniques he developed for the program he is selling. Testimonials from customers who have bought Lapre’s program and have been successful using his techniques are a strong presence throughout the entire infomercial. During these testimonials, people mostly describe how easy it is to follow the program and how much money they specifically made in a specific timeframe. Don Lapre also interviews customers asking about their experience making money following his program.

The three formats (Lapre directly making his sales pitch to the camera, testimonials from customers, and interviews between Lapre and customers) represent one recurring message throughout the video presentation. In addition, there are two intermissions, where the contents of the package and the ordering instructions are provided. The customers featured in the video appear sincere in their discussion, they do not appear to be paid actors. They share stories of their experiences buying and using the program: some describe their initial skepticism, some relate stories of their money problems before the program compared with the amount of money they specifically made, and some are blatant advice to the audience (those are displayed at the top of the screen, reinforcing the results; an example would be: “Stop living paycheck to paycheck”). The customers are sitting in front of picturesque backgrounds such as gardens and beachfronts,
to more common backgrounds such as kitchens and living rooms. Two particular interviews are of interest. One is Don Lapre’s interview of a “Private Investigator,” who was very skeptical of the program, but upon buying it and applying his investigative tools and mindset towards the program, ultimately found success using it. A second interview featured Don Lapre’s talk with a college professor who explained how he challenged his students to try the program and find faults in it, but they were unable to do so. This man also described another student who used Lapre’s program to earn over $180,000 during the first year.

Throughout the video, Don Lapre exhibits high energy and enthusiasm. He shares a number of stories and asks others for their stories. There are few, if any details as to how exactly the program works or which specific steps make it successful. Most of the presentation is spent on the sales pitch and testimonials. The second half of the video repeats exactly what played during the first half, and then finishes with a closing pitch by Don Lapre.

**Infomercial #2: Making Money Now**

Table 3. Video #2 – “Making Money Now”

<table>
<thead>
<tr>
<th>Video #2</th>
<th>Making Money Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>New York City</td>
</tr>
<tr>
<td>Cost</td>
<td>$39.99 for the “Making Money Now” package</td>
</tr>
<tr>
<td>Guarantee</td>
<td>30-Day Money Back Guarantee</td>
</tr>
<tr>
<td>Host</td>
<td>2 Women and 1 Man</td>
</tr>
<tr>
<td>Presenter</td>
<td>Don Lapre</td>
</tr>
<tr>
<td>Runtime</td>
<td>28 Minutes</td>
</tr>
<tr>
<td>Format</td>
<td>Three hosts interview Don Lapre, asking for details about his program, the testimonials, and interviews of Customers</td>
</tr>
<tr>
<td>Package Contents</td>
<td>Books and videos on buying and selling, advertising methods, placing ads in newspapers, making money at auctions, using 1-900 Numbers, classified advertising, and secrets to success.</td>
</tr>
</tbody>
</table>

This infomercial begins with a backdrop of the Statue of Liberty and New York City, with Don Lapre looking directly at the camera and stating that making money in America is so
easy that, once he shares his money-making secrets, “You’re not going to be able to sleep
tonight; this will drive you crazy.” From there, a series of short clips supply testimonials and
stories from customers about how much money they made by following Lapre’s methods. Three
hosts, one man and two women, sit at a table setup in the streets of New York City, with traffic
and people walking past. The hosts introduce Don Lapre and boast about all the accolades on his
success. Testimonials and interviews of customers pepper the infomercial throughout, to share
personal stories of success attained, skepticism derailed, and specific amounts of money made
while using the Lapre package.

The package being sold consists of a series of books and videos that give the buyer three
methods of making money. The first method is “Buying and Selling,” described as “eight
incredible ways to buy and sell to make a fortune.” The self-described greatest part of this
method is that “you can get into buying and selling forever because it will never end.” No
specifics are given as to what exactly is being bought and sold, but one of the hosts responds,
“Wow, I never realized there were that many ways to buy and sell.” The second method
promoted in Lapre’s package suggests that buyers “Get your own 1-900 phone line.” Lapre states
that he made over $80,000 per week from his one-bedroom apartment using his 1-900 phone
line. Again, no details as to what is offered for a buyer to profit via the 1-900 line, but there are
multiple statements that such phone lines “are being used everywhere.” The third method is to
place tiny classified ads in the newspaper. Lapre states that “all you have to do is find one tiny
classified ad that makes a tiny profit” and multiply that ad across the thousands of newspapers to
which Lapre has access across the country. Lapre said to have made $50,000 per week from his
one-bedroom apartment using this classified ad scheme.
The hosts appear to be paid actors, based on their unnatural demeanor and the standardized questions they ask. They begin the interview by describing Don Lapre as a self-made millionaire that started his career by dropping out of school and declaring bankruptcy before ingeniously making a fortune. The interview of Don Lapre is characterized by reciting his success stories with enthusiasm and high energy in a way that serves as a vehicle for Don Lapre to present his sales pitch indirectly, as though he is answering the hosts’ questions instead of pitching directly to the camera. The interview questions serve only to promote the results buyers can obtain; there is no questioning of the validity of the offer or the touted profits; nor is there any detailed explanation of the process by which the money is generated.

**Infomercial #3: The Incredible Products Store**

**Table 4. Video #3 – “The Incredible Products Store”**

<table>
<thead>
<tr>
<th>Video #3</th>
<th>The Incredible Products Store</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Studio designed as a storefront</td>
</tr>
<tr>
<td>Cost</td>
<td>Not Specified</td>
</tr>
<tr>
<td>Guarantee</td>
<td>Not Specified</td>
</tr>
<tr>
<td>Host</td>
<td>Alan Thicke (Hollywood Actor)</td>
</tr>
<tr>
<td>Presenter</td>
<td>Don Lapre</td>
</tr>
<tr>
<td>Runtime</td>
<td>8 Minutes</td>
</tr>
<tr>
<td>Format</td>
<td>Alan Thicke interviewing Don Lapre</td>
</tr>
<tr>
<td>Package Contents</td>
<td>“The Incredible Product Store” package, customized for a product or service being sold</td>
</tr>
</tbody>
</table>

This infomercial takes a different approach than depicted in the other Don Lapre infomercials. It begins with an animated logo of “The Incredible Products Store,” with no mention of Don Lapre or a product being sold. It continues by featuring famous actor Alan Thicke asking the camera whether it would be great if a brand-new way of advertising could improve results by 10 times or more and reduce advertising costs by over 90%. Next, an animated graphics is shown, representing a tour of a shopping mall that ends at “The Incredible
Host Alan Thicke introduces Don Lapre by remarking that Lapre has designed a whole new way for a business to advertise. Instead of the standard “Self-Made Millionaire” description that is usually present under Don Lapre’s name on the screen, viewers see the title, “Founder and CEO of The Incredible Products Store.” Don Lapre wears a dress shirt, tie, and suspenders, a more distinctly professional appearance than shown in his previous videos. Even though we hear his usual enthusiastic tone, his demeanor is more subdued than in previous infomercials.

This infomercial revolves around the concept of a store inside shopping malls. Such a shop features and advertises all kinds of products and services that will be showcased on a special, lighted, 8 feet by 3 feet poster called, a “Dura-Trans”—a poster so vivid and nuanced that, supposedly, it would be far more exciting than a product in a display case. Viewers are told that, from non-profits to toys, restaurants, and doctors’ businesses, the huge Dura-Trans poster offers a different way to advertise across many sectors. Don Lapre’s Incredible Products Store rent out space for the special poster showcase that can include a business-person’s brochures, flyers, catalogs, coupons, and even videos to be displayed. If the advertiser does not have a design for any of those promotional materials, the Incredible Products Store will design and produce any of them as needed. If a potential customer in the Store is interested in the product or service being advertised in the showcase, s/he can pick up a phone located next to the showcase and ask any question or order something directly. All these Incredible Products Stores are claimed to be backed by a multi-million-dollar advertising campaign to promote its stores in shopping malls all across the country.

Throughout the infomercial, Don Lapre does not make a sales pitch for making money methods or packages; he is singularly focused on selling the concept of advertising via the
Incredible Products Store in shopping malls—but he makes no mention of costs associated with buying into this concept. No details are given about how this concept is found to be any more effective or different when compared to existing stores’ or businesses’ advertising methods.

**Infomercial #4: The Greatest Vitamin in the World**

**Table 5. Video #4 – “The Greatest Vitamin in the World”**

<table>
<thead>
<tr>
<th>Video #4</th>
<th>The Greatest Vitamin in the World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Location</td>
<td>Various rooms/offices</td>
</tr>
<tr>
<td>Cost</td>
<td>$35 for “The Greatest Vitamin in the World” package</td>
</tr>
<tr>
<td>Guarantee</td>
<td>30-Day Money Back Guarantee</td>
</tr>
<tr>
<td>Host</td>
<td>Two women speaking among themselves</td>
</tr>
<tr>
<td>Presenter</td>
<td>Don Lapre</td>
</tr>
<tr>
<td>Runtime</td>
<td>29 Minutes</td>
</tr>
<tr>
<td>Format</td>
<td>Two women discussing the “Vitamin” program in a room. Don Lapre speaking directly to camera. Testimonials.</td>
</tr>
<tr>
<td>Package Contents</td>
<td>Books, audio set and videos promoting the Greatest Vitamin in the World, marketing materials on power marketing, website building and design, and others.</td>
</tr>
</tbody>
</table>

This infomercial begins with two women who appear to be paid actresses, asking and answering questions of each other about how to make money, having watched Don Lapre’s program. There are also testimonials of how customers have been successful in making money following the program. Finally, Don Lapre makes his sales pitch, looking directly at the camera. The topics discussed during the infomercial alternate between the money-making program and the benefits of consuming the “Greatest Vitamin in the World.”

Don Lapre’s sales pitch consists of his personal story of living in a one-bedroom apartment and building a fortune placing small, classified ads in newspapers. He also boasts of other money-making programs that made him hundreds of millions of dollars in sales. He presents the current program (a vitamin) as the most powerful he has yet developed.
Dr. Tanya Hudson, described as “Health Systems, Formulation Team Member,” tells the camera that she thought Don Lapre was joking when he told the team to spare no expense in creating the vitamin. However, she goes on to say, the team studied over 100 years of research experience and put together the most complete vitamin formula ever created. Dr Hudson later describes how the high-quality ingredients used in the formula normally would cost over $379 per and would require taking 12 different products versus one “Greatest Vitamin in the World.”

