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UNDERSTANDING WHITE-COLLAR CRIME

Definitions, Extent, and Consequences

CHAPTER HIGHLIGHTS

- White-Collar Crime: An Evolving Concept
- Modern Conceptualizations of White-Collar Crime
- Extent of White-Collar Crime
- Consequences of White-Collar Crime
- Public Attitudes Toward White-Collar Crime
- Characteristics of White-Collar Offenders

As noted in Chapter 1, Edwin Sutherland created the concept of white-collar crime more than eight decades ago to draw attention to the fact that crimes are committed by individuals in all social classes. Fast forward 80 years, and it is safe to say that May 2020 was a busy month in the world of white-collar crime. Paul Manafort and Michael Cohen, both previous confidants of President Donald Trump, made headlines for their imprisonments for convictions relating to, but not fully implicating, Trump. Cohen was approved for temporary release due to Covid-19 concerns in prisons, but he was subsequently denied early release right around the same time he received a letter from a Trump attorney warning him not to pen a “tell-all” book about Cohen’s relationship with Trump. Just days later, the Department of Justice dropped perjury charges against Lieutenant General Michael Flynn. The decision was applauded by President Trump but decried by others including former prosecutors and criminal justice leaders from the right and left. While these national headlines were appearing on the news scrolls of CNN, MSNBC, and Fox News, other

white-collar offenses were making local and state headlines. Consider the following examples quoted from their sources:

A Fultondale doctor has pleaded guilty to prescribing controlled substances without a legitimate medical purpose. (Grantin, 2020)

[The professor] was charged with one count of Wire Fraud. The complaint charges that +++ had close ties with the Chinese government and Chinese companies, and failed to disclose those ties when required to do so in order to receive grant money from NASA. These materially false representations to NASA and the University of Arkansas resulted in numerous wires to be sent and received that facilitated +++'s scheme to defraud. (U.S. Department of Justice, 2020, May 11)

A former San Francisco Building Commission president has been charged in federal court with bank fraud for allegedly diverting to his personal bank account \$478,000 that clients of his engineering company intended to be paid to the city. (Associated Press, 2020, May 12)

The operators of a business coaching scheme will pay at least \$1.2 million to settle Federal Trade Commission charges that they targeted people who were trying to start new businesses online and used deception to sell them bogus marketing products and services. (Federal Trade Commission, 2020, May 13)

In reviewing these examples, five questions come to mind. First, is each of these cases a white-collar crime? Second, how often do these kinds of crimes occur? Third, what are the consequences of these crimes? Fourth, how serious do you think these crimes are? Finally, who are the offenders in these cases? While the questions are simple in nature, the answers to these questions are not necessarily quite so simple. As will be seen in this chapter, one of the greatest difficulties in understanding white-collar crime has centered on an ongoing debate about how to define white-collar crime. After discussing various ways that white-collar crime can be defined, attention will be given to the extent of white-collar crime, the consequences of this illicit behavior, public attitudes about white-collar crime, and patterns describing the characteristics of white-collar offenders.

WHITE-COLLAR CRIME: AN EVOLVING CONCEPT

While Edwin Sutherland is the pioneer of the study of white-collar crime, the development of the field and the introduction of the concept of white-collar crime did not occur in a vacuum. Indeed, prior academic work and societal changes influenced Sutherland's scholarship, and his scholarship, in turn, has had an enormous influence on criminology and criminal justice. Tracing the source of the concept of white-collar crime and describing its subsequent variations help demonstrate the importance of conceptualizing various forms of white-collar misconduct.

Sutherland was not the first social scientist to write about crimes by those in the upper class. In his 1934 *Criminology* text, Sutherland used the term *white-collar criminaloid* in reference to the “**criminaloid concept**” initially used by E. A. Ross (1907) in *Sin and Society*. Focusing on businessmen who engaged in harmful acts under the mask of respectability, Ross further wrote that the criminaloid is “society's most dangerous foe, more redoubtable by far than the plain criminal, because he sports the livery of virtue and operates on a titanic scale” (p. 48). Building on these ideas, Sutherland called attention to the fact that crimes were not committed only by members of the lower class. As noted in the introduction, Sutherland (1949) defined

white-collar crime as “crime committed by a person of respectability and high social status in the course of his occupation” (p. 9).

Sutherland’s appeal to social scientists to expand their focus to include crimes by upper-class offenders was both applauded and criticized. On the one hand, Sutherland was lauded for expanding the focus of the social sciences. On the other hand, the way that Sutherland defined and studied white-collar crime was widely criticized by a host of social scientists and legal experts. Much of the criticism centered on five concerns that scholars had about Sutherland’s use of the white-collar crime concept. These concerns included (1) conceptual ambiguity, (2) empirical ambiguity, (3) methodological ambiguity, (4) legal ambiguity, and (5) policy ambiguity.

In terms of **conceptual ambiguity**, critics have noted that white-collar crime was vaguely and loosely defined by Sutherland (Robin, 1974). Robin further argued that the vagueness surrounding the definition fostered ambiguous use of the term and vague interpretations by scholars and practitioners alike. Focusing on the link between scholarship and practice, one author suggested that the concept was “totally inadequate” to characterize the kinds of behavior that are at the root of the phenomenon (Edelhertz, 1983). Further describing the reactions to this conceptual ambiguity, white-collar crime scholar David Friedrichs (2002) wrote, “perhaps no other area of criminological theory has been more plagued by conceptual confusion than that of white-collar crime” (p. 243).

One result of this conceptual ambiguity—which continues today—is that two individuals could draw different conclusions about whether specific behaviors are, in fact, white-collar crime. Consider as an example Sweet Dixie Chicken, a restaurant that made national news in 2017 when the world learned that the establishment was reportedly serving a \$4.00 Popeye’s chicken dinner at \$13.00 a meal instead of serving a meal prepared by Sweet Dixie. The apparent overpriced chicken (or false advertising?) came to light when a Yelp reviewer reported seeing an employee from Sweet Dixie bring boxes of Popeye’s chicken into the restaurant. After being asked about the source of the chicken, the owner did not deny it. In fact, she defended using Popeye’s chicken, saying that it was no different than getting any type of food from a supplier. She further explained that she didn’t name the chicken on the menu because she thought that would be a potential copyright violation.

After the news surfaced, the Internet came to life. Labeling the incident #Popeyesgate, critics levied accusations against Sweet Dixie. One Youtuber said, “Clearly Illegal. Classic case of deception” (“SoCal Restaurant Proudly Serves Popeye’s Chicken as Their Own,” 2017). Another Youtuber was more forgiving writing, “Tell me where it is. I hate standing in line at Popeye’s” (“Restaurant Admits to Serving Popeye’s Chicken as Its Own,” 2017). In this case, different people came to different conclusions about the same behavior. The same can be said of white-collar crime—different individuals reach different conclusions about what constitutes criminal behavior. Incidentally, it was reported the Sweet Dixie was closing down in 2019 (Rosner, 2019). It doesn’t appear that the #Popeyesgate led to their closure, however. In fact, when Popeye’s announced its brand new chicken sandwich, as part of its marketing the company asked Sweet Dixie to sell its sandwiches for two days in advance of the introduction of the new Popeye’s item. The owner of Sweet Dixie was understandably surprised by the gesture, saying “To be honest, I thought they were calling to sue me” (Mettler, 2019). So, some would define Sweet Dixie’s use of Popeye’s chicken as wrong, while others would say it was a good business practice. The same sort of conceptual ambiguity plagues Sutherland’s white-collar crime definition.

