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Liespotting: Proven Techniques to Detect Deception

An Interview with Pamela Meyer

By Mark Harbour, CPA, CIMA®, CFA®

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Editor's Note: The I&WM Editorial Advisory Board suggests that international investing requires careful consideration of a number of key factors, including: geopolitical risk, currency fluctuations, corporate governance, and a company's ability to pay its debt.

I had the distinct pleasure of chatting with Pamela Meyer, author of the bestselling book *Liespotting*, who is known as the nation's topmost expert on deception. Her TED talk, "How to Spot a Liar," has garnered more than 20 million views and is one of the 15 most-popular TED talks of all time.[1]

Meyer is chief executive officer of Calibrate, a company that trains professionals in deception detection, advanced interrogation techniques, and inside-threat mitigation.[2] She earned an MBA from Harvard Business School and an MA in public policy from Claremont Graduate School, and she is a Certified Fraud Examiner. Meyer was recently top-ranked on *Business Insider*'s list, "54 Smart Thinkers Everyone Should Follow on Twitter."

Harbour: Investment advisors have the fundamental objective of growing trusting relationships with their clients. Does it help for advisors to arm their clients with the techniques you have identified for detecting deception?

Meyer: Absolutely. Many people are preying on wealthy clients, and knowing the telltale signs of deception would assist them in picking the right advisor and developing a trusting relationship with that advisor.

Harbour: In addition to your book, *Liespotting: Proven Techniques to Detect Deception*, and your TED talk, "How to Spot a Liar," are there other resources you recommend for everyone who wants to enhance their skills at detecting deception?

Meyer: Yes. I would recommend watching Norb Vonnegut's TED talk,[3] but also meticulously going through the process of background-checking an advisor's record in traditional ways. Just because you know someone is lying or even have a hunch, it doesn't mean that you know the truth. The human side of liespotting is one of many tools we should all use.

Harbour: In the initial process of client discovery, getting new clients to be open and genuine can be a challenge. How can financial advisors use the questions in that initial interview to establish an honest conversation?

Meyer: What a fascinating question. Here are some good ones that would be informative. Ask, "What's the pettiest thing that concerns you about relying on a financial advisor?" The answer will be less than petty. Why? Because you just signaled you won't judge even the most ridiculous of concerns, and most concerns are not ridiculous. So, this can offer a gateway to a more substantial conversation. Ask, "Are there any words of wisdom you'd like to give me for working together?" You'd be surprised how well people actually know themselves, and if you are working with someone who is in the midst of switching from an advisor it didn't work out with, this question will elicit some information that will help you understand how to navigate the relationship over time.

Harbour: Since the Bernie Madoff scandal, advisors who had evaluated his shop for potential client investments have told me they did not believe he was credible, but there was very little reporting of him being suspicious by his industry peers. Also, a good friend of mine, a retired physician, tells me that even in the medical community, doctors are extremely hesitant to report other doctors to medical authorities. Do you have suggestions for ways that people may overcome their hesitance to report bad behavior among their peers?

Meyer: Absolutely critical question. Of course it starts at the top. When the leader signals that an organization is one where fairness and integrity are valued, everyone follows. We also know that fraud hotlines have been enormously successful—people badly want to report wrong-doing but often for good reason need the process to be anonymous.

Harbour: For estate planning, advisors and clients typically need to identify and engage trustees to help oversee their financial affairs. Is there a technique or strategy for detecting potential deception in this area?

Meyer: This is a broad and complicated question. The short answer is that one must not rely on liespotting techniques or hearsay alone. Use every single original source available to you. Check track records, check public databases, ask around, confirm hunches, do a literature search, think about patterns of employment (how fast do people leave, how many lawsuits, what do employees say, etc.). This applies to people as well as organizations. As we find with most investigative processes, although some are more effective than others, the important piece is simply being diligent, fair-minded, and fact-based in getting to the bottom of things. Often we check a few references and go on a hunch. Today you need to force yourself to go through a more rational step-by-step process—pursue facts not people, and do it carefully even when you feel the need to rush, close the deal, lock someone in. In the long run your business will thrive for it.

Harbour: In your experience, are people who have a general degree of trust in other people more or less able to detect lies from others?

Meyer: I don't have the science on this. I recommend a healthy stance: In the same way that studying piano imparts a greater appreciation for music, studying trust can give you a greater appreciation for whom to trust. But I don't know if there is science that says more-trusting people are better or worse at detecting deception—I would recommend asking Bella DePaulo.[4]

Harbour: A substantial element of your work applies to live, direct human interactions. Given how much we communicate via technological means, do you have suggestions for lie detection in text messaging or email responses, which do not provide an ability to observe body language?

Meyer: Yes: Never have a complex, nuanced, or difficult conversation digitally. It is too risky. Have difficult conversations, with difficult people, during difficult times, in person. And that goes for passive-aggressive behavior, too. Just don't do it. Don't bcc or cc someone who you know deep down will irritate or provoke the recipient.

Harbour: Are there other emerging technology resources that you can point to that may be helpful to consider engaging to strengthen our ability to detect deception?