Don Lapre goes back into sales mode and explains to viewers that, if they sign up as an “independent advertiser” of the “Greatest Vitamin in the World, for every 20 new people they get to visit their website and just try, risk-free, the “Greatest Vitamin in the World,” those independent advertisers would receive a check for $1,000. For every 100 people in any one month referred to the website, who try the vitamin, it would yield the independent advertisers an additional bonus of $5,000; and a total of $10,000 could be earned in one month if 100 people are persuaded to try the “Greatest Vitamin in the World.” Lapre states that no selling is involved because the website takes care of all the selling, giving details about the product, and taking the orders. To make the offer “50 times more exciting,” says Lapre, for every new “independent advertiser” who is referred into the program by you, then for every 20 people that they get to try the Vitamin, the sponsoring independent advertiser gets a $500 bonus.

The infomercial offers many testimonials to build credibility. “I have never made this amount of money in this short amount of time in my entire life,” one person stated. Meanwhile, above his image on the screen is a scrolling list of names under text that reads, “Millions are being paid!” The screen then shows amounts earned by independent agents: $197,023.33 by Randy Beck, $127,281 by Bryan McDaniel, and so on. Other claims fill the screen stating gains
such as: “Averages $500 per hour since starting;” “Made $12,000 in just five hours!;” “Made
$7,500 in just 7 weeks!;” “Made $31,000 part time by following Don’s program.”

This infomercial spends some brief time discussing the product being sold, “The Greatest
Vitamin in the World.” Segments of the infomercial, such as testimonials, are reused and
repeated multiple times throughout the infomercial. However, the bulk of its time concerns
claims of how much money can be made by selling the Vitamin via the network of “independent
advertisers.” The concept resembles a Pyramid scheme, in that it revolves mainly around selling
the Vitamin to 20 people and getting those 20 to enlist others to sell the Vitamin to more people,
and so on.

Data Analysis and Discussion

As mentioned earlier, this study was undertaken in two phases; the first phase was
designed to identify the deceptive appeals being utilized in the videos, and the second phase was
designed to find any cognitive influences that may be linked and activated due to the deceptive
appeals.

Phase 1: Identify Deceptive Appeals

Inductive Thematic Analysis using Qualitative Coding

Cycle 1: Data and Attribute Organization
Cycle 2: In Vivo Coding
Cycle 3: Build Thematic Codebook (Iteration 1)
Cycle 4: Codebook Validation (Iteration 2)
Cycle 5: Rebuild Thematic Codebook (Iteration 3)
Cycle 6: Identifying Themes via Thematic Coding from Codebook
In preparation for the study, all the videos were downloaded from the YouTube website onto a local hard drive. A transcription of each video was obtained from the YouTube website using their transcription feature. The transcriptions were loaded onto the qualitative analysis software MAXQDA to aid in the data analysis and processing.

During the first phase of the study (Identify Deceptive Appeals), an inductive thematic analysis with coding was conducted, using each of the four infomercial videos sources of the data. An inductive thematic analysis means that the researcher does not pre-determine the codes ahead of time. This approach was selected because to determine the deceptive appeals being used, the data has to be examined in its original form, allowing the deceptive appeals to emerge from the data, not pre-determined to be any particular appeal.

**Cycle 1: Data and Attribute Organization**

In the first-cycle coding, the data was reviewed to assess its attributes and make decisions about the method and its specific coding application. Since the videos contained both audio and visual components, it was determined that both the verbal and visual components would be coded simultaneously as the video unfolded, meaning that visual cues would be treated and coded the same as verbal cues. In this case, the visual cues were entered into the transcription by the researcher as a verbal description of what was occurring visually. In this manner, the visual components could be coded in the same consistent manner as the verbal, transcribed components. It was noted that the style of speech and presentation in the videos may yield multiple and simultaneous coded interpretations of the same phrases, sentences, or visual cues; so, it was decided that codes could overlap with each other, as needed. Also, during this first cycle, it was determined that an “In Vivo” coding approach should be utilized as the initial coding process during the second cycle, as well. *In Vivo* coding involves allowing the presenter’s
own words to be highlighted in their original form instead of being distilled or categorized by the researcher. In this study, since the search for deceptive appeals was the goal, it was determined that quoting the speaker in its original form and allowing his or her particular choice of words, speech patterns, intonation, and so on, to serve as the initial data set from which to code, would lead to greater understanding of the appeal as it was utilized in real-time. With \textit{In Vivo} coding, the choice and sequence of words can be highlighted for study in the exact form they were delivered for the audience’s attention. Conversely, if the researcher summarized or categorized these sequences prematurely, an important piece of the data may be lost for the purposes of this study.

\textbf{Cycle 2: In Vivo Coding}

The second cycle began with Video #1, “Making Money 2000.” Using the MAXQDA software, the video and transcript were linked to each other, and they appear and run simultaneously on the screen, which allowed the researcher to play, pause, and resume the video as the coding process was performed. To perform the \textit{In Vivo} coding, the transcript was highlighted where the presenter made relevant statements, so that those could be examined, whereas irrelevant statements could be disregarded. This process began the reducing element of the coding process, where the data began to be distilled down, based on its importance. After concluding the coding on Video #1, all four videos were subsequently \textit{in vivo}-coded during this cycle, in numerical order from Video #1 to Video #4 (as named in the description section above). The coded segments were highlighted and color-coded in MAXQDA to allow easier processing. Each video was saved as a separate MAXQDA file.
Cycle 3: Build Thematic Codebook (Iteration 1)

The third cycle involved taking every *in vivo*-coded segment obtained during the second cycle in each of the videos and then performing thematic coding by extracting and categorizing the greater meaning of the highlighted segments. This process further reduced data as we moved from the original data set to *in vivo*-coded version, to thematically coded. As each coding step proceeded, patterns and similarities in the coded segments began to emerge. All the videos were produced and presented by Mr. Don Lapre, and all showcased his unique presentation style and strategy. This personal style and strategy was noted throughout all the videos. A familiarity began to surface in how the sales pitch was being developed, which style and strategies were used, and when the appeals began emerging.

The coding process was started with Video #1 and proceeded in numerical order through Video #4. The first version of the codebook was initially built with the codes developed during Video #1. Those same codes emerged in similar fashion during Video #2 and #4. Video #3 was noted to be different in its approach compared to the other videos (as described in the video summaries), but it contained many of the same codes as Videos #1, #2, and #4. I recognized an overall pattern, in that the codebook that was developed from Video #1 was consistent with the codes from the subsequent videos. Therefore, the codebook was validated from one set of data in the series to other subsequent data sets in the series.

Codes from the First Codebook:

- Money
- Simple
- Narrative
- Secret Exclusivity
• Text Support
• Repeat
• Urgency
• Confidence
• Imagine
• FOMO
• Success
• Visual Allure
• Hardship

**Cycle 4: Codebook Validation (Iteration 2)**

At a later date, no less than seven days after the conclusion of the first iteration of building the codebook (Cycle 3), I conducted a systematic coding of all the videos from Video #1 to Video #4, without referring to the previously coded codebook. This process was to validate the codes that emerged previously, to test whether another attempt at coding at a later point in time would yield the same or different coding results. It was during this second coding iteration that I discovered one of the major codes in the video was elided during the previous codebook development. That code, “Enthusiasm,” was found to be present throughout all the videos, and it had been noted as a feature in the style of the presentation; however, during this codebook validation process, it become clear that “Enthusiasm” was its own code and needed to be included in the codebook. In addition, I discovered that two pairs of codes identified previously were overlapping and could be coded together, making those two pairs become one pair of codes. This correction gave the merged codes a clearer interpretation of their use.
In this case, the steps taken to validate the codebook yielded a previously overlooked code and a merging of overlapping codes, thus successfully utilizing the validation step as intended.

**Cycle 5: Rebuild Thematic Codebook (Iteration 3)**

The original coding plan did not call for this step, cycle 5, iteration 3 of coding, but because a missing code had been discovered during the previous step (Cycle 4, iteration 2), I determined that another validation of the coding process was needed, to ensure the codebook was accurate. This step was completed at a later date, no less than seven days after the conclusion of the previous coding process. A new systematic coding process to validate the newly formed codebook was applied for Videos 1, 2, 3, and 4. All the codes in the codebook were validated, and no new codes emerged.

**Final Codebook**

- Enthusiasm
- Money
- Simple
- Narrative
- Secret Exclusivity
- Text Support
- Repeat
- Urgency
- Confidence
- Imagine
- FOMO
Cycle 6: Identified Themes via Thematic Coding from Codebook

After the last coding iteration, the codebook was analyzed to determine the next step in reducing the codes by categorizing them further. During this analysis, I found that reducing the original data into the in vivo segments from the first iteration into the thematically reduced codes that emerged during the second iteration served to reveal categories and themes that were in themselves deceptive appeals being utilized. The codes that had been developed during the coding process had the clearest interpretation of the sales pitch and the specific manner in which it harbored deceptive appeals in its communication. Therefore, the reduction steps to categorize the original data into the in vivo codes and then into thematic codes actually yielded the deceptive appeals in their most usable form for the research. At that point, I concluded that no more coding was needed; any further reduction by combining, expanding, or categorizing codes would overgeneralize the interpretation and impact of each code. The only change made to the codes was to convert the words used to describe the codes into their proper context as an appeal (for example, the theme named “simple” was modified to an appeal labeled “simplicity”). The definition of each word remained the same.

The goal of thematic analysis is to extract the meaning of the original data and, by reducing and categorizing the data into segments, distinct themes emerged: they were the deceptive appeals used in the fraudulent- scheme sales pitches contained in the infomercials. Using thematic analysis as a qualitative research method, the goals of this research were achieved, and I obtained a finalized list of 14 deceptive appeals, as discussed below.
Findings and the Final List of Deceptive Appeals

In this section, the final list of deceptive appeals where each is described, noting the criteria used to identify it in the video presentation, its definition, examples of its use from the presentation, and a discussion of its findings.

Table 6. The Deceptive Appeal of Enthusiasm

<table>
<thead>
<tr>
<th>Enthusiasm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Speaking with emotion, with an exclamatory tone</td>
</tr>
<tr>
<td>• Using hyperbole and exaggeration</td>
</tr>
<tr>
<td>• Suggesting incredulity in descriptions- e.g., “unlike anything else,” “unbeatable”</td>
</tr>
<tr>
<td>• Using grandizing adjectives- e.g., “huge,” “amazing”</td>
</tr>
<tr>
<td>• Describing greatness, e.g., “great,” “ultimate,” “best”</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>A feeling of energetic interest in a particular subject or activity and a desire to be involved in it, or a subject that produces such a feeling (Cambridge, 2022).</td>
</tr>
<tr>
<td>Examples:</td>
</tr>
<tr>
<td>• “You may never do anything else as long as you live.”</td>
</tr>
<tr>
<td>• “It’s unbelievable.”</td>
</tr>
<tr>
<td>• “There's never been anything like this ever created.”</td>
</tr>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>During all the videos, Don Lapre delivered his presentation consistently with high energy and an upbeat attitude. He used emotion to express many ideas, from how he endured bankruptcy to how passionate he was about the success that his programs can give others. He not only portrayed emotion, but he seemed to want to draw an emotional response from the audience when he described what success would look like, what goals the viewer could achieve, what dramatic changes money could bring. He used hyperbolic adjectives very often in describing his programs and the results they bring, making it all seem bigger and better than anything else previously. This emotion and enthusiasm was also expressed by the people providing testimonials of their results, as well as other presenters and interviewers speaking with Don Lapre. He appeared very passionate and resolute in everything he said, making his appeal to emotion and enthusiasm the most prevalent appeal coded throughout all four videos.</td>
</tr>
</tbody>
</table>
Table 7. The Deceptive Appeal of Money

<table>
<thead>
<tr>
<th>Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Describing money, specifying amounts of financial gain</td>
</tr>
<tr>
<td>• Qualifying the amount of money that can be projected or will be obtained in the future</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>Mention of coins or bills that are used to buy things/services, or an amount of coins/bills that a person has (Cambridge, 2022).</td>
</tr>
<tr>
<td>Example:</td>
</tr>
<tr>
<td>• “I’m making over $350 an hour.”</td>
</tr>
<tr>
<td>• “First week that I used it, I made $9,000.”</td>
</tr>
<tr>
<td>• “Made $12,000 in just 5 hours.”</td>
</tr>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>The reference to money in the presentation was always in specific the amounts and is mentioned throughout the videos. The appeal to money was not a generic statement that lots of money would be made; instead, it was specific dollar amounts claimed to be made by specific individuals. In the testimonials, the individuals described their monetary gain after following the program with the specific timeframe in which they gained it. This approach was repeated many times throughout the videos.</td>
</tr>
</tbody>
</table>

Table 8. The Deceptive Appeal of Simplicity

<table>
<thead>
<tr>
<th>Simplicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Describing simplicity and ease of use, application, and process of ordering the package or service</td>
</tr>
<tr>
<td>• Declaring that no experience, expertise, or education was necessary</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>Suggesting that the process is easy to understand or do (Cambridge, 2022).</td>
</tr>
</tbody>
</table>
Table 8 (Continued)

Examples:

- “All you have to do is run one ad and you’ll be a believer.”
- “I have people right out of high school, senior citizens, lawyers, teachers, construction workers, even my neighbor down the street.”
- “Best thing about Don's package is anybody can do it, with any amount of money because I started it with fifty dollars”

Findings:

The appeal to simplicity was evident in most instances of describing the process of using the program and how the results were achieved. The description of who can use and succeed in the program was replete with the message that anyone, without any particular experience, without a large investment could achieve the results claimed. The program itself was described as being completely easy to use and apply to achieve success. At several points, when a part of the program may seem complicated (such as website design), it was described as giving the buyer more tools and support to keep it simple (such as including expert website designers with the program).

Table 9. The Deceptive Appeal of Narrative

<table>
<thead>
<tr>
<th>Narrative Criteria in Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storytelling, describing an event or series of events, or a personal experience.</td>
</tr>
<tr>
<td>Using testimonials from customers describing their experience, attesting to the validity or results of the item or service being sold.</td>
</tr>
</tbody>
</table>

Definition:

A story or a description of a series of events; a particular way of explaining or understanding the sequence of events (Cambridge, 2022).

Example:

- “Here I was painting houses for a living, working 12 hours a day, and then one day, just for the fun of it, I decided to place an ad in the newspaper. I created this 36-page booklet [where] I wrote about refunds that are due back to people after they pay off their mortgage policy they had, in the newspaper, just to see what would happen. And I generated so much money, I thought I died and I went to heaven”
Table 9. (Continued)

<table>
<thead>
<tr>
<th>Findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of infomercials’ narratives and storytelling was found on two fronts: Don Lapre’s storytelling and the use of testimonials by current followers of the programs. Lapre favors a longer, personal weaving of stories in his presentations, rather than shorter, more succinct explanations. His personal story of beginning in a one-bedroom apartment and declaring bankruptcy is repeated throughout. Instead of concise and direct explanations as to how exactly the program actually achieves good results, Lapre preferred deploying descriptive, emotion-laden stories. The testimonials given were also mostly personal stories of finding Lapre’s program, of how they defeated their skepticism, and of all the subsequent success and the specific amount of profits gained as a result. The appeal of using narrative was very prevalent throughout all the videos.</td>
</tr>
</tbody>
</table>

Table 10. The Deceptive Appeal of Secret Exclusivity

<table>
<thead>
<tr>
<th>Secret Exclusivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Implying that a secret system or process was known only by the narrator</td>
</tr>
<tr>
<td>• Suggesting exclusive access not available to others</td>
</tr>
<tr>
<td>• Claiming this was a special process or system that was developed or is in use by many</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>Emphasizing a piece of information that is only known by one person or a few people and should not be told to others. Touting the quality of being available only to a small number of people who are rich enough or considered good enough to succeed (Cambridge, 2022).</td>
</tr>
<tr>
<td>Examples:</td>
</tr>
<tr>
<td>• “I learned so many incredible secrets.”</td>
</tr>
<tr>
<td>• “Just one secret that I show you could make you a fortune week after week after week.”</td>
</tr>
<tr>
<td>• “The world's leading research team at your disposal”</td>
</tr>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>Lapre described his programs as his unique and secretive formulas, derived from his individual expertise that few have access to and are built in such a manner to simplify complex processes that yield spectacular success to anyone who uses it. By purchasing his programs, Lapre signified, was granting special access to otherwise inaccessible knowledge. This secretive exclusivity extended to the messages in the testimonials, such as the way the doctor described the formulas as having been devised by the world’s best research team, devoted to developing the greatest vitamin in the world.</td>
</tr>
</tbody>
</table>
### Table 11. The Deceptive Appeal of Support

<table>
<thead>
<tr>
<th><strong>Support</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria in Presentation</strong></td>
</tr>
<tr>
<td>• Showing on-screen text that supports or reinforces the messages being delivered</td>
</tr>
</tbody>
</table>

**Definition:**
Support is an agreement with and encouragement for an idea, group, or person; it is something that validates that a fact is true (Cambridge, 2022).

**Example:**
- “Don Lapre. Worth millions at age 28.”
- Using the *Making Money* information, one recipient made “$127,000 part time by following Don's program.”
- “$5,000 bonus checks rewarded every month!”

**Findings:**
Lapre’s infomercials were a layered audiovisual presentation whereby the audio from the speaker, the visual components, and the additional layer of text on screen were all very convincing. The on-screen text was particularly used by Lapre to continuously reinforce, confirm, highlight, and otherwise provide support for the info presented by the audio and video components. When a speaker said something of special interest, the supporting text would highlight it boldly on the screen. This appeal was thus supported in multiple layers and effectively served to confirm the information being shared.

### Table 12. The Deceptive Appeal of Repetition

<table>
<thead>
<tr>
<th><strong>Repetition</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria in Presentation</strong></td>
</tr>
<tr>
<td>• Repeating a previously shown screen-frame or piece of video</td>
</tr>
<tr>
<td>• Replaying an entire section or portion of the presentation more than once</td>
</tr>
<tr>
<td>• Echoing or duplicating the same words, phrases, or message</td>
</tr>
</tbody>
</table>

**Definition:**
The act of doing or saying something again (Cambridge, 2022).

**Examples:**
- “Get 20 new people to agree to try these vitamins.”
- “Get 20 new people to just try the greatest vitamin in the world.”
- “You get just 20 new people to go to your website.”
Table 22. (Continued)

<table>
<thead>
<tr>
<th>Findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don Lapre employed continuous repetition. There were repetitive personal stories, claims, and mention of specific profits to be made. There was duplication in the testimonials as guests repeated their results; and entire minutes of video were repeated within the same infomercial. The same words and phrases were repeated multiple times in the same video. There also was an overall pattern of repetitiveness in the style and delivery of Lapre and his guests, throughout the entire video presentations in all four videos reviewed.</td>
</tr>
</tbody>
</table>

Table 13. The Deceptive Appeal of Urgency

<table>
<thead>
<tr>
<th>Urgency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Urging a quick response, specifying a timed response, and a strict deadline, mentioning a specific amount of time to raise income, stating a rapidly ending offer, and stating an action that has to be taken immediately.</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>The infomercial stressed (verbally and/or via on-screen text) the quality of being very important and needing attention immediately (Cambridge, 2022).</td>
</tr>
<tr>
<td>Example:</td>
</tr>
<tr>
<td>• “Order within the next 30 minutes.”</td>
</tr>
<tr>
<td>• “Make that call right now.”</td>
</tr>
<tr>
<td>• “Less than 15 minutes left to order”</td>
</tr>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>The appeal of urgency was especially prevalent when the decision to place the order for the programs was presented; and the timeliness factor also was at the end of every infomercial. Urgency was apparent when viewers were told there was specific time remaining to place an order with special bonuses included, but it was also used in a more general sense when viewers were warned to take quick action to purchase the program before the opportunity passed and the results promised would expire.</td>
</tr>
</tbody>
</table>
Table 14. The Deceptive Appeal of Confidence

<table>
<thead>
<tr>
<th>Confidence Criteria in Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Offering a Guarantee, an Affirmation to confirm the order, or an assurance of being successful</td>
</tr>
<tr>
<td>• Expressing a guarantee of the results being promised</td>
</tr>
<tr>
<td>• Assuring a test has been performed to authenticate the results to defeat skepticism</td>
</tr>
<tr>
<td>• Affirming that the claims being made could be believed and trusted as claimed</td>
</tr>
</tbody>
</table>

Definition:

A feeling that you can trust someone or something to work well or behave as you expect (Cambridge, 2022).

Example:

• “I even had a private investigator buy my package to see if he could tear it apart.”
• “If you're not convinced that it will dramatically increase your income, just return it for a full refund and keep your entire internet business package, valued at $495, as Don’s gift to you.”
• “At first, my wife thought it was just another little thing I got into, until she started pulling the checks.”

Findings:

Statements of confidence took three forms. First, purchasing the programs came with money-back guarantees with no questions asked, allowing buyers to keep any money gained and even keeping portions of the packages for free. Second, tests to validate the results promised were claimed in the videos. From stating that private investigators and professors had investigated the claims to claiming that world-renowned researchers devised the unique (vitamin) formulas, Lapre and others in the infomercials claimed that the results promised were subjected to scrutiny and were validated. Third, there were many personal expressions and testimony allowing that initial skepticism was normal, but that, after trying it out for themselves, the skepticism was overcome, so Viewers could place their trust in the claims being made.
Table 15. The Deceptive Appeal of Imagination

<table>
<thead>
<tr>
<th>Imagination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Asking viewers to use their imagination to “feel” a claimed outcome</td>
</tr>
<tr>
<td>• Promoting a detailed description of an imagination-created possible future event</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>To form or have a mental picture or idea of something; to believe that something is probably true (Cambridge, 2022).</td>
</tr>
<tr>
<td>Example:</td>
</tr>
<tr>
<td>• “If that's your dream, starting up your own thing, waking up every day, getting to live the life that you want to live, then the only person in this entire world who can stop you from starting up your own thing and making it to the top, is you.”</td>
</tr>
<tr>
<td>• “Imagine being able to afford that new house, a brand-new car, or that beautiful vacation that you've been dreaming about.”</td>
</tr>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>The use of imagination to paint a picture of possible results obtained by the programs was frequently employed. Viewers were asked to imagine what achieving the financial and other successes claimed in the programs would do to impact their lives. Vivid descriptions of what that life would be like were given and encouraged to be further fantasized in detail.</td>
</tr>
</tbody>
</table>

Table 16. The Deceptive Appeal of FOMO

<table>
<thead>
<tr>
<th>FOMO (Fear of Missing Out)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Implying that others are achieving or succeeding at an activity that you are not doing</td>
</tr>
<tr>
<td>• Showing that others have (supposedly) found the results you seek by doing the claimed activity</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>Abbreviation for &quot;fear of missing out&quot;: a worried feeling that you may miss exciting events that other people are going to experience (Cambridge, 2022).</td>
</tr>
<tr>
<td>Example:</td>
</tr>
<tr>
<td>• “Think about this: If millions and millions of people just like you have already started up their own small business, and they made a fortune, then why can't you?”</td>
</tr>
<tr>
<td>• “You could have started doing this 10 years ago.”</td>
</tr>
<tr>
<td>• “Don't let this program pass you by one more day.”</td>
</tr>
</tbody>
</table>
Table 16. (Continued)

<table>
<thead>
<tr>
<th>Findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The tactic of evoking viewers’ imaginations about the claimed results after buying into the programs was expanded when told to consider how successful others have already experienced by purchasing Lapre’s wares. Particularly convincing was the claim that those success stories were achieved by individuals exactly in the same position as the viewer--having no experience and being full of doubt--yet they attained it. The infomercial shamed the viewer by stating that others’ success already had taken place, and that the inaction by the current viewer was wasting the opportunity to do the same. Further, the fear of missing out on all the successful results already being achieved by others was bolstered by indicating that the current viewers could have achieved such success years earlier; the current hesitation was causing delays the desired success would be forfeited even longer.</td>
</tr>
</tbody>
</table>

Table 17. The Deceptive Appeal of Success

<table>
<thead>
<tr>
<th>Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Claiming a successful outcome, other than being strictly financial</td>
</tr>
<tr>
<td>• Achieving a particular outcome (success) by following the program is assured</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>• Something that achieves good results (Cambridge, 2022).</td>
</tr>
<tr>
<td>Example:</td>
</tr>
<tr>
<td>• “I've now hired employees to help.”</td>
</tr>
<tr>
<td>• “You don't have to be in a nine to five job.”</td>
</tr>
<tr>
<td>• These vitamins are “helping other people stay healthy.”</td>
</tr>
<tr>
<td>Findings:</td>
</tr>
<tr>
<td>The results claimed that, by using the programs, success would be beyond the monetary. The achievement of success was defined as the freedom to escape the ordinary life, the routine work schedule, the typical vacations, and so forth. The definition of success also included gaining the respect and admiration of others, employing others, and helping others achieve the same results in their own lives.</td>
</tr>
</tbody>
</table>
Table 18. The Deceptive Appeal of Visual Allure

<table>
<thead>
<tr>
<th>Visual Allure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Using visual cues to elicit a positive response</td>
</tr>
<tr>
<td>• Using landscapes, scenes of nature, and other appealing backgrounds</td>
</tr>
<tr>
<td>• Use of people, in natural or other appealing surrounding and settings</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>• The quality of being attractive, interesting, or exciting (Cambridge, 2022).</td>
</tr>
<tr>
<td>Example:(As noted visually in video)</td>
</tr>
<tr>
<td>• people frolicking, counting money, taking pictures in front of large houses</td>
</tr>
<tr>
<td>• couple in front of beach</td>
</tr>
<tr>
<td>• Don Lapre in front of beach, with subtitle: “Don Lapre, Self Made Millionaire”</td>
</tr>
<tr>
<td>Findings:</td>
</tr>
</tbody>
</table>

The use of visually appealing cues was of special note in the presentations. The visual medium allows for any number of imagery to be shared, and Don Lapre made use of alluring landscapes and natural surroundings to highlight the overall tone of success in the vacation-like settings being touted. Another dimension to the visual appeal was the use of a very diverse group of people that did not appear to be actors to provide their personal testimonials of their stories of success. Instead of displaying the results claimed, Don Lapre appealed to many demographics by representing, in their own words, how they personally achieved their results.

Table 19. The Deceptive Appeal of Hardship

<table>
<thead>
<tr>
<th>Hardship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria in Presentation</td>
</tr>
<tr>
<td>• Describing how one overcame a hardship or a difficult situation that impeded progress or caused negative results</td>
</tr>
<tr>
<td>Definition:</td>
</tr>
<tr>
<td>• A condition of life that causes difficulty or suffering (Cambridge, 2022).</td>
</tr>
<tr>
<td>Example:</td>
</tr>
<tr>
<td>• “We were literally living on $200 a month for groceries, entertainment, clothing, medical. We had a child at the time and one on the way”</td>
</tr>
<tr>
<td>• “I needed money desperately to help my son”</td>
</tr>
<tr>
<td>• “Starting out in a one-bedroom apartment”</td>
</tr>
</tbody>
</table>
Table 19. (Continued)

<table>
<thead>
<tr>
<th>Findings:</th>
</tr>
</thead>
<tbody>
<tr>
<td>One of the specific narratives that was employed frequently in the infomercials was the transition from hardship to eventual success. Don Lapre oft-repeated his own personal story of surviving bankruptcy, living in a one-bedroom apartment, struggling to better his life. This pattern was replicated by the testimonials that spoke of personal hardships, struggling to survive, overcoming obstacles and challenges, and yet discovering (via the Lapre programs) a way to defeat those hardships and achieve success.</td>
</tr>
</tbody>
</table>

**Codebook Distribution by Video**

The following graphs show the frequency of how many times each particular appeal code appears in each video as well as showing the percentage of the total codes represented in each video.

![Figure 11. Frequency of codes in video #1: “Making Money 2000”](image-url)
Figure 12. Frequency of codes in video #2: “Making Money Now”

Figure 13. Frequency of codes in video #3: “The Incredible Products Store”
Figure 14. Frequency of codes in video #4: “The Greatest Vitamin in the World”

Validity

A qualitative research instrument is considered reliable, based on its consistency. Consistency in coding can be assessed by comparing the coding performed across different persons (intersubjectivity) or over time (stability) (Schreier, 2012). Below are the validity tests I used for the coding and qualitative features.

Test 1: Stability Across Points in Time

This test utilizes one coder using the same coding frame to analyze the same units of coding over two separate points in time. The coding is considered reliable if the result of the analysis shows that the codes remained stable over time. In this study, during Phase 1, to identify deceptive appeals, I performed an inductive thematic analysis using three iterations of qualitative coding. During cycle 4, Iteration 1, I conducted a Codebook Validation step at a later date, no less than seven days after the conclusion of the first iteration of building the codebook (Cycle 3). During this time, I performed a systematic coding of all the videos from Video #1 to Video #4, without using the 90 previously obtained codebook. This process was conducted as a validation
of the codes that emerged previously, to test whether another attempt at coding at a later point in time would yield the same or different coding results. It was during this coding iteration that one of the major codes that had been in the video was found not to have been captured during the previous codebook development, and I added it. Subsequently, during Phase 1, Cycle 5, I rebuild the thematic codebook, which was the third iteration of coding. The original coding plan did not call for this step (Cycle 5, iteration 3) of coding, but because a missing code had been discovered during the previous step, Cycle 4, iteration 2, I determined that another validation coding process was necessary, to ensure the codebook was completed. This step was completed at a later date, no less than seven days after the conclusion of the previous coding process. I then undertook a new systematic coding process to validate the newly formed codebook from Video #1 to Video #4. All the codes in the codebook were validated and no new codes emerged.

**Test 2: Intercoder Agreement**

Intercoder reliability (ICR) is a measure of the agreement that exists in the coding method between different coders reviewing how a dataset was coded. ICR achieves a measure of validity in qualitative research by utilizing a basic analytic structure to demonstrate that the data has meaning beyond a single researcher. ICR stipulates that, if separate individuals agree on the same interpretation (coding) of the data, then the patterns and judgments in the coding method found are validated to be robust enough that others would arrive at the same coding analysis given the same content (O’Connor & Joffe, 2020).

In this study, an ICR test was conducted by taking a portion of the data and asking two reviewers, an expert and a peer, to independently code it. One reviewer was a qualitative expert, a university Professor of qualitative studies. The second reviewer was a psychology Ph.D. student. The reviewers were provided the codebook, along with their definitions, and asked to
code the data set provided, using the codebook. The ICR was calculated utilizing the Coefficients of Agreement formula (Schreier, 2012). Following are explanations of the coding language:

ICR = \[\frac{AU}{TU}\] \times 100

ICR = Intercoder Reliability Percentage Agreement

AU = Number of units of coding where coders agreed

TU = Total number of units of coding

For test case 1, utilizing the expert reviewer, the ICR percentage agreement was found to be: ICR = 12/14 \times 100 = 85.7\%

For test case 2, utilizing the peer reviewer, the ICR percentage agreement was found to be: ICR = 13/14 \times 100 = 92.8\%

There is no universal agreement as to what the minimum threshold of an ICR measurement should be to be considered valid for all subjects, as the threshold is dependent on the subject under review, given the understanding of the values of the coefficients being measured and the critical nature necessary from each (O’Connor & Joffe, 2020). O’Connor and Joffe (2020) described a widely accepted ICR standard as established by the Landis & Koch scale. According to that scale, an ICR level of 0% results in No Agreement; a level of 1% to 20% results in Slight Agreement; a level of 21% to 40% results in Fair Agreement; a level of 41% to 60% results in Moderate Agreement; 61% to 80% results in Substantial Agreement; 81% to 100% results in Near Perfect Agreement. For this study, the ICR levels ascertained by both expert (85.7%) and peer (92.8%) intercoder resulted in the Near Perfect ICR agreement levels as described in the Landis & Koch scale (O’Connor & Joffe, 2020).
Phase 2: Cognitive Influences

The four Qualitative Content Analysis with Deductive Thematic Analysis is as follows:

Cycle 1: Organizing Data and Attributes
Cycle 2: Building Conceptual Codebook from Literature Review Framework
Cycle 3: Identifying Conceptual Codes in Thematic Analysis Codebook
Cycle 4: Validating Conceptual Codebook

The first phase of this study was intended to identify the deceptive appeals utilized during the sales pitch of the fraudulent scheme of Don Lapre’s infomercials. The second phase of this study was intended to identify whether cognitive influences (such as cognitive biases, heuristics, and systems of the mind) were linked to the deceptive appeals and were being activated as a result of the deceptive appeals utilized in the sales pitches of Don Lapre’s fraudulent-scheme infomercials. The methodology used for this phase was a qualitative content analysis that utilized a deductive approach to the conceptual coding.

Cycle 1: Data and Attribute Organization

The first step in this phase was to organize from the literature review of this study and the associated research articles (with all the relevant cognitive-influence literature surrounding the topics of cognitive biases, heuristics, and system mind) as a foundation for building a new conceptual codebook. Conceptual coding utilizes the concepts, theories, or other data from a theoretical framework or literature, to categorize or code the data. In this case, the literature review of this study provided the needed concepts and data from which to deductively code the thematic codebook that was developed during the first phase of this study.
Cycle 2: Build Conceptual Codebook from Literature Review Framework

The literature-review section of this paper was developed as both a review of the relevant concepts in the literature, but also as a foundation for the understanding and detailed description of cognitive influences that would later be utilized in this qualitative-content analysis phase. I determined during this step that the concepts from the literature review were therefore the basis for the cognitive conceptual codebook to be used for this phase of the study. As shown in Table 21, 20 appeals were chosen for the codebook.

Table 20. Conceptual Codebook

<table>
<thead>
<tr>
<th>Associative Activation</th>
<th>Availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priming</td>
<td>Representativeness</td>
</tr>
<tr>
<td>Cognitive Ease</td>
<td>Storytelling</td>
</tr>
<tr>
<td>Mere Exposure Effect</td>
<td>Hindsight Bias</td>
</tr>
<tr>
<td>Belief Bias</td>
<td>Outcome Bias</td>
</tr>
<tr>
<td>Confirmation Bias</td>
<td>Prediction</td>
</tr>
<tr>
<td>Halo Effect</td>
<td>Intuition</td>
</tr>
<tr>
<td>WYSIATI</td>
<td>Emotion</td>
</tr>
<tr>
<td>Substitution Heuristic</td>
<td>Optimism Bias</td>
</tr>
<tr>
<td>Pattern Illusion</td>
<td>Overconfidence</td>
</tr>
<tr>
<td>Anchoring</td>
<td>Urgency Bias</td>
</tr>
</tbody>
</table>

Cycle 3: Identifying Conceptual Codes in the Thematic Analysis Codebook

The goal of this cycle was to link and associate every deceptive appeal to the cognitive influence that may have been activated in the infomercials, based on the definition of how each cognitive influence operates. The thematic analysis codebook that provided the deceptive appeals was used as the first point of reference in this cycle. Using that codebook, from the first code/appeal to the last, at least one appeal was individually selected for analysis. Starting with the first deceptive appeal on the codebook list, the cognitive conceptual codebook from the literature review was analyzed for links and associations to the appeal. For each appeal, a series of notes was created to describe every link and association found, specifically focusing on how
the definition of the cognitive influences were synced, impacted, or otherwise affected by the deceptive appeal.

**Cycle 4: Conceptual Codebook Validation**

As a way to validate the previously obtained results, at a later point in time (no less than seven days later) I attempted a completely new conceptual coding process to establish the conceptual codebook. The list of deceptive appeals obtained from the thematic analysis codebook was used as a point of reference, and the literature was reviewed to establish the links and associations as previously conducted. The concepts, links, and definitions were reviewed, and no discrepancies were found in the analysis.

**Conceptual Codebook Analysis:**

From thematic deceptive appeals identified in Phase 1, I researched which Cognitive Influences features were being activated in the infomercials. I noted findings of each Cognitive Influence being activated, how it was used, and what was the impact of each. Below presents a summary of each appeal’s role in persuasion through cognitive features.

**Enthusiasm**

The Cognitive Influence Links are Emotion, Affect (Substitution) Heuristic, Optimism Bias, and Cognitive Ease. The findings are below:

Enthusiasm is defined in the thematic codebook as the use of emotion in the delivery of information in the videos and includes a dictionary definition that mentions feelings and desire. Emotion or feeling is at the foundation of System 1’s core processes. An appeal to emotion keeps System 1 active and in control and, as it is described earlier, System 1 uses learned emotional connections between ideas and their verbal expression. System 1 is very influenced by the
emotional content in communication, so these connections become automatic associations that produce emotional reactions to words or ideas.

Since the Affect heuristic substitutes something that is liked or appealing, for an actual belief, System 1 generates an emotional response that becomes an overall attitude if allowed to go unchecked by the rational System 2. When Lapre’s presentation used emotional, positive, aggrandizing language and descriptions of achievement, the enthusiasm appeal worked to convince the viewer to accept the story and substitute enthusiasm for any skepticism about the claims made. Enthusiasm is then enhanced by the Optimism Bias, leading viewers to see the world as more positive and goals as more easily attainable that they actually may be.

Cognitive Ease also is associated with good feelings and provokes a favorable attitude, meaning that there is a strong link between feeling positive emotions and the cognitive ease of System 1. A happy mood signals that things are going well, that everything is safe, i.e., we let our guard down. This increases reliability on intuition and creativity and keeps system 1 in control--but also more prone to logical errors. Conversely, a bad mood, feelings of discomfort, unhappiness, sadness, and suspicion serves to lessen our reliance on intuition, decreases creativity, and signals System 2 that higher vigilance and analysis are required to override System 1. System 2 likely did not activate in most of those who viewed Lapre’s infomercials, because his high energy and emotionally laden presentations made a positive impact on System 1’s cognitive ease.

Money

The Cognitive Influence Links are Anchoring and Priming. The Findings are below: Priming the mind takes advantage of associated activations because, by introducing one idea into awareness, it has the consequence of quickly priming other related, associated ideas into
awareness. In Lapre’s infomercials, all the repeated mentions of money and profits that could be attained when purchasing his program primes the viewers to think in terms of greed and attainment of the monetary success that they could achieve. Previously presented studies demonstrate that thinking about money has a priming effect on acting more individualistically and selfishly.

An “Anchor” is a suggestion for an unknown quantity (price/cost) before that quantity is known. Anchoring is related with the Priming effect and is part of the Associative mechanisms. System 1 attempts to understand sentences by considering them true: it evokes associated thoughts to build connections or coherence-- but that opens the door to the introduction of systematic errors; therefore, System 1 tries to create a scenario where the anchor is correct and that evokes similar evidence to make it so. System 2 can expend the effort to adjust the anchor, but even those logical adjustments will still be swayed by the influence of the initial anchor. In the videos, specific amounts of profits are displayed and repeated again and again. This serves to anchor an actual amount of money that the viewer can count on gaining. Since System 1 has to make the anchors true to process the information, the amount of money being made is also processed as being true, allowing for the systemic errors to be introduced and the fraudulent claims to be believed as possible.

**Simplicity**

The Cognitive Influence Links are Cognitive Ease, WYSIATI, Availability, and Substitution. The Findings are below:

Simplicity is defined by ease of understanding and ease of action. When all mental processes are easy and require no effort, no specific attention, and no worries about threats, then System 1 is usually in control and there is a state of cognitive ease. System 1 wants to view the
world as coherent, consistent; it is based on intuition and first impressions, where everything is true, and associations are easily made. Information that is designed to be simple is an example of information that is designed to be consistent and coherent. System 1 wants to accept a story based on its coherence, regardless of how incomplete it may be. It will accept that, by being coherent in a complex world, it is enough evidence needed to accept it. System 1 accepts what is being presented, and nothing more is needed. The phrase, “What You See Is All There Is” (WYSIATI) is System 1’s motto. The appeal to Simplicity exploits System 1’s need for coherence.

“Availability” refers to the ease with which something comes to mind. How feasible, frequent, or important an event can seem is assessed by how easily or how many instances of that event happening can be retrieved from memory. Framing concepts in their simplest manner makes associations more easily available than complex, multi-faceted ideas that require deep analysis. Thus, Simplicity encourages System 1’s ability to substitute or associate. The automatic System 1 will maintain control unless System 2 is called upon to override it. When facing a complex dilemma, System 1 will make one last attempt to maintain control and keep System 2 away by substituting a harder question (that needs complex analysis) that is outside its control, with an easier one (using intuition) that is within its control. The Simplicity appeal acts as the easier question to accept, versus the harder questions that might spur doubt and skepticism.

**Narrative**

The Cognitive Influence Links are Storytelling, Narrative Fallacy, Confirmation Bias, Outcome Bias, and Substitution. The Findings are below:

A good story exploits System 1’s need to craft a simple and coherent way to explain everything, regardless of its truth, to maintain cognitive ease. One of the most important features
of System 1 is the ability to weave stories, regardless of their quality, into cohesive narratives, as it continuously tries to make sense of the world. The Narrative Fallacy explains how these flawed, yet carefully woven stories have a significant effect on changing views and expectations of the future. All throughout the Lapre videos, the use of narratives and storytelling was presented. Don Lapre framed much of his sales pitch in the forms of stories about his personal journey in life. Further, testimonials provided personal stories of individuals who had purchased the programs.

The most compelling narratives share some basic attributes: simplicity rather than complexity; concrete rather than abstract; a focus on a few standout successful events rather than on a larger collection of average or failed events; overweighting personal attributes rather than accounting for the role of luck in the outcome. The stories shared in the four infomercials were simple and straightforward; they gave glimpses of alleged results attained, but no deep explanations of the mechanisms of the process. The stories emphasized how anybody could achieve the same results because the programs were so simple to follow. There was no mention of failed attempts or the statistics on individuals who purchased the program succeeded or failed. The Substitution Heuristic makes the harder questions of credibility replaced by the easier narrative being promoted.

“Confirmation Bias” aids in believing the facts presented by the narrative. This comes easily for System 1, for it would much rather form a positive confirmation on a narrative than to engage in a deliberate search for evidence that refutes the story’s facts. In the Don Lapre videos, there are frequent claims about the results one can achieve by buying the programs; and the testimonials devotedly back up those claims with narratives that confirm the claims being made—thus, stimulating the confirmation bias.
Secret Exclusivity

The Cognitive Influence Links are Storytelling and Narrative, Halo Effect, and Confirmation Bias. The Findings are below:

Don Lapre weaves a narrative about his personal journey of discovering exclusive methods and secret ways to attain money. These stories satisfy System 1’s need to craft a simple and coherent way to explain everything, regardless of its truth, to maintain cognitive ease.

For example, when a decision to like or dislike a person has been made, that decision carries over and--like a halo signifies an angel’s goodness--that one positive impression of a person extends to everything else about that person. Thus, if Don Lapre’s stories of personal success and triumph over hardship pleased or excited the viewer, then the “Halo Effect” would lead to acceptance of and belief in Lapre’s claim that his books, packages, videos, etc., provided the insight, intelligence, and secrets to success.

The halo effect over Lapre’s claims served to confirm a viewer’s belief that Don Lapre could do all the things he claimed to do. A Confirmation Bias endorses the “secret exclusivity” frame that a viewer may be constructing about Lapre’s abilities and claims, while also helping the viewer reject the need to find contradictory evidence in Lapre’s claims.

Success (Other Than Money)

The Cognitive Influence Links are Storytelling and Narrative, Cognitive Ease, and Emotions. The Findings are below:

The appeal to success in the Lapre videos refers to more than monetary achievements and accomplishments that may ensue from buying into the programs. That appeal is built specifically within the storytelling, and it expands the narrative of the overall sales pitch. A good story exploits System 1’s need to craft a simple and coherent way to explain everything, regardless of
its truth, to maintain cognitive ease. In this case, the narrative of achieving wealth is expanded beyond just monetary gains; rather, it depicts success in all areas of life.

In all four videos, success was described vividly as part of the narrative and was phrased with emotionally laden language to evoke the sense that success went beyond what money could achieve. This emotional appeal exemplifies how, as noted earlier, con-artists will exploit emotional arousal through the use of heuristics and biases, rather than via the higher-order cognitive process needed for complex thinking. This is because con-artists want victims to focus on the rewards offered, as opposed to recognizing the deception of the scam.

The effect of believing that great monetary gains can be achieved carries exaggerated influence, like a halo, leading viewers to transcend the desire for money alone and, instead, envision overall success and prestige, in all their facets.

**Imagine**

The Cognitive Influence Links are Availability, Emotions, Storytelling and Narrative. The Findings are below:

Availability (of success or any other goal) indicates that the ease or fluency with which a scenario comes to mind tends to increase the assessment of how plausible and probable it may be (regardless of how rare it may be). A con artist can manipulate and exploit the probability angst by framing lies and low probability events with vividness and emotional appeals. In the Lapre videos, there is a recurring appeal to viewers to imagine a vision of their achievement. By requesting the use of imagination, an emotionally laden narrative was constructed to induce such imagery. The story that was evoked becomes readily available to be attached to the possibility to achieve the success being sought. The emotional component of priming the imagination is an integral part of deception: By utilizing vivid descriptions of what could be attained, the low
probability of those events actually happening is discounted in favor of cognitive ease (brought by the emotional connection (confirmation bias) to the story being told.

**Confidence**

The Cognitive Influence Links are Confirmation Bias, Storytelling and Narrative, Biased to Believe, and WYSIATI. The Findings are below:

The appeal to Confidence used in the videos was based upon the use of money-back guarantees, the tests that skeptics performed, and other assurances of the effectiveness of the items being sold. Because of the promises provided, many viewers would feel confident that the claims made in the videos were credible due to a fundamental axiom of the Belief Bias (i.e., to understand any message) the mind has to believe it as fact, first. Then, after accepting the message, the mind can consider whether or not to unbeliev it. However, System 1 is in control during that acceptance of the initial belief, and that System is bent on maintaining cognitive ease and keeping doubt from activating System 2. The appeal to confidence used in the videos exploits the Belief Bias and uses Confirmation Bias to validate that belief. Thus, when assurances that the results being promised had been independently tested, it confirmed and validated the claims, thanks to the Confidence appeal.

Confidence appeals were presented in the infomercials not only as statements of endorsement, but as entire narratives, where stories were shared about skeptical investigators and academics taking on the challenge to disprove the results and concluding the claims’ authenticity. This use of narrative further serves to confirm the Confidence appeal of the Lapre team.

**Urgency**

The Cognitive Influence Links is Urgency Bias. The Findings are below:
The Urgency Bias is the human tendency to prefer taking urgent action on tasks of less importance, rather than spending more time to resolve tasks of greater importance that do not have the same time-critical urgency attached to them. This Bias results in consumers perceiving items that require an urgent response as being more scarce and valuable than those that do not need an urgent decision. In the Lapre videos, the appeal to Urgency was used to accelerate the decision to purchase by offering limited time-windows for placing the orders and enjoying the bonuses.

Hardship

The Cognitive Influence Links are Storytelling and Narrative, Emotions, and WYSIATI. The Findings are below:

During the infomercials, many instances of emotional stories of overcoming hardship were shared. Don Lapre’s story of overcoming bankruptcy, several failures, and humble beginnings evolved to the discovery of the money-making secrets that made him a multi-millionaire. This narrative was presented multiple times. Testimonials from individuals who overcame their personal and financial struggles because of Don Lapre’s programs were repeatedly showcased, as well. Because System 1 favors compelling narratives and loves to weave stories it was exploited by the “hard luck” stories in the infomercials. The most captivating narratives share some basic attributes: simplicity (rather than complexity); concrete (rather than abstract); a focus on a few standout successful events (rather than a larger collection of failed events); and overweighting personal attributes (rather than accounting for the role of luck in the outcome). Perhaps most of all, System 1 prefers short tales, rather than those that are lengthy or deep. A short, hard-luck story with few details would delight System 1, which features
WYSIATI: “What you see is all there is.” System 1 takes whatever limited information is available and weaves a cohesive (if fanciful) story.

**FOMO**

The Cognitive Influence Links are Storytelling and Narrative, Emotion, and Urgency Bias. The Findings are:

The appeal to the Fear of Missing Out (FOMO) is conveyed in the videos as part of a narrative that describes the regret that would exist if viewers let pass the opportunity to become successful. The FOMO appeal was conveyed by Don Lapre and the individuals providing testimonials in the infomercials. Each presenter used emotion-tugging language, meant to incite quick action. Each story was coherent and compelling, which likely kept viewers’ System 1 engaged. An emotional story that arouses System 1’s emotional reactions greatly increases the accessibility of thoughts related to that emotion (association), while decreasing the ability of other thoughts (e.g., doubt) to coexist. The videos’ narratives of regret over inaction likely persuaded some viewers to take quick reaction and order the program/book/video being pitched. The Urgency Bias (to take immediate action on items that are scarce or valuable) is a crucial part of the FOMO appeal.

**Repetition**

The Cognitive Influence Links are Priming, Mere Exposure Effect, Cognitive Ease, and Confirmation Bias. The Findings are below:

The mere exposure effect of hearing an idea repeatedly, whether true or false, produces cognitive ease. One reliable way to make someone believe in lies is to frequently repeat them, because familiarity is not easily distinguishable from the truth. By hearing/seeing the same content repeated throughout the infomercial, the viewer was, first, primed by the introduction of
the claims; and then, having the familiarity of having heard/seen the same claims repeatably, cognitive ease was confirmed. Thus, familiarity and cognitive ease are tools to exploit Confirmation Bias, as the repetitions confirm the beliefs that prove the claims.

**Visual Allure**

The Cognitive Influence Links are Availability, Emotion, Substitution, and Representativeness. The Findings are below:

The Lapre infomercials made use of the visual medium by backgrounds of alluring landscapes and natural surroundings to highlight the overall tone of success or happiness. In addition, the videos used a very diverse group of people to present personal testimonials about the items being offered. Assessment of how plausible and probable a “pitch” appears is signified via the “Availability” appeal (i.e., the ease or fluency with which a comparable scenario comes to mind – memories of pleasant locations or people who appear affable and authentic)—all of which increase interest in the claims being made (regardless how true it may be). However, assessment can be manipulated and exploited by framing and presenting lies and low probability events by substituting emotional triggers. In this case, the emotions evoked through visual allure overshadows an assessment of how plausible the claims might be.

The “Representativeness” appeal is based on an intuitive shortcut for System 1 to create an impression of similarity, to perceive individuals as members of categories. When imagery of authentic-seeming individuals--all representing themselves as successful, based on the programs being sold), are perceived categorically, it creates the belief that all people who purchase the program become successful and, therefore, the claims are true.

**Supportive Text**

The Cognitive Influence Links is. Confirmation Bias. The Findings are below:
The appeal of “Supportive Text” was used in the videos to continuously reinforce, confirm, highlight, and otherwise emphasize the information presented in the audio and video layers of the infomercials. When a speaker said something of special interest, the supporting on-screen text would spell it out and highlight it to boldly represent its importance. This supportive appeal in multiple layers effectively served as a way to confirm the information being shared. In doing so, this process exploited the Confirmation Bias, which seeks information that reinforces the existing belief—to the detriment of information that questions or disproves it.

Figure 15. Links between deceptive appeals and cognitive influences identified in the study

Figure 15 shows the number of links shared by deceptive appeals and cognitive influences that were identified in Phase 2 of the study. Each deceptive appeal has one or more
links to underlying cognitive influences, and each cognitive influence has one or more links to the deceptive appeals. Figure 15 graphically illustrates how much interactivity exists between the deceptive appeals used in the fraudulent-scheme infomercials and the underlying cognitive influences perceived within the study.
CHAPTER SIX:
DISCUSSION

This study had two objectives: to find what deceptive appeals were being used during the sales pitches within four infomercials made by successful fraudster, Don Lapre. Then, I assessed the deceptive appeals to learn what cognitive influences were being activated as a result. Ultimately, I found that Don Lapre employed a formula that made his frauds a huge success, even though he never had to make personal contact with the targets or personalize his tactics. His was deceptive on a mass scale, using mass media; and the formula for doing so lends us an opportunity to analyze and learn the ‘what, how, and why’ behind his success at fraudulence, so that we may apply those lessons toward preventing victims of fraud in the future.

The first phase of the study was a qualitative inductive thematic analysis to detect possible deceptive appeals by coding. The specific deceptive appeals used in the selected infomercials were found to be:

- Enthusiasm
- Money
- Simplicity
- Narrative
- Secret Exclusivity
- Support
- Repetition
• Urgency
• Confidence
• Imagination
• FOMO
• Success
• Visual Allure
• Hardship

The appeal to money and greed was to be expected in a money-making scheme, but the other most-prevalent appeals had strong links to cognitive influences being activated. At the very top was Don Lapre’s use of passionate, highly energetic, very confident and positive discourse throughout all the presentations. He invoked emotion in his performance and in the overwhelming use of hard-luck stories in the videos. He enlisted “real people” to speak about “real results” and share their emotional stories of triumph. Instead of speaking about facts and figures, Lapre told stories: simple stories told with credible confidence that were about humble beginnings, about overcoming hardships to achieve success and about great futures beyond what could be imagined.

The combination of emotional enthusiasm and simple narratives are the foundation of one part of the cognitive area in human brains: System 1. This system is driven to maintain cognitive ease, and Lapre included some very key and convincing pieces of information to create that ease: He related how his methods, his secrets, his unique processes were special to his journey of discovery on how to become wealthy and successful. At the same time, though, in a bold and contradictory manner, he proclaimed that his methods were so simple and easy that anybody, with no skills or experience whatsoever, could achieve the same fortune and success--if
they bought his special, secret blueprints. He expressed confidence in that promise by offering guarantees but, even more convincing were the personal testimonials of those who claimed to have been just as skeptical as any viewer at the beginning, but who made the leap after placing their trust in Don Lapre and made massive profits (detailed specifically in dollar amounts).

Lapre also urges viewers to use their imaginations to picture all their wildest dreams coming true--reaching success of all kinds, not just monetary, and rising up from any hardship, to achieve what is simply there for the taking (with his programs). But, he warns them, success like he promises will not wait forever; it must be seized urgently and immediately as other’s have already done, are currently doing. He urges them to not get behind. Their ultimate achievements are about to pass them by, and it will be their fault if they miss out. Once Don Lapre has transmitted his message of ultimate success and wealth, he simply repeats it over and over again. There are repeats of the same phrases, the same stories, the same promises, the same people--even reruns of entire sections of the infomercial to reaffirm again and again what he said before.

An individual’s belief systems are a mix of all the interactions between cognitive influences, expertise, intuitions, emotions, and experiences, among other factors. System 1’s influence on the confidence we place in our beliefs stems in large part from the desire for Coherence and Cognitive Ease. When the story being crafted is coherent and cohesive and comes easily to mind (Availability), matching current beliefs or representing beliefs that can be substituted without contradictory evidence, it increases the confidence in that story. Likewise, all the deceptive appeals and themes used by Don Lapre during his infomercials fostered Cognitive Ease. All this conspired to keep System 1 active, and all appealed to System 1’s biases and processes, while preventing the System 2 processes that would have activated the use of logic, rationality, doubt, and self-control. which could have overridden the Pollyanna-like features of
System 1. Don Lapre’s use of emotional enthusiasm and simple narratives were meant to specifically target System 1 and ensure that it stayed active and in control by creating an environment of cognitive ease. This maneuver left System 2 disengaged because no cognitive strain was present to resolve the conflict. Lapre’s “Halo Effect” of confidence, supportive tactics, and guarantees increased his credibility and exploited System 1’s bias to believe. His simple stories helped System 1 create a coherent, cohesive, and consistent narrative was easy to understand, so that viewers could feel as though what he presented was all there was to know. He presented ideas to prime, anchor, and repeat, thus exploiting System 1. Ultimately, he preyed on System 1’s optimism and overconfidence to sell a narrative that was created to close the deal and commit the fraud.

**Conclusions**

This study resulted in several significant findings that provide important lessons for further understanding of the mechanisms that underlie the reasons many individuals become victims of fraud. The role of deceptive appeals and cognitive influences is significant and extends far beyond what is universally applicable to understanding fraud, scams, deception and misinformation. The findings about the impact of deceptive appeals and cognitive influences deliver a practical and important framework to study and lessen the spread of fraud and deception campaigns. Below are some cautionary mottos and other insights related by victims of schemes, citing the fraud-intelligence they have learned.

“*Lies break us down until we relent.*” Fraud takes advantage of the cognitive strain and limitation in resources that all interpersonal communications involve, plus the additional strain that deception brings.
Interpersonal communication involves a complex interplay of information being produced and interpreted between sender and receivers. Into that exchange are added verbal and non-verbal elements, emotional states, ambiguity, instant feedback, and other cues needed to be deciphered-- while, concurrently, many perceptual, cognitive, and behavioral tasks are taking place. All these efforts combine into producing a demanding cognitive strain, which places a limit to the amount of resources available. Deception adds a further layer of strain and complexity into the information processing system, and then exploits these to gain a hold, especially when targeting emotional states or conditions. The more cognitively loaded and busy the mind becomes, the less likely it will be to recognize deception cues or update perceptions based on new evidence.

“We will believe you, if you give us a great show.” Scam artists have to put on a dynamic performance to solidify the impression of competence and trustworthiness.

Successful deceivers have the ability to maintain a continuous, dynamic, and complex performance that maximizes the behaviors that lead to believability while minimizing the behaviors that produce discomfort and create suspicion—managing all this while keeping several messages and distortions going on, even as the deception is taking place. To increase their credibility, competence, and trustworthiness during deception, performers use image management to convey control: they present a pleasant and appealing demeanor, while restraining their behavior to prevent any inference of ulterior motives that may incite suspicion. Additionally, demonstrating a strong sense of confidence is especially critical, because it has been proven to increase the likelihood of an audience following the sender’s instructions. It is through this effort to navigate this dynamic and complex performance that the most skilled (and successful) deceivers prove to be more convincing than those who are less aware of performative
effects. While there are cues that reveal deception in progress, even expert deception-detectors struggle to perceive lies. This is why fraudsters are called “confidence” men or “con-artists.”

“We prefer being lied to, rather than change our beliefs.” People lie to themselves to avoid rejecting existing beliefs.

Self-deception allows people to accept information that is in line with their beliefs, goals, and values, and to then reject information that opposes those views. New information that is contradictory to the already confirmed beliefs will produce a cognitive load that is alleviated by self-deception. People who can convince themselves that deceptive information is true or that their motives are good, will be able to remove the cognitive load that comes with the act of deception, because they will feel that no deception is actually taking place. Self-deception increases confidence by selectively gathering information that conforms to the self-deceit or by applying selective attention only to the things that are agreeable (confirmation bias). Thus, self-deception serves a two-fold purpose: 1) For receivers, self-deception helps in ignoring or rejecting deception cues, to accept information that confirms and strengthens their current beliefs, regardless of whether the information is true or false; 2) Conversely, when fraudsters’ narratives serve to compel self-deception in their audience, it alleviates the receivers’ cognitive load that could reveal deception cues, and it also increases confidence in receivers-- and makes it easier for them to lie to themselves.

“Don’t show up for the ‘Lies Show’.” The first defense to avoid becoming a victim of fraud is to never listen to the sales pitch in the first place.

The image of the hapless, isolated, senile, elderly person being the only fraud victim is a gross exaggeration. Fraud victims are more likely among highly educated, more socially active, and financially literate than previously believed. Profiles of fraud victims reveal that they had
difficulty in distinguishing between credible and fraudulent offers. That deception blindness exploits those who are especially gullible, those who tend to miss deception cues more often, and those who accept lies more easily--either because they were routinely prone to do so or because they lacked the motivation to examine the evidence. This weakness was exacerbated by their inability to be able to see or admit this fault, which placed them in positions to be presented with the fraudulent sales pitch. Additionally, an overconfidence in some deceived individuals led them to believe they had the depth of knowledge and intelligence to detect the fraud, so they took on higher risk. They answer the call, respond to the email, attend the meeting; and in doing so, expose their decision-making abilities to the challenges that the information-processing system faces in recognizing deception. In both cases, fraud would have been avoided had the victims taken the first line of defense: avoid listening to the sales pitch in the first place.

“Our emotions betray us.” Frauds exploit our emotions and desires.

Fraudsters design their tactics to intentionally elicit and exploit high emotional arousal to encourage victims to override their rational decision-making process and then act upon the emotional appeal. Once a focus is placed on the desires, rewards, and satisfaction of the promises made, the careful analysis needed to decipher the deception is severely impaired. However, the lure of emotions and desires fluctuate and decline with time, so fraudsters also deploy a sense of urgency to act; this is a significant component of exploiting emotional arousal. People who possess the proper motivation to maintain attention on important matters, the ability to detect deception cues, and the stamina to avoid becoming overwhelmed by the emotional appeals, can override System 1’s “happy” mode and summon the skepticism of System 2.

“Quick thinking is usually bad thinking.” We use mental shortcuts to make faster, but error-prone, decisions.
These shortcuts, called “heuristics,” are used to avoid the complicated process of assessing the probabilities needed to make more accurate predictions by jumping to a simper conclusion that is less taxing. This is done by substituting one decision for another, similar, one that represents it (representativeness), then selecting one decision that comes more easily to mind (availability) or using any suggested value as a starting point (anchoring).

“Simply repeating the lie makes me believe.” Merely exposing a deception through its simplicity and repetition produces cognitive ease. A simple message increases believability because it maintains System 1 in control, with no need for a critical-thinking override to System 2’s analysis of honesty. A brand-new message may trigger System 2’s activation to decipher the credulity, especially if the new message contradicts currently held beliefs. But when the fraudster repeats the same message over and over again, it exploits the exposure effect of familiarity, which brings System 1 back in control. A simple message that is repeated verbatim eventually produces believability and cognitive ease, regardless of whether or not it initially produced strain.

“2 minds = 2 very different ways of thinking.” The two separate systems in our minds process information very differently. System 1 is an always-on, automatic, reactionary, intuitive, emotional, fast processor.

System 2 is a lazy, on-demand only, rational, computational, focused, slow processor. System 1 is constantly and automatically reacting immediately to whatever is perceived, trying to handle as much processing as possible because it requires low energy and effort to keep the energy expending and effortful System 2 from draining resources. System 2 needs all those resources to apply logical, controlled, intentional computations to complex problems, and to override the error-prone System 1’s quick impressions.
“Blame System 1 for why we fall for lies.”

Frauds keep System 1 active to exploit its weaknesses and to keep System 2 turned off so it will not scrutinize the scheme. System 1 relies on intuition, emotions, fast impressions, automatic reactions to stay in control, but it cannot handle complex processing of difficult problems, and that leads to systemic errors called “cognitive biases.” System 1 will jump to conclusions, substitute simplicity for complexity, act upon emotional stimuli, and rely on intuition to make decisions quickly so as to move on. Frauds’ attempt to exploit this by loading their sales pitch with all the arousing stimuli that feed System 1 with all the emotional, instinctual, simple inputs it prefers to keep System 2’s rationality from overriding. Frauds may also target System 2’s large energy expenditures by keeping it so overloaded in analysis and computation, that its ability to override is simply depleted, thereby defaulting to System 1’s energy-saving control.

“Our mind makes immediate connections without our knowledge.”

The mind works as an automatically associative network. Nothing in the mind stands on its own; everything operates as a node of a larger associative network, where one concept is linked to another, which leads to another and another, all interconnected in multiple potential expressions. A single word may trigger memories that may evoke emotions, which may trigger physical reactions that may intensify the emotions, which act to reinforce the original ideas; all forming a self-reinforcing loop of automatically associative, cognitive, emotional, and physical responses.

“I believe it.” We want to believe (everything).

The mind is simply primed and biased to believe everything as true. To process any data, it is first believed, before it can be unbelievable, to for System 1 to maintain control with cognitive
ease, move on to the next data, and prevent activating System 2’s doubt or skepticism. System 1 seeks only confirming information, not skepticism. Also, it looks for similarities that represent one group or another, believing that positive traits cast influence or serve as a halo over other unknown traits; it sees patterns where they don’t exist, sees similarities where none exist, or is simply overly confident or optimistic about a decision or an outcome.

“I’ll believe any story.” Good stories make the difference.

The mind is wired for the simple, cohesive patterns of stories that it is biased to believe are true. System 1 will find patterns anywhere (even where none exist) and stitch together cohesive stories from whatever little data (bad quality or not) it can find to maintain cognitive ease. System 1 is biased to believe everything initially, with no need for doubt or skepticism; but it does want to find cohesion to make a believable story. A telling of a good story that is already coherent and cohesive makes System 1’s job far easier, because all the elements are there to believe it and move on. Successful fraudsters tell great stories that are simple to understand and full of emotion to keep their audience engaged in their performance with confidence and credibility.

Fraud’s Ultimate Goal #1: Cognitive Ease (or Goal #2: Overwhelm into Cognitive Depletion)

What it all comes down to is this: the biggest goal, the ultimate objective of the systems of the mind, is to: maintain cognitive ease. System 1’s goal is to keep System 2 away; it does so by maintaining a state a cognitive ease, so System 2 has no need to activate or override any decision. Cognitive ease means that everything is going smoothly, System 1 is firmly in control, so we can continue moving along. To do that, System 1 will employ several biases and tactics; it will patch together stories and patterns, substituting as needed, using more accessible pieces or representatives that are similar-enough, anything previously exposed to, anchored or primed,
haloed from a liked source, anything that already confirms existing beliefs, or simply rely on emotion and intuition to make a guess; all while being optimistic and overconfident about its prediction. For this reason, a fraud that targets its message to exploit all the cognitive influences that maintain System 1 in control, and rational System 2 away, will gain an advantage. Any fraud that assists System 1’s attempt, in any way, will gain that much of an advantage. But, even if System 2 is alerted to activate doubt and skepticism, frauds can still get the advantage by overwhelming System 2 into cognitive strain beyond its capability or depletion, because that will eventually cause System 2 to deplete to the point of defaulting back to System 1’s judgment. In the end, System 1 and Cognitive Ease hold an important key to understanding why and how individuals become victims of fraud.

Fraud Defense: Simply ask, “What if I am wrong?”

Uncoupling one’s beliefs from new evidence is one of the most critical defenses against becoming a victim of deception and fraud. Applying the motivation needed to interrupt the acceptance of a deceptive belief that was created using deceptive appeals and cognitive influences can be as simple as asking oneself to consider the ramifications of “what if I’m wrong?” in accepting (or continuing) this belief. This simple question can interrupt the linear trajectory of a deceptive appeal’s evolution. For example, a typical blueprint for a fraudster’s scheme would be to: prime a belief, create a narrative, repeat the story, induce familiarity, sustain confirmations, and maintain cognitive ease. Those steps would result in: System 1 remaining in control; belief accepted; no override by rational computation; resulting in the belief sticking. Any interruption by asking for rational oversight of the information in process by asking “what if I’m wrong?” can force System 2 to activate into analytically rejecting the false belief and preventing the propagation of fraud, deception, or misinformation.
The study of the underlying deceptive appeals being used and the cognitive influence being exploited is the “one-two” punch against fraud detection and prevention. The deceptive appeals and cognitive influences found and analyzed by this study are not exclusive to Don Lapre or infomercials in general. This study looked at Don Lapre’s infomercials because he was one of the few successful fraudsters whose sales pitches were recorded in a manner that made them accessible to analyze. But his fraud tactics are not unique to him. This study establishes a foundation to deconstruct a fraud by first determining its deceptive appeals and then its cognitive influences, to determine the underlying “formula.” Future studies may deconstruct other frauds, scams, misinformation campaigns and more, to search for deceptive appeals and cognitive influences within them. Every deceptive (or suspected) attempt should be placed under the microscope to assess what deceptive appeals are being utilized and what cognitive influences are being exploited to root out the deception, lie, fraud, or scam that is taking place. By doing so, we may finally have found an effective and universally applicable weapon against the spread of fraud.

Limitations and Future Research

Due to the interpretive nature of qualitative research, the personal interpretations of the author will inevitably influence the results of the study. Future researchers may utilize their own unique experiences to conduct a study and may interpret the data differently than will another researcher, based on their own perceptions. In the coding process of the present study, for example, a single qualitative coder was used with validation from two others. A team of coders may yield a different coding result by utilizing a variety of different perspectives on the content being analyzed.
Future research utilizing this study’s research design of inductive thematic analysis might identify deceptive appeals and use them to identify cognitive influences being exploited in other fraudulent schemes. This approach provides a foundation for more studies on many other types of fraudulent sales schemes and deceptive practices.

This study selected four infomercial videos by the same author but a study that selects a greater number of videos by a larger variety of authors may provide different deceptive appeals utilized. The Infomercial videos studied were published from the 1990’s through the 2010’s, whereas other types of videos or delivery methods from a different time period may be used for comparison data. Future studies also might account for advancements in technology and the rise of social media, in an analysis of videos utilizing other delivery methods or other types of deceptive appeals or cognitive influences. The videos analyzed in the present study were selected from accessible internet sources, specifically on the YouTube website. Different sources may yield other materials. Video sharing websites across social media networks contain a large number of schemes being promoted and are an adequate source of data for further analysis. A follow-on study with a different set of scheme-selling videos, other than infomercials, should be undertaken. A study of fraudulent schemes using other delivery mediums besides video should be undertaken to demonstrate that the methods of this study are applicable to the analysis of many other forms of fraudulent schemes.

More studies can be conducted to analyze specific reactions to the deceptive appeals and then gauge the cognitive influences being activated. Such studies might include a variety of cultural differences, to examine the role of deception throughout the world. The role of cognitive influences in infomercials was studied as a general approach, not specific to any certain population set, so results across different population sets would reveal more insights.
Also of benefit to those susceptible to fraud would be research on a financial-literacy program, using the findings of the present study to expose the effects of deceptive appeals and cognitive influences in deception and fraud schemes.
REFERENCES


123


APPENDIX A:

INSTITUTIONAL REVIEW BOARD (IRB) APPROVAL

NOT HUMAN SUBJECTS RESEARCH DETERMINATION

June 3, 2022

Rafael Toledo

Dear Rafael Toledo:

On 6/3/2022, the IRB reviewed the following protocol:

<table>
<thead>
<tr>
<th>IRB ID</th>
<th>STUDY004381</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Deceptive Appeals and Cognitive Influences Used in Fraudulent Scheme Sales Pitches</td>
</tr>
</tbody>
</table>

The IRB determined that the proposed activity does not constitute research involving human subjects as defined by DHHS and FDA regulations.

IRB review and approval is not required. This determination applies only to the activities described in the IRB submission. If changes are made and there are questions about whether these activities constitute human subjects research, please submit a new application to the IRB for a determination.

While not requiring IRB approval and oversight, your project activities should be conducted in a manner that is consistent with the ethical principles of your profession. If this project is program evaluation or quality improvement, do not refer to the project as research and do not include the assigned IRB ID or IRB contact information in the consent document or any resulting publications or presentations.

Sincerely,

Myah Luna
IRB Research Compliance Administrator

Institutional Review Boards / Research Integrity & Compliance
FWA No. 00001669
University of South Florida / 3702 Spectrum Blvd., Suite 165 / Tampa, FL 33612 / 813974-5638
Copyright Permission
Most material on the FTC’s website is considered work of the United States Government, meaning that the material is in the public domain and is not subject to copyright restrictions (17 U.S.C. 105). The use, duplication, or redistribution of such material should be accompanied by appropriate attribution, where feasible (e.g., “Source: United States Federal Trade Commission, www.ftc.gov”). In addition, any copyrighted work that consists predominantly of material produced by the FTC or other U.S. government agency must provide notice identifying such material and stating that it is not subject to copyright protection (17 U.S.C. 403). Fraudulent or deceptive use of any FTC material is strictly prohibited, and, except where expressly authorized, no FTC endorsement or affiliation shall be stated or implied. Federal law prohibits the misuse of the seal of any department or agency of the United States, including the seal of the Federal Trade Commission. 18 U.S.C. 701. In addition, the FTC is unable to grant or deny permission for any materials that may be posted on its website containing work copyrighted in whole or part by third parties. Such material, with or without copyright markings, may occasionally be found in or included with public comments and filings, incorporated as photos or other graphics in FTC webpages or other materials prepared by our contractors, etc. Should you need copyright permission, you are solely responsible for contacting the copyright holder directly. For more information about copyright law, please visit the web site for the Library of Congress, U.S. Copyright Office, www.copyright.gov.