Criticism about Sutherland’s work also focused on the **empirical ambiguity** surrounding the concept. In effect, some argued that the concept only minimally reflected reality. For example, one author said that Sutherland’s definition underestimated the influence of poverty on other forms of crime (Mannheim, 1949). Another author argued that by focusing on the offender (in terms of status) and the location (the workplace) rather than the offense, the concept did not accurately reflect the behaviors that needed to be addressed (Edelhertz, 1983). Edelhertz went as far as to suggest that this vague empirical conceptualization created barriers

with practitioners and resulted in a lack of research on white-collar crime between the 1950s and 1970s. Shapiro (1990) also recognized the problems that the conceptualization of white-collar crime created for future researchers. She wrote,

The concept has done its own cognitive mischief. It . . . is founded on a spurious correlation that causes sociologists to misunderstand the structural impetus for these offenses, the problems the offenses create for systems of social control, and the sources and consequences of class bias in the legal system. (p. 346)

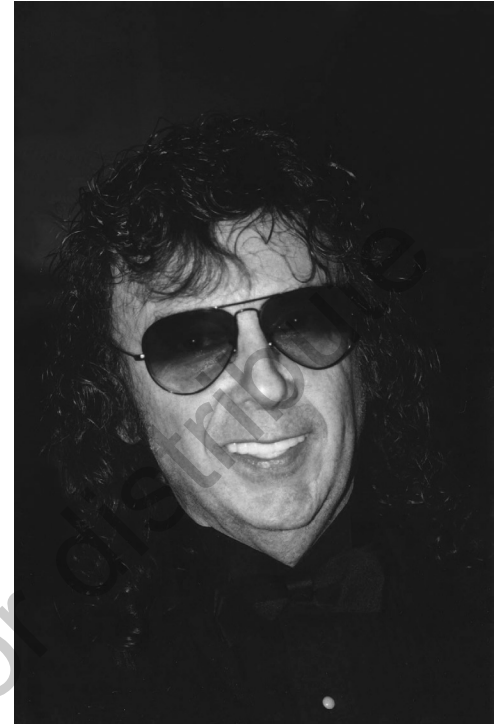
Describing the tendency to treat lower-class workers as white-collar offenders has been described as “improper and misleading” (Dobovsek & Slak, 2015, p. 310). In a similar way, some believe that criminologists have oversimplified or trivialized the definition of white-collar crime to the extent that more serious crimes of the powerful are downplayed if not ignored (Pontell, 2016).

The consequences of this empirical ambiguity are such that findings from white-collar crime studies sometimes call into question the nature of white-collar offenders. One study of white-collar offenders convicted in seven federal districts between 1976 and 1978, for example, found that most offenses described as white-collar were actually “committed by those who fall in the middle classes of our society” (Weisburd, Chayet, & Waring, 1990, p. 353).

Sutherland was also criticized for methodological ambiguity. He defined white-collar crime as behaviors committed by members of the upper class, but his research focused on all sorts of offenses, including workplace theft, fraud by mechanics, deception by shoe salespersons, and crimes by corporations (see Robin, 1974). One might say that Sutherland committed a “bait and switch” in defining one type of crime but actually researching another variety.

A fourth criticism of Sutherland’s white-collar crime scholarship can be coined “legal ambiguity.” Some legal scholars contended that the concept was too sociological at the expense of legal definitions of white-collar offending (Tappan, 1947). To some, white-collar crimes should be narrowly defined to include those behaviors that are criminally illegal. Some even take it a step further and suggest that white-collar criminals are those individuals convicted of white-collar crimes (suggesting that if one were not caught for a white-collar crime one actually committed, then one would not be a white-collar criminal). Sutherland, and others, have countered this argument by suggesting that conviction is irrelevant in determining whether behaviors constitute white-collar crimes (Geis, 1978). Still, the criticism that the term is too general persists.

A final criticism of the white-collar crime concept is related to the policy ambiguity surrounding the concept. In particular, some have argued that the vagueness of the definition and its purely academic focus created a disconnect between those developing policies and practices responding to white-collar crime and those studying white-collar crime (Edelhertz, 1983). Over the past decade or so, criminologists have become more vocal about the need for evidence-based practices to guide criminal justice policies and activities. In terms of white-collar crime, an issue that has been cited is that unclear definitions about white-collar crime make it extremely difficult for policy makers and practitioners to use criminological information to guide policy development and criminal justice practices. In effect, how can criminologists call for evidence-based practices for certain types of crime when they have not adequately provided the evidence needed to develop subsequent practices?



John Matthew Smith
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PHOTO 2.1 Music producer Phil Spector was sentenced to prison after being convicted of murder in the death of Lana Clarkson. Although he was a white-collar professional, because he committed a crime that was unrelated to his work, he would not be considered a white-collar criminal.

Sutherland was aware of the concerns about the concept potentially being vague. He noted that his point was not precision but to note how white-collar crime is “identical in its general characteristics with other crime rather than different from it” (Sutherland, 1941, p. 112). He wrote,

The purpose of the concept of white-collar crime is to call attention to a vast area of criminal behavior which is generally overlooked as criminal behavior, which is seldom brought within the score of the theories of criminal behavior, and which, when included, call for modifications in the usual theories of criminal behavior. (p. 112)

Thus, Sutherland conceded that the concept was vague in nature, but it was necessarily vague in order to promote further discussion about the concept.

Sutherland was successful in promoting further discussion about the phenomenon, though the topic received very little attention in the 1950s and 1960s. This began to change in the early 1970s when criminologists Marshall Clinard and Richard Quinney published *Criminal Behavior Systems*. Building on Sutherland’s work, Clinard and Quinney (1973) argued that white-collar crime can be divided into two types: corporate crime and occupational crime. They focused their definition of **corporate crime** on illegal behaviors that are committed by employees of a corporation to benefit the corporation, company, or business. In contrast, they described **occupational crime** as law violations committed at work with the aim of benefiting the employee-offender. By distinguishing between crimes by corporations and crimes against corporations, Clinard and Quinney took an important step in addressing some of the ambiguity surrounding the white-collar crime concept. Indeed, corporate crime and occupational crime are viewed as “the two principal or ‘pure’ forms of white-collar crime” (Friedrichs, 2002, p. 245).

After Clinard and Quinney’s (1973) work, white-collar crime research by criminologists escalated in the 1970s and 1980s. Much of this research focused on ways to conceptualize and define the phenomenon in ways that addressed the criticisms surrounding Sutherland’s definition. Table 2.1 shows eight different concepts and definitions that criminologists have used to describe these behaviors. Just as Sutherland’s definition was criticized, each of the concepts provided in Table 2.1 is imperfect. Still, they illustrate the impact that Sutherland’s white-collar crime scholarship has had on criminology and criminal justice.

A definition of white-collar crime acceptable to all groups is yet to be developed. This is troublesome for at least six reasons. First, the lack of a sound definition of white-collar crime has hindered detection efforts. Second, without a concrete definition of white-collar crime, the most effective responses to the problem cannot be gauged. Third, varying definitions among researchers have made it difficult to draw comparisons between different white-collar crime studies. Fourth, vague conceptualizations have made it more difficult to identify the causes of the behavior. Fifth, varied definitions of white-collar crime have made it difficult to determine with great accuracy the true extent of white-collar crime. More specifically, how the concept is defined will determine whether it is counted/measured in various estimates (Wall-Parker, 2020). Sixth, as Melissa Rorie (2020) notes, definitions impact research methodologies, which impact findings, which impact conclusions and implications, with the end result being the lack of a common body of knowledge about white-collar crime.

Highlighting these themes, former American Society of Criminology president Sally Simpson (2019) delivered the 2018 Sutherland Address at the association’s annual meeting. In her lecture on corporate crime, she noted “the subject matter is amorphous” (p. 201). The ambiguity, she said, made it hard to understand the systemic response to the behavior and to identify evidence-based recommendations that could help in responding to these crimes. More recently, David Friedrichs (2019) made the important observation that white-collar crime is best seen as

TABLE 2.1 ■ Evolution of the White-Collar Crime Concept

Concept	Definition	Reference
Criminaloid	The immunity enjoyed by the perpetrator of new sins has brought into being a class for which we may coin the term <i>criminaloid</i> Often, indeed, they are guilty in the eyes of the law; but since they are not culpable in the eyes of the public and in their own eyes, their spiritual attitude is not that of the criminal. The lawmaker may make their misdeeds crimes, but, so long as morality stands stock-still in the old tracks, they escape both punishment and ignominy.	E. A. Ross (1907, p. 48)
White-collar crime	Crime committed by a person of respectability and high social status in the course of his occupation.	Sutherland (1949, p. 9)
Corporate crime	Offenses committed by corporate officials for their corporation and the offenses of the corporation itself.	Clinard and Yeager (1980, p. 189)
Occupational crime	Offenses committed by individuals in the course of their occupations and the offenses of employees against their employers.	Clinard and Yeager (1980, p. 189).
Organizational deviance	Actions contrary to norms maintained by others outside the organization . . . [but] supported by the internal operating norms of the organization.	Ermann and Lundman (1978, p. 7)
Elite deviance	Acts committed by persons from the highest strata of society . . . some of the acts are crimes . . . may be criminal or noncriminal in nature.	Simon (2006, p. 12)
Organizational crime	Illegal acts of omission or commission of an individual or a group of individuals in a formal organization in accordance with the operative goals of the organization, which have serious physical or economic impact on employees, consumers, or the general public.	Schrager and Short, (1978, p. 408)
Occupational crime	Any act punishable by law that is committed through opportunity created in the course of an occupation that is legitimate.	Green (1990)