Meyer: Converus (www.converus.com) is a firm that provides scientifically validated credibility assessment technologies that help protect countries, corporations, and communities from corruption, crime, and threats. This is the future of deception detection: inexpensive, non-invasive unbiased ocular measurement that cannot be gamed. I sit on the advisory board of this company.

Harbour: People sometimes lie to themselves. For instance, they take actions that don't necessarily align with what they say are their personal values or principles. Can your techniques help identify when and if an advisor's client is lying to themselves? Or are there other suggested resources to address this issue?

Meyer: This is an important and fascinating question. It gets at the nuanced interior dialogue we all have with ourselves when lying, considering lying, or having the impulse to lie. I think at its core, lying is an attempt to bridge the gap between the way we live, our factual circumstances, and what we wish for. Lying often fills that gap. It's less about stated values because we all have good values, and we all view ourselves as good at heart. But when we lie, we often use the lie as a shortcut to bridge that gap in our lives. How can we understand where that gap might reside in others or ourselves?

There is no easy answer to that and it would be dangerous to do tabletop diagnostics on a negotiating partner we don't know well. That said, ask yourself the following: "What am I hungry for? What do I deeply want?" A liar can effectively pinpoint that hunger in you and offer you something that feels attractive, that you might well overlook fact and reason to obtain.

For example: Are you hungry for money? You are more likely to be taken in by a financial scam. Are you hungry for big clients? You are more likely to overlook facts and be taken in by someone who claims to have much more significant resources than they in fact have. Don't know if the person across the table is lying? Think through what you think they might be hungry for, and focus in a subtle way on that area of concern when discussing plans with them.

The gaps between actions and stated values present themselves in myriad ways and often point to deception. We are all messy human beings and everyone has interesting ways of presenting themselves. Try to stay curious about even the most suspect of clients or institutions and that curiosity will lead you to the truth.

Harbour: One point you make is that in high-stakes negotiations, look for the information that has been omitted. Are there a few pointers that would be helpful in developing a thorough checklist to achieve this objective?

Meyer: In my book there is a chapter on high-stakes negotiation, and I outline four steps to a lie-proof negotiation. There is also a special section on women and negotiation. For starters one must upgrade one's philosophy and try to signal that it's a cooperative conversation. Set limits, avoid false promises, declare your honest ways.

Then prepare extremely well. Outline your information, design a questioning and deal negotiation strategy, profile your negotiation partner, and leave enough time to ask, "Is there anything else you want to tell me?" Take control of the setting, articulate the ground rules, create a relaxed quiet environment free of distraction. As you close, make sure you make clear that there is a relationship at stake, frame outcomes as gains, and make sure at the close you summarize honestly where you've landed in the deal.

Harbour: You reference the Association of Certified Fraud Examiners as a potential resource for detecting fraud.[5] When (and under what circumstances) is a deception audit a good idea—and under what circumstances or situations should organizations consider taking that step?

Meyer: All organizations in this era of inside threats should have a strong protective infrastructure around their assets. This includes policies that protect employees and assets from theft, training about how to handle inside-threat mitigation and social engineers, penetration testing, and continual review of employees and contractors. It is a hard truth that there is always the potential for a threat from within. Someone might want to exfiltrate information, harm or steal assets, or sell information to the competition, and I have found that this is deeply on the minds of most C-suite executives today.

Harbour: Should an organization develop a specific lie-detection team of people who seem to have a unique capability to spot lies?

Meyer: I do not think organizations need lie-detection teams. They need to train personnel in getting to the truth, eliciting information, and building systems that are stable and impenetrable. Lie detection is certainly one skill that human resources, anti-money laundering teams, fraud investigators, managers, legal professionals, and security professionals need to add to their basket of skills, but to develop a singular lie-detection team would be debilitating to morale and miss the point that it is only one of many skills on the road to trust.

Mark Harbour, CPA, CIMA®, CFA®, has served in various volunteer roles with the Investments & Wealth Institute® (formerly IMCA®), the CFA Society of Los Angeles, and the CFA Institute. Contact him at harboal@ca.rr.com.

ENDNOTES

1. See Pamela Meyers' TED talk at https://www.ted.com/talks/pamela_meyer_how_to_spot_a_liar.
2. See http://calibrate-inc.com/about-us/team.
3. Norb Vonnegut is founder of Second Opinion Wealth Management and a *New York Times*-acclaimed author of several financial thrillers that take the mystery out of Wall Street. View his TED talk at https://www.youtube.com/watch?v=nPO6mgnpqY0.
4. Bella M. DePaulo, PhD, is academic affiliate, psychological and brain sciences at the University of California, Santa Barbara. View her research and publications at http://www.belladepaulo.com/deception-research-and-writing/scholarly-papers-about-deception/. You may also wish to check two of her professional publications:
   - *The Lies We Tell and the Clues We Miss: Professional Papers*, https://www.amazon.com/exec/obidos/ASIN/1448665353/sociapsychn0f-20.
   - *Behind the Door of Deceit: Understanding the Biggest Liars in Our Lives*, https://www.amazon.com/exec/obidos/ASIN/144866862X/sociapsychn0f-20.
5. See http://www.acfe.com/.

REFERENCE

Meyer, Pamela. 2010. *Liespotting: Proven Techniques to Detect Deception*. New York: St. Martin's Press.

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