

# Greed at the Core: What Truly Drives Financial Fraud Across Decades

– *Categories: Finance*



That's the unsettling theme at the heart of *Billionaire Boys Club*, a new *CNN Original Series* airing tonight at 9 pm Eastern Time. The series revisits the real-life story of Joe Hunt and a group of ambitious young men from Los Angeles in the 1980s. What began as a social investment club full of dreams and promise quickly turned into a tangled web of lies,

deception, and eventually, murder. It's a dramatic cautionary tale, but the driving force behind it is something that still plays out in financial markets today: greed.

Greed is a powerful motivator. It pushes people to take risks, chase shortcuts, and trust promises that sound too good to be true. Anat Admati, professor of finance and economics at Stanford University, explained to CNN that greed is deeply rooted in our desire for ownership and consumption. She says, "Greed is about wanting things to own, to consume. It's pervasive." Money isn't just about financial stability. It's often tied to power, admiration, and status, making it a potent influence on people's choices.

## Recurring Patterns

Financial fraud isn't new, and its signs tend to follow similar patterns throughout history. In the 1980s, greed defined Wall Street's culture, as captured in films like *Wall Street* and books like *Barbarians at the Gate*. But the fraud didn't end there. The early 2000s saw scandals like Enron, while the financial crisis 2008 exposed reckless risk-taking and deception in major institutions. Then there was Bernie Madoff's \$65 billion Ponzi scheme, one of the largest and most devastating in history.

According to David Smith, a professor of economics at Pepperdine University, the emotional drivers remain largely unchanged. "Individuals are driven by different motives, but one of them is to acquire wealth," he told CNN. Some people commit fraud out of desperation, others because they want more money, status, and control. And while the methods shift with the times, the emotional undercurrent stays the same.

In recent years, cryptocurrency has created a new frontier for financial fraud. The FBI reported that crypto-related scams cost victims more than \$5.6 billion in 2023, up 45 percent from the year before. Many of these scams involve so-called "memecoins," which have little to no real value but trade on hype and social media buzz. Hilary Allen, a law professor at American University, compared these coins to Ponzi schemes. She explained that they rely on hoping someone else will buy in at a higher price, not on any actual value.

Even though blockchain technology promises transparency, Allen said crypto is still full of blind spots and loopholes. In April, the U.S. Securities and Exchange Commission charged Ramil Palafox with running a fraudulent crypto operation that raised nearly \$200 million. He reportedly spent millions on luxury cars and designer goods while misleading investors with false claims and fake profits.

Fraud doesn't always come in billion-dollar packages. People face it daily, from phishing emails to shady online investment pitches. Smith advised that if something sounds too good to be true, it's likely a scam. He emphasized the importance of talking to a financial advisor, close friends, or family before making big financial decisions. Acting alone, especially when emotions run high, often leads to costly mistakes.

At the core of many financial scandals is a very human emotion: greed. In its many forms, greed continues to influence decisions and drive behavior. As long as there are promises of easy money, some will be willing to believe them, and others will be ready to take advantage.