“an umbrella term—a broad term encompassing a wide range of activities” (p. 17). He further advised that “we should give up the illusion that white-collar crime can—or even should—have a single meaning or definition” (p. 22). Another white-collar crime expert, Mary Dodge (2016), offers a similar perspective and suggests that the debate about white-collar crime definitions

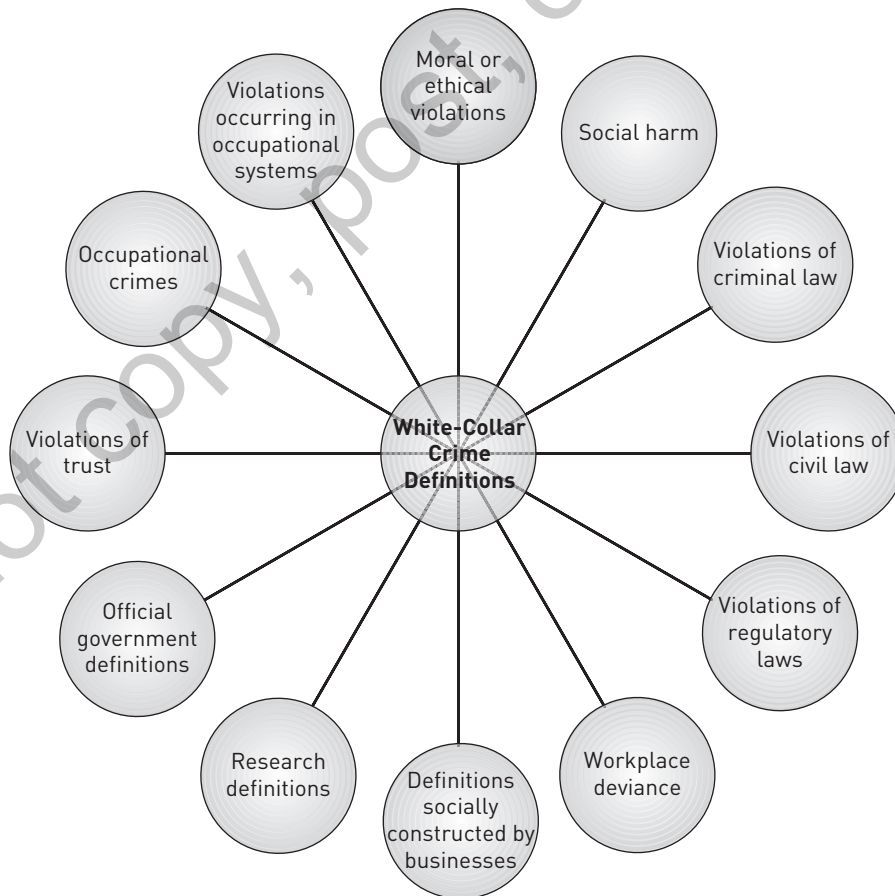
takes away from the amount of time and attention given to other important topics in the field. While definitions vary, there is agreement among the definitions around one core theme: White-collar offenders are different from street offenders (Benson, Van Slyke, & Cullen, 2016).

MODERN CONCEPTUALIZATIONS OF WHITE-COLLAR CRIME

Today, criminologists and social scientists offer various ways to define white-collar crime (see Table 2.1). These variations tend to overlap with one another and include the varieties shown in Figure 2.1.

Defining *white-collar crime as moral or ethical violations* follows ideals inherent within principles of what is known as natural law. **Natural law** focuses on behaviors or activities that are defined as wrong because they violate the ethical principles of a particular culture, subculture, or group. The immoral nature of the activities is seen as the foundation for defining certain

FIGURE 2.1 ■ Defining White-Collar Crime



types of white-collar activities as criminal. Some individuals, for example, define any business activities that destroy animal life or plant life as immoral and unethical. To those individuals, the behaviors of individuals and businesses participating in those activities would be defined as white-collar crimes.

Some prefer to define *white-collar crime* as **violations of criminal law**. From this framework, white-collar crimes are criminally illegal behaviors committed by upper-class individuals during the course of their occupation. From a systems perspective, those working in the criminal justice system would likely define white-collar crime as criminally illegal behaviors. Crime, in this context, is defined as “an intentional act or omission committed in violation of the criminal law without defense or justification and sanctioned by the state as a felony or misdemeanor” (Tappan, 1960, p. 10). Applying a criminal-law definition to white-collar crime, white-collar crimes are those criminally illegal acts committed during the course of one’s job. Here are a few examples:

- An accountant embezzles funds from his employer.
- Two nurses steal drugs from their workplace and sell them to addicts.
- A financial investor steals investors’ money.
- A prosecutor accepts a bribe to drop criminal charges.
- Two investors share inside information that allows them to redirect their stock purchases.
- A disgruntled employee destroys the computer records of a firm upon her resignation.

These acts are instances where the criminal law has been violated during the course of employment. Accordingly, members of the criminal justice system could be called on to address those misdeeds.

Certainly, some rule breaking during the course of employment does not rise to the level of criminal behavior, but it may violate civil laws. Consequently, some may define *white-collar crime* as **violations of civil law**. Consider cases of corporate wrongdoing against consumers. In those situations, it is rare that the criminal law would be used to respond to the offending corporation. More often, cases are brought into the civil justice system. When the *Exxon Valdez* ran aground in Prince William Sound, Alaska and caused untold damage to the environment, for example, the case was brought into the civil justice system. Eventually, it was learned that the cause of the crash could be attributed to the ship’s overworked crew. To date, Exxon has paid \$2 billion in cleanup efforts and another \$1 billion in fines. Ongoing legal battles are focusing on whether Exxon should pay even more in damages.

Individuals have also defined *white-collar crime* as **violations of regulatory law**. Some workplace misdeeds might not violate criminal or civil laws but may violate a particular occupation’s regulatory laws. Most occupations and businesses have standards, procedures, and regulations that are designed to administratively guide and direct workplace activities. The nursing home industry provides a good example. The government has developed a set of standards that nursing home administrators are expected to follow in providing care to nursing home residents. At different times during the year, government officials inspect nursing homes to see if they are abiding by the regulations. In most instances, some form of wrongdoing is uncovered. These instances of wrongdoing, however, are not violations of criminal law or civil law; rather, they are violations of regulatory law. Hence, some authors focus on white-collar crimes as violations of regulatory law.

Sometimes, behaviors performed as part of an occupational routine might be wrong but not necessarily illegal by criminal, civil, or regulatory definitions. As a result, some prefer to follow definitions of *white-collar crime* as **workplace deviance**. This is a broader way to define white-collar crime, and such an approach would include all of those workplace acts that violate the

norms or standards of the workplace, regardless of whether they are formally defined as illegal or not. Violations of criminal, civil, and regulatory laws would be included, as would those violations that are set by the workplace itself. Beyond those formal violations of the law, consider the following situations as examples of workplace deviance:

- Professors cancel class simply because they don't feel like going to class.
- A worker takes a 30-minute break when she was only supposed to take a 15-minute break.
- A worker calls his boss and says he is too sick to come to work when in fact he is not actually sick (but he uses that "fake sick voice" as part of his ploy).
- A wedding photographer gets drunk at a client's wedding, takes horrible pictures, and hits on the groom.
- An author uses silly examples to try to get his point across.

In each of these cases, no laws have necessarily been broken; however, one could argue that workplace or occupational norms may have been violated.

Somewhat related, one can also define *white-collar crime* as **definitions socially constructed by businesses**. What this means is that a particular company or business might define behaviors that it believes to be improper. What is wrong in one company might not necessarily be wrong in another company. Some businesses might have formal dress codes while others might have casual Fridays. Some companies might tolerate workers taking small quantities of the goods it produces home each night, while other companies might define that behavior as inappropriate and criminal. The expectations for workplace behavior, then, are defined by the workplace. These expectations can change over time. Highlighting broader policy changes, one author team observed that "in some cases, legal definitions have changed, turning 'crime' into 'not crime,' officially legitimizing once-prohibited forms of profiteering" (Headworth & Hagan, 2016, p. 278).

Incidentally, some experts have suggested that expectations be defined in such a way as to accept at least minor forms of wrongdoing (see Mars, 1983, for a description of the rewards individuals perceive from workplace misconduct). The basis for this suggestion is that individuals are more satisfied with their jobs if they are able to break the rules of their job at least every now and then. As a simple example, where would you rather work: (1) in a workplace that lets you get away with longer breaks every now and then or (2) in a workplace where you are docked double pay for every minute you take over the allotted break?

In some cases, workplace behaviors might not be illegal or deviant, but they might actually create forms of harm for various individuals. As a result, some prefer to define *white-collar crime* as **social harm**. Those defining white-collar crime from this perspective are more concerned with the harm done by occupational activities than whether behavior is defined either formally or informally as illegal or deviant. According to one author, "by concentrating on what is defined as illegal or criminal, a more serious threat to society is left out" (Passas, 2005, p. 771). Galbraith (2005, p. 731) offers the following examples: "The common practices of tobacco companies, hog farmers, gun makers and merchants are legal. But this is only because of the political nature of the perpetrators; in a democracy free of their money and influence, they would be crimes." Additional examples of white-collar crimes that are examples of this social harm perspective have been noted by Passas (2005), who highlighted the following "crimes" that occur without lawbreaking occurring: cross-border malpractices, asymmetrical environmental regulations, corrupt practices, child labor in impoverished communities, and pharmaceutical practices such as those allowing testing of drugs in third world countries. Passas emphasized that lawbreaking does not occur when these actions are performed but argues the actions are, in fact, criminal.

Another way to define these behaviors is to consider *white-collar crimes* as **research definitions**. When researchers study and gather data about white-collar crime, they must operationalize or define white-collar crime in a way that allows them to reliably and validly measure the behavior. As an example, in 2005, the National White-Collar Crime Center conducted its second national survey on white-collar crime. The results of this survey will be discussed later. For now, the way that the researchers defined white-collar crime illustrates what is meant by research-generated white-collar crime definitions. The researchers defined white-collar crime as “illegal or unethical acts that violate fiduciary responsibility or public trust for personal or organizational gain” (Kane & Wall, 2006, p. 1). Using this definition as their foundation, the researchers were able to conduct a study that measured the characteristics of white-collar crime, its consequences, and contributing factors. Note that had they chosen a different definition, their results might have been different. The way that we define phenomena will influence the observations we make about those phenomena.

Another way to define these behaviors is to consider *white-collar crime* as **official government definitions**. Government agencies and employees of those agencies will have definitions of white-collar crime that may or may not parallel the way others define white-collar crime. The Federal Bureau of Investigation (FBI), for example, has used an offense-based perspective to define white-collar crime as part of its Uniform Crime Reporting Program. The FBI defines white-collar crime as

those illegal acts which are characterized by deceit, concealment, or violation of trust and which are not dependent upon the application or threat of physical force or violence. Individuals and organizations commit these acts to obtain money, property, or services to avoid payment or loss of money or services; or to secure personal or business advantage. (U.S. Department of Justice, 1989, p. 3, as cited in Barnett, n.d.)

In following this definition, the FBI tends to take a broader definition of white-collar crime than many white-collar crime scholars and researchers do. *Identity theft* offers a case in point. The FBI includes identity theft as a white-collar crime type. Some academics, however, believe that such a classification is inappropriate. One research team conducted interviews with 59 convicted identity thieves and found that offenses and offenders did not meet the traditional characteristics of white-collar crimes or white-collar offenders. Many offenders were unemployed and working independently, meaning their offenses were not committed as part of a legitimate occupation or in the course of their occupation (Copes & Vieraitis, 2009).

Another way to define white-collar crime is to focus on *white-collar crime* as **violations of trust** that occur during the course of legitimate employment. To some authors, offenders use their positions of trust to promote the misconduct (Reiss & Biderman, 1980). Criminologist Susan Shapiro (1990) has argued for the need to view white-collar crime as abuses of trust, and she suggests that researchers should focus on the *act* rather than the *actor*. She wrote,

Offenders clothed in very different wardrobes lie, steal, falsify, fabricate, exaggerate, omit, deceive, dissemble, shirk, embezzle, misappropriate, self-deal, and engage in corruption or in compliance by misusing their positions of trust. It turns out most of them are not upper class. (p. 358)

In effect, Shapiro was calling for a broader definition of white-collar crime that was not limited to the collars of the offenders' shirts.

Others have also called for broader conceptualizations that are not limited to wardrobes or occupational statuses. Following Clinard and Quinney's 1973 conceptualization, some have suggested that these behaviors classified as *white-collar crimes* should be classified as occupational crimes. One author defines occupational crimes as “violations that occur during the course of occupational activity and are related to employment” (Robin, 1974). Robin (1974) argued

vehemently for the broader conceptualization of white-collar crime. He noted that various forms of lower-class workplace offenses “are more similar to white-collar crime methodologically than behaviorally,” suggesting that many occupational offenders tend to use the same methods to commit their transgressions. He further stated that the failure of scholars to broadly conceive white-collar crime “results in underestimating the amount of crime, distorts relative frequencies of the typology of crimes, produces a biased profile of the personal and social characteristics of the violators, and thus affects our theory of criminality” (p. 261).

Criminologist Gary Green (1990) has been a strong advocate of focusing on occupational crime rather than a limited conceptualization of white-collar crime. He defined occupational crime as “any act punishable by law which is committed through opportunity created in the course of an occupation that is legal” (p. 13). Green described four varieties of occupational crime: (1) organizational occupational crimes, which include crimes by corporations; (2) state authority occupational crimes, which include crimes by governments; (3) professional occupational crimes, which include those crimes by individuals in upper-class jobs; and (4) individual occupational crimes, which include those crimes committed by individuals in lower-class jobs. The strength of his conceptualization is that it expands white-collar crime to consider all forms of misdeeds committed by employees and businesses during the course of employment.

Using each of the above definitions as a framework, white-collar crime can also be defined as *violations occurring in occupational systems*. This text uses such a framework to provide a broad systems perspective about white-collar crime. White-collar crime can therefore be defined as “any violation of criminal, civil, or regulatory laws—or deviant, harmful, or unethical actions—committed during the course of employment in various occupational systems.” This definition allows us to consider numerous types of workplace misconduct and the interactions between these behaviors and broader systems involved in preventing and responding to white-collar crimes. As will be shown in the following paragraphs, the extent of these crimes is enormous.

EXTENT OF WHITE-COLLAR CRIME

Determining the extent of white-collar crime is no simple task. Two factors make it particularly difficult to accurately determine how often white-collar crimes occur. First, many white-collar crimes are not reported to formal response agencies. One study found that just one third of white-collar crime victims notify the authorities about their victimization (Kane & Wall, 2006). When individuals are victims of white-collar crimes, they may not report the victimization because of shame, concerns that reporting will be futile, or a general denial that the victimization was actually criminal. When businesses or companies are victims, they may refrain from reporting out of concern about the negative publicity that comes along with “being duped” by an employee. If victims are not willing to report their victimization, their victimization experiences will not be included in official statistics. The bottom line is that a lack of data has made it hard to determine the extent of white-collar crime (Simpson, 2013).

A second factor that makes it difficult to determine the extent of white-collar crime has to do with the conceptual ambiguity surrounding the concept (and discussed above). Depending on how one defines white-collar crime, one would find different estimates about the extent of white-collar crime. The federal government and other government agencies offer different definitions of white-collar crime than many scholars and researchers might use. The result is that white-collar crime researchers typically caution against relying on official statistics or **victimization surveys** to determine the extent of white-collar crime victimization. Despite this caution, the three main ways that we learn about the extent of white-collar crime are from official statistics provided by government agencies, victimization surveys, and research studies focusing on specific types of white-collar crime.

With regard to official statistics and white-collar crime, the FBI's Uniform Crime Reports (UCR) and National Incident Based Reporting System (NIBRS) provide at least a starting point from which we can begin to question how often certain forms of white-collar crime occur. These data reflect crimes known to the police. The UCRs include eight Part I (or index) offenses (homicide, robbery, rape, aggravated assault, motor vehicle theft, larceny, arson, and burglary) and 29 Part II offenses, which are typically defined as *less serious* crimes. With regard to white-collar crime, Part II offenses have been regarded as possible white-collar crimes. Figures 2.2a, 2.2b, and 2.2c show the trends in arrests for three Part II offenses that are often considered white-collar offenses. A few patterns are worth highlighting. For example, arrests for each offense type have been declining over the past decade, with arrests for fraud and forgery/counterfeiting dropping more and over a longer period of time. Also, compared to 1980 arrests, there were fewer fraud and forgery/counterfeiting arrests in 2018 but a higher number of embezzlement arrests.

A word of caution is needed in reviewing these estimates. Not all criminologists agree that these offenses are appropriate indicators of white-collar crimes. Many of these offenses may have occurred outside the scope of employment. Also, because the UCR program does not capture information about offender status, it is not possible to classify the crimes according to the occupational systems where the offenses occurred.

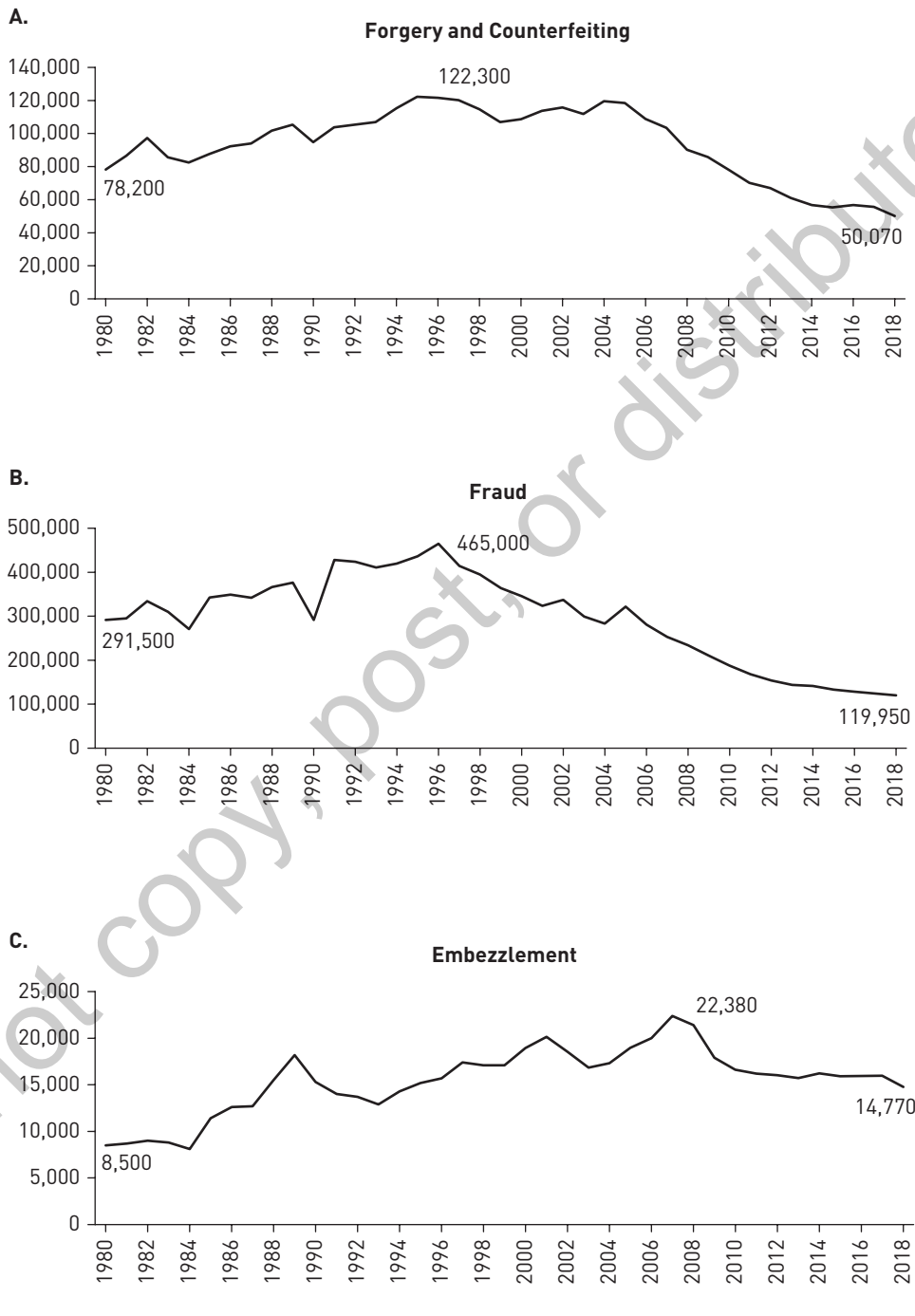
Limitations in the UCR program prompted the federal government to expand its efforts in reporting crime data through the NIBRS. NIBRS data provide more contextual information surrounding the crimes reported to the police. For example, this reporting system provides information about where the crime occurred, the victim-offender relationship, victim characteristics, and so on. While more contextual information is provided from NIBRS data, the same limitations that plague the UCR data with regard to the measurement of white-collar crime surface: (1) Not everyone would agree these are white-collar crimes, (2) the database was created for law enforcement and not for researchers, (3) many cases are reported to regulatory agencies rather than law enforcement, (4) some white-collar crime victims are unaware of their victimization, and (5) shame may keep some victims from reporting their victimization (Barnett, n.d.). Also, the NIBRS data are not as "user friendly" as UCR data at this point.

The phrase "official data" is often used to characterize data reported by government officials. Experts seem to agree that "official" data greatly underestimates the extent of white-collar crime (Simpson, 2019; Soltes, 2019). Organizations' internal data often show much higher numbers of violations, though those numbers only include offenses coming to the attention of the business (Soltes, 2019). Soltes cites examples where internal data show certain types of offenses occurring 64 times more often than they are reported in federal data. As Sally Simpson (2019) tells us, "getting reliable and valid rates of corporate law-breaking is still especially difficult—more difficult than it should be (p. 195).

Simpson and Yeager (2015) proposed a data series that would publish information about white-collar crimes handled by various federal agencies. The primary purpose of such a series would be to assist in policy development and research on the topic. The types of data included in the series should include information about criminal and civil offenses, offenders, and case outcomes from those agencies addressing the cases. After piloting their ideas through a grant from the National Institute of Justice, the authors recommended developing a working group that would be assigned the task of creating the processes needed for a white-collar crime database, developing a memorandum of understanding between those agencies currently holding the data on the offenses, and initiating an incremental approach to develop the database. Such an approach is needed because relying on official government data currently produces a limited view of white-collar crime. Said one author, "Reproducing FBI property crime rates from the 1990s to the present without noting the Savings and Loan looting, Enron era scams and the latest episode of barely contained looting is tantamount to propaganda" (Leighton, 2013, p. 45).

Victimization surveys offer an opportunity to overcome some of these problems. These surveys sample residents and estimate the extent of victimization from the survey findings. Unfortunately, national surveys focusing specifically on white-collar crime are rare. The 2010 National

FIGURE 2.2A, 2.2B, AND 2.2C ■ Arrest Trends for Three White-Collar Offenses, 1980–2018



Source: OJJDP Statistical Briefing Book. (2019, October). *Trends in the number of arrests by age group for embezzlement, fraud, and forgery*. Retrieved from https://www.ojjdp.gov/ojstatbb/crime/ucr_trend.asp?table_in=1

White-Collar Crime Center (NW3C) victimization survey is the most recent, and most comprehensive, white-collar crime victimization survey available. The results of this survey, a collection of phone interviews with a random sample of 2,503 adults in the United States, show that 24% of households and 17% of individuals reported being victims of white-collar crime in the prior year (Huff, Desilets, & Kane, 2010). Researchers have also used specific studies to gauge the extent of various forms of white-collar crime. One author, for example, cites a study by the Government Accountability Office that found fraud in “every single case” of the savings and loan institutions included in the study (Galbraith, 2005). Another study found that one in 30 employees (out of 2.1 million employees) was caught stealing from his or her employer in 2007 (“Record Number of Shoplifters,” 2008). A Federal Trade Commission (FTC) survey of 3,638 adults in the United States found that consumer fraud was rampant (Anderson, 2013). Based on the survey findings, Anderson (2013) estimates that “an estimated 10.8 percent of U.S. adults—25.6 million people—were victims of one or more of the frauds included in the 2011 FTC Consumer Fraud Survey” (p. ES-1). The most popular form of victimization that year was purchasing fraudulent weight loss products. It was estimated that 5 million individuals experienced this victimization. Anderson further estimated that nearly 38 million cases of consumer fraud occurred in 2011.

Figure 2.3 shows the extent of the types of fraud reported to the Federal Trade Commission (FTC) between 2001 and 2019. As shown in the figure, fraud reports increased nearly tenfold between 2001 and 2019 (from 325,519 to 3.2 million). Three possible explanations exist for this increase: (1) fraud occurred more, (2) fraud was reported more, or (3) fraud occurred more and was reported more. The third explanation is the most plausible.

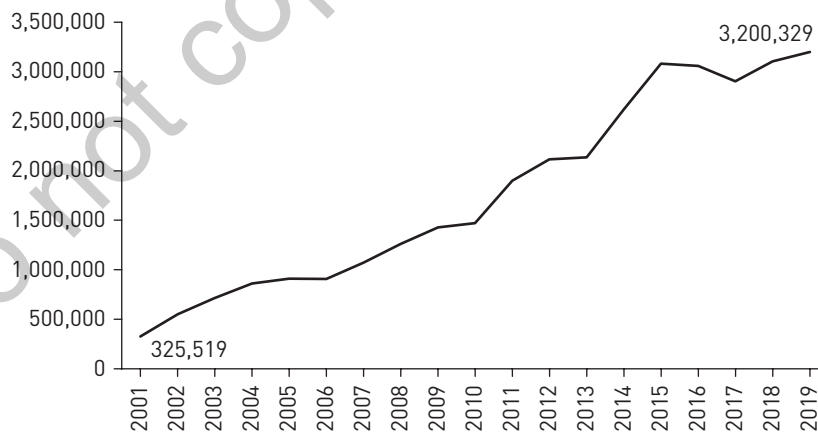
Figure 2.4 shows the top ten types of fraud reported to the FTC in 2019. The most common reported complaints included imposter scams, telephone and mobile services complaints, and



US Government Work

PHOTO 2.2 The FDA monitors dietary supplements in an effort to limit the distribution of unsafe or ineffective products. Here an FDA scientist is showing products seized after being illegally imported into the United States. Millions of victims report purchasing ineffective weight loss products.

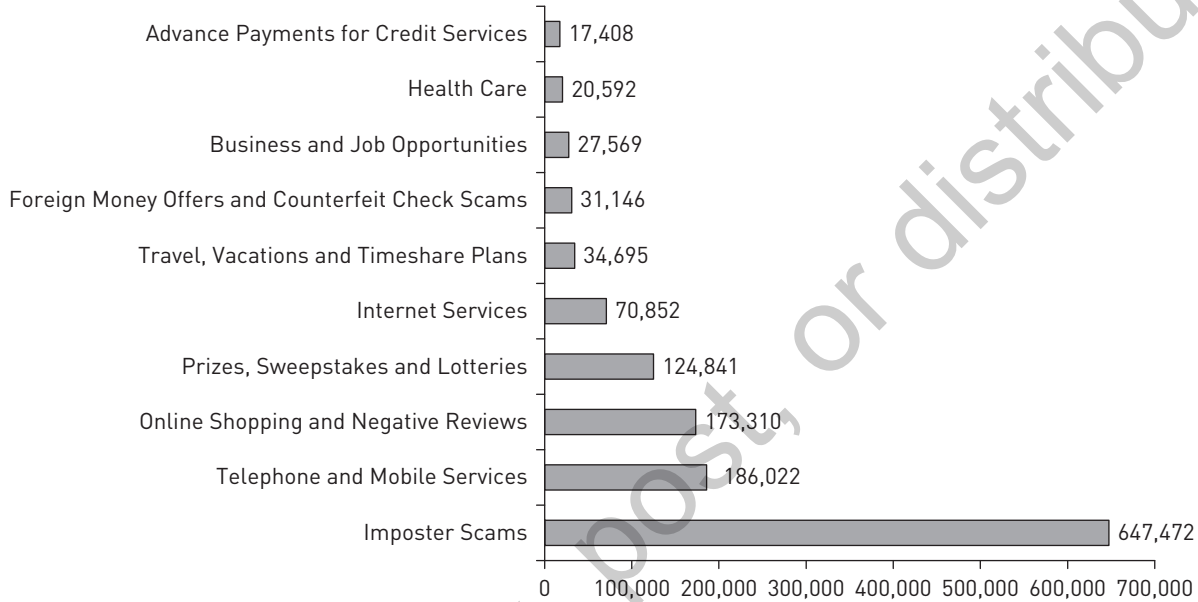
FIGURE 2.3 ■ Reports of Fraud Made to FTC, 2001–2019



Source: Consumer Sentinel Network Data Book 2019, Federal Trade Commission

online shopping issues. Data from the FTC shows a relation between victim age and amount of money lost to fraud (see Table 2.2). Essentially, while younger people reported losing money more often in frauds, the median loss from fraud increases as individuals grow older. The data are easily located and reviewed on the FTC’s website. In fact, the agency has added dashboards that allow consumers to explore a variety of patterns related to the complaints received. This chapter’s White-Collar Crime in the News provides insight into how to access and use the information provided by the agency.

FIGURE 2.4 ■ Top Ten Types of Fraud Reported to FTC, 2019



Source: Consumer Sentinel Network Data Book 2019, Federal Trade Commission

TABLE 2.2 ■ Reported Frauds and Losses by Age, 2019

Age Range	# of Reports	%	Total \$ Lost	Median \$ Loss
Under 20	23,862	3%	\$14M	\$
20-29	110,411	13%	\$124M	\$448
30-39	137,780	16%	\$168M	\$379
40-49	125,849	15%	\$178M	\$410
50-59	141,525	16%	\$186M	\$500
60-69	169,282	20%	\$223M	\$600
70-79	103,595	12%	\$150M	\$800
80 and Over	45,995	5%	\$72M	\$1,600

Percentages are based on the total number of 2019 fraud reports in which consumers provided their age: 858,299. Of the 1,697,943 total fraud reports in 2019, 51% included consumer age information.

Source: Consumer Sentinel Network Data Book 2019, Federal Trade Commission. <https://www.ftc.gov/enforcement/data-visualizations>

WHITE-COLLAR CRIME IN THE NEWS

FTC DASHBOARDS

The following is a press release from the Federal Trade Commission from April 15, 2020.

The Federal Trade Commission announced the launch of two new interactive dashboards detailing consumer reports about international fraud and scams.

One of the new interactive dashboards provides data on cross-border complaints submitted by consumers to [econsumer.gov](https://www.consumer.gov), a site created in 2001 by members of the International Consumer Protection and Enforcement Network (ICPEN) to gather and share consumer complaints about international scams. The dashboard is updated quarterly, and includes information on the top consumer complaints, total reported losses, the top locations for fraud, and the top locations for consumer victims.

In 2019, consumers reported losing a total of \$151.3 million to international scams, based on the 40,432 reports they submitted to [econsumer.gov](https://www.consumer.gov). Complaints related to online shopping topped the list of consumer complaints, and included reports about misrepresented products, merchandise that didn't arrive, and refund issues. Other top complaint categories reported to [econsumer.gov](https://www.consumer.gov) included government imposter scams, business imposter scams, travel and vacation fraud, and romance scams. Consumers from the United States, France, India, Australia, United Kingdom, and Canada filed the most complaints, while companies located in the United States, China, United Kingdom, India, Hong Kong, and Canada were the subjects of the largest number of consumer complaints.

The second set of dashboards details data on international reports submitted to the FTC's Consumer Sentinel Network. These dashboards present reports from [econsumer.gov](https://www.consumer.gov) and other data contributors. The international reports dashboard includes data about complaints filed by foreign consumers against U.S.-based companies, reports submitted by U.S. consumers against foreign companies, and data by geographic region.

In 2019, consumer reports received by the Consumer Sentinel Network showed consumers lost a total of \$276.5 million to foreign scams, based on the 91,560 reports against companies located outside the United States. Online shopping was the top complaint category about non-U.S. companies, followed by tech support scams, romance scams, advance fee loans/credit arrangers, and prizes/sweepstakes/lotteries. For non-U.S. companies, Canada was the subject of the largest number of consumer complaints, followed by China, India, United Kingdom, and Germany.

ICPEN is an international network of consumer protection authorities that aims to protect consumers' economic interests around the world by sharing information about cross-border issues and encouraging global cooperation among law enforcement agencies. The dashboard was announced as part of ICPEN's program of work under the current ICPEN Presidency, held by the Colombian Superintendency for Industry and Commerce.

Source: <https://www.ftc.gov/news-events/press-releases/2020/04/ftc-icpen-launch-new-online-tools-sharing-data-about>

While our risk of being victimized by white-collar crime increases as we grow older, it should not be assumed that younger people are not targeted or victimized by fraudulent behavior. The Fyre Festival fraud provides an example of a scheme that primarily targeted younger people. Billy McFarland, mastermind behind the Fyre Festival, raised \$26 million from investors and concert-goers to hold the "Fyre Festival" in 2017 in the Bahamas (U.S. Department of Justice, 2018, October 11). McFarland charged concert goers thousands for what was supposed to be a once-in-a-lifetime experience. Most of the concert-goers were younger individuals who were attracted to loud music, crowds, and partying. When they arrived in the Bahamas, they got such an experience but not in the way they were hoping. McFarland was not able to actually organize the festival. He apparently had overestimated the amount of work that would be required to pull off the festival. Festival-goers were asked to sleep in makeshift tents, eat underwhelming meals, and spend their days hanging out without

the entertainment they were promised. It may sound like was not that bad, but consider the following scene described by one of the attendees:

The first thing we see is people running for tents and fighting over tents. . . . People spent \$10,000 to go to this thing. How could they not have anything set up? This is not what I signed up for. (American Greed, 2019).

Some guests reportedly paid up to \$250,000 per ticket (Noto, 2018).

CONSEQUENCES OF WHITE-COLLAR CRIME

Crime, by its very nature, has consequences for individuals and communities. White-collar crime, in particular, has a set of consequences that may be significantly different from the kinds of consequences that arise from street crimes. In particular, the consequences can be characterized as (1) individual economic losses, (2) societal economic losses, (3) emotional consequences, (4) physical harm, and (5) “positive” consequences.

Individual economic losses refers to the losses that individual victims or businesses experience due to white-collar crimes. One way that criminologists have captured these losses is to compare them to losses experienced by victims of conventional crimes. The insurance specialist Hiscox conducts periodic surveys on embezzlement patterns. The company’s 2018 survey found that the average embezzlement loss was \$357,650 (Hiscox, 2018).

By comparison, consider the following:

- The average street or highway robbery entails losses of \$1,739.
- The average gas station robbery entails losses of \$1,028.
- The average convenience store robbery entails losses of \$961 (Federal Bureau of Investigation, 2018).

It is important to note that a small group of offenders can create large dollar losses. One study found that 27 white-collar offenders were responsible for a combined dollar loss of \$2,494,309 (Crofts, 2003). Each offender stole an average of \$95,935. Other studies have also found large dollar losses as a central feature of white-collar crimes (Wheeler, Weisburd, & Bode, 1988). In fact, Sutherland (1949) argued that white-collar crimes cost several times more than street crimes in terms of financial losses. While his estimate may be a little dated, the fact remains that a white-collar crime will likely cause larger dollar losses to victims than a street crime would. Consider, for example, a Medicare fraud scheme that stole more than \$1 billion dollars from the U.S. government (Federal Bureau of Investigation, 2019). Two dozen offenders collectively stole between \$17 and \$22 million a week from Medicare in the scheme.

Societal economic losses refers to the total amount of losses incurred by society from white-collar crime. An effort by Mark Cohen (2016) to combine all types of white-collar crime costs uncovered in prior studies resulted in an estimate suggesting that white-collar crime losses exceed \$1.6 trillion a year. That’s trillion, not billion! These costs are potentially increased when considering the secondary societal economic costs such as business failures and recovery costs. In terms of business failures, one estimate suggests that one third to one half of business failures are attributed to employee theft (National White Collar Crime Center, 2009). With regard to recovery costs, taxpayers pay billions of dollars to support the efforts of the criminal, civil, and regulatory justice systems. As an illustration of how these costs can quickly add up, one white-collar criminal involved in a \$7 million Ponzi scheme eventually lost everything and was unable to afford his own attorney. In this case, the federal public defender’s office was assigned the task

of representing the accused (Henning, 2010). Attorney costs in white-collar crime cases are believed to be particularly exorbitant.

Emotional consequences are also experienced by victims of white-collar crime and by all members of society exposed to this misconduct. These emotional consequences include stress from victimization, violation of trust, and damage to public morale. With regard to stress, any experience of victimization is stressful, but the experience of white-collar crime victimization is believed to be particularly stressful. Much of the stress stems from the violation of trust that comes along with white-collar crimes. Indeed, these consequences can include serious negative psychological repercussions for victims (Croall, 2016).

According to Sutherland (1941), the violation of trust can be defined as the “most general” characteristic of white-collar crime. Victims of a street robbery didn’t trust the stranger who robbed them in the first place. Victims of a white-collar crime, in addition to the other losses incurred from the victimization, have their trust violated by the offender. There is reason to believe that the level of trust may be tied to the specific level of trust given to different types of white-collar offenders (e.g., we trust doctors and pharmacists at a certain level but auto mechanics on another level).

Researchers have used various strategies to consider how these trust violations manifest in white-collar crimes. Spalek (2001) interviewed 25 individuals who lost some of their pension funds to a fraudulent scheme by Robert Maxwell. She focused on the degree to which victimization bred distrust. She found that many of the victims already distrusted their offender before the victimization came to light. The victims said that they felt forced or coerced into trusting the offender as part of his investment scheme. In terms of trust, they placed their trust in outside agencies to protect them from the offender. The following comments from Spalek’s (2001) participants highlight this pattern:

- I’ve always mistrusted Maxwell. But I felt that because pensioners were, to a large extent, the province of the state . . . that there was very little Maxwell could do to make off with the money.
- I suppose at the time I actually thought that the law would actually safeguard against anything that was mine so I wasn’t too worried about it, although I thought that Maxwell would do his best to get his hands on the money.

With regard to public alienation, violations of trust potentially do damage to the economy and social relationships. According to Frankel (2006), “with few exceptions, trust is essential to economic prosperity” (p. 49). If individuals do not trust financial institutions, they are not likely to invest their funds in the economy. Sutherland (1941) recognized this relationship between trust, the economy, and social relationships. He wrote,

The financial loss from white-collar crime, great as it is, is less important than the damage to social relations. White-collar crime violates trust and therefore creates distrust; this lowers social morale and produces disorganization. Many white-collar crimes attack the fundamental principles of the American institutions. Ordinary crimes, on the other hand, produce little effect on social institutions or social organization. (p. 13)

Building on Sutherland’s ideas, Moore and Mills (1990) described the following consequences of white-collar crime:

- Diminished faith in a free economy and in business leaders
- Erosion of public morality
- Loss of confidence in political institutions, processes, and leaders (p. 414)



PHOTO 2.3 The FDA issued a warning about using the nasal gel Swype Shield to protect against COVID-19. The warning said that the “product is promoted with unapproved claims to prevent, treat, mitigate, or cure COVID-19.” The FDA included a link to a detailed letter it had sent Swype Shield about the agency’s concerns with the product.

Criminologist Michael Lynch (2013) provided an impassioned plea for recognizing these serious consequences. He wrote the following:

Societies do not collapse because of the behavior of street offenders, but rather in many cases because the power elite and the capitalist system of exploitation in which they are enmeshed, lead us in the wrong direction. The financial crimes of the power elite and the inability of other segments of the power elite to control those crimes presents a serious example of how it becomes possible for the power elite to undermine the very basis of social organization, and, indeed, even undermine the social organization on which their system depends. (p. 58)

Physical harm may also result from white-collar crime victimization. In the words of one author, “white-collar crime can easily lead to violent results” (Verstein, 2014, n.p.). Sometimes, physical harm may be a direct result of the white-collar offense. For example, cases of physical or sexual patient abuse will result in physical harm for victims. Or, using unsafe products could cause physical injuries. Other times, experiencing financial harm can lead to physical problems. The loss of one’s entire retirement savings, for example, has been found to contribute to health problems for white-collar crime victims (Payne, 2005).

Death or serious physical injury is also a possible consequence of white-collar crimes. In one case, for instance, seven people died after a doctor “used lemon juice instead of antiseptic on patients’ operation wounds” (Ninemsn Staff, 2010). In another case, Reinaldo Silvestre was running a medical clinic in Miami Beach when it was discovered that he was practicing without a license, using animal tranquilizers as sedatives for humans, and performing botched surgeries. In a widely publicized case, a male body builder was given female C-cup breast implants—he had requested pectoral implants to make his chest look bigger (“Fugitive Phony Doctor Nabbed,” 2004).

It is possible to more generally highlight the physical harm stemming from white-collar crime. Consider the following estimates:

- In 2019, 13.4 million individuals in the United States were injured by consumer products (National Safety Council, 2020).
- Across the world, “occupational exposure to asbestos causes an estimated 107,000 deaths each year” (Takahashi, Landrigan, & Ramazzini, 2016).
- Causing approximately 440,000 nationwide deaths each year, medical errors were cited as the third most common type of death in the United States in 2016 (Stahel, VanderHeiden, & Kim, 2017).
- Estimates from the World Health Organization suggest that ambient air pollution was a contributing factors in 7.6% of all deaths across the world in 2016 (World Health Organization, n.d.).
- Consumer advocate Ralph Nader (2013) cites estimates suggesting that 60,000 Americans die each year from unsafe working conditions.

In line with the objective approach presented in Chapter 1, it is important to stress that not all consequences of white-collar crime are necessarily bad. Sociologist Emile Durkheim has

highlighted four functions of crime that illustrate how crime in some ways has positive influences on individuals and communities (see Martin et al., 2009). These four functions can also be applied to white-collar crime. They include warning light syndrome, boundary maintenance, social change, and community integration.

The **warning light syndrome** refers to the fact that outbreaks of white-collar crime could potentially send a message to individuals, businesses, or communities that something is wrong in a particular workplace system. If an outbreak of employee theft occurs in a hospital, for example, then the administrators would be warned that they need to address those aspects of the occupational routines that allowed the misconduct to occur.

In terms of **boundary maintenance**, it is plausible to suggest that individuals learn the rules of the workplace when some individuals are caught breaking those rules. In effect, they learn the boundaries of appropriate and acceptable behaviors by seeing some individuals step over those boundaries. Some even recommend that white-collar offenders, when caught, be arrested at times when the vast majority of workers would be able to see the arrests (Payne & Gray, 2001). What this is suggesting is a strategy for promoting boundary maintenance.

With regard to **social change**, our society has changed significantly because of white-collar misdeeds. Some people have talked about how survivors of violent crime actually become stronger because of their experience with violence. Following this same line of thinking, those who survive white-collar crime victimization might actually become stronger. As well, when cultures and societies survive corporate victimization, they too may actually grow stronger.

Community integration is a fourth function of white-collar crime. In particular, groups of individuals who otherwise would not have become acquainted with one another may come together in their response to white-collar crime. When there is a crime outbreak in a neighborhood, those neighbors come together to share their experiences and make their neighborhood stronger (Martin et al., 2009). A crime outbreak in a business could have the same result. Coworkers who never talked with one another might suddenly become lunch buddies simply because they want to get together to talk about the crimes that occurred in their workplace. As well, at the societal level, new groups have been formed to prevent and respond to white-collar crime.

Consider the NW3C. Formed in 1992, the center includes professionals, academics, and researchers interested in addressing white-collar crime on different levels. The NW3C's mission is "to provide training, investigative support, and research to agencies and entities involved in the prevention, investigation, and prosecution of economic and high tech crime" (National White Collar Crime Center, 2009). Without the problem of white-collar crime, this center would never have been created and its members would never have been brought together (or integrated as a community).

Other possible positive consequences of white-collar crime can be cited. For example, some criminologists have noted that occasional forms of deviance might be enjoyable or pleasurable to commit. The 2010 Conan O'Brien–Jay Leno debacle comes to mind. It was announced in January 2010 that O'Brien was to be replaced by Leno after he had been promised a long-term contract to host *The Tonight Show*. In the last several episodes of his National Broadcasting Company (NBC) show, O'Brien spent much of his show trashing his bosses at NBC. He even had skits suggesting that he was blowing NBC's money on pointless props for his show. The studio and home audiences raved about these skits. Who wouldn't want to go on national television every now and then and blow their company's money while trashing their bosses? (For the record, the thought never entered my mind.) In a similar way, some cases of workplace deviance might have the positive benefit of making the worker a more satisfied worker (see Mars, 1983). Authors have talked about "the joy of violence" (Kerbs & Jolley, 2007). In some ways, there might also be "the joy of white-collar deviance."

For some students, the numerous careers available to respond to white-collar crime might also be seen as a positive. Most large businesses have loss prevention and security specialists who deal with workplace misconduct. Whenever I teach my criminal justice classes, I always ask my

students if they would make crime go away if they could. Seldom do any students indicate that they would make crime disappear. In their minds, if they made crime disappear, they'd have to change their majors! So, in some ways, white-collar crime helps keep some criminal justice officials employed. A few of these careers can be particularly lucrative—one defense attorney was paid \$50,000 simply for providing counsel to a white-collar worker who had to testify in a grand jury proceeding (Nelson, 2010).

Still another function of white-collar crime is that it can be a form of entertainment. Several movies, novels, and television shows revolve around the concept. But entertainment by itself may have little value if viewers aren't learning from what they are watching or reading. To show how students can both be entertained by white-collar crime shows, and learn at the same time, each of the remaining chapters includes a feature called "Streaming White-Collar Crime" that describes a series or dealing with white-collar crime.

STREAMING WHITE-COLLAR CRIME <i>Dirty Money</i>		
Plot	What You Can Learn	Discussion Questions
A Netflix documentary directed by critically acclaimed filmmakers, each episode addresses specific corporate behaviors profiting the powerful and harming the powerless. Episodes focus on alleged fraudulent activities at Wells Fargo, exposure to harmful chemicals, the fraudulent tactics of payday lenders, the harmful practices of the pharmaceutical giant Valeant, and more. People with first-hand experience provide personal insight into each topic, and experts provide empirical and scientific insight.	<p>Powerful companies and individuals are able to use their power to become more powerful.</p> <p>Individuals experience long-term harm from the harmful behaviors of corporations and businesses.</p> <p>The international nature of these behaviors presents specific dilemmas for victims and justice officials.</p>	<p>Can you identify other examples when a company was able to use its power to become more powerful?</p> <p>What is it about power that makes companies want more power?</p> <p>How might you have been harmed by similar offenses?</p>

Of course, this brief overview of the "functions of white-collar crime" should not be interpreted as an endorsement of white-collar criminal behavior. In fact, the seriousness of many white-collar crimes means that the offenses cannot be taken lightly. The question that arises is whether members of the public view the offenses seriously.

PUBLIC ATTITUDES TOWARD WHITE-COLLAR CRIME

A large body of criminological research has focused on public attitudes about crime and different crime policies. Unfortunately, of the hundreds of criminological studies focusing on attitudes about crime, only a handful have focused on what the public thinks about white-collar crime.

Yet, research on white-collar crime attitudes is important for empirical, cultural, and policy-driven reasons (Piquero, Carmichael, & Piquero, 2008). In terms of empirical reasons, because so few studies have considered what the public thinks about white-collar crime, research on this topic will shed some light on how members of the public actually perceive this offense type. As well, such research will provide interesting and important insight into a particular culture or subculture. Perhaps most important, such research provides policy makers information they can use to implement prevention, response, and sentencing strategies.

In one of the first studies on public attitudes toward white-collar crime, Cullen and his colleagues (Cullen, Clark, Mathers, & Cullen, 1983) surveyed a sample of 240 adults and assessed various perceptions of this behavior. The researchers found that the sample (1) supported criminal sanctions for white-collar offenders, (2) viewed white-collar crimes as having greater moral and economic costs than street crimes, and (3) did not define the offenses as violent. In a separate study, Cullen, Link, and Polanzi (1982) found that perceptions of the seriousness of white-collar crime increased more than any other offense type in the 1970s and that physically harmful offenses were viewed as the most serious forms of white-collar crime (see Cullen et al., 1982).

Other studies have shown similar results. A study of 268 students found that perceptions of the seriousness of white-collar crime have increased over time and that these perceptions were tied to wrongfulness and harmfulness (Rosenmerkel, 2001). The NW3C national victimization survey also included items assessing perceptions of seriousness. The researchers found that the sample of 1,605 adults viewed (1) white-collar crime as serious as conventional crime, (2) physically harmful white-collar offenses as more serious than other white-collar crimes, (3) organizational offenses as more serious than individual offenses, and (4) offenses by higher-status offenders as more serious than offenses by lower-status offenders (Kane & Wall, 2006).

Subsequent research builds on these findings. A telephone survey of 402 residents of the United States focused on perceptions about white-collar crime and the punishment of white-collar offenders (Holtfreter, Van Slyke, Bratton, & Gertz, 2008). The authors found that one third of the respondents said that white-collar offenders should be punished more severely than street criminals. They also found that two thirds of the respondents believed that the government should “devote equal or more resources towards white-collar crime control” (Holtfreter, Van Slyke, Bratton, & Gertz, 2008, p. 56).

Around the same time, telephone interviews with 1,169 respondents found that the majority of respondents defined white-collar crime equally serious as, if not more serious than, street crime (Piquero, Carmichael et al., 2008). They also found that the presence of a college education impacted perceptions of seriousness. Those with a college education were more likely to define street crime and white-collar crime as equally serious. Another study using the same data set found that respondents believed that street criminals were more likely than other white-collar offenders to be caught and to receive stiffer sentences (Schoepfer, Carmichael, & Piquero, 2007). Respondents also believed that robbery and fraud should be treated similarly. Another way to suggest this is that the respondents believed that robbers and occupational offenders committing fraud should be handled the same way. A more recent study found that respondents perceived Ponzi schemes and embezzlement as more serious than street crimes, such as burglary and prostitution (Dodge, Bosick, & Van Antwerp, 2013). Describing these findings, the authors suggested that the “general public might be willing to support devoting greater resources to fighting white-collar crime” (Dodge, Bosick, & Van Antwerp, 2013, p. 412).

A more recent study on public opinion about white-collar crime found that survey respondents (n=408) have misconceptions about white-collar crime (Michel, Cochran, & Heide, 2016). The study found that less than 10% of respondents were actually informed or very informed about white-collar crime, though the respondents thought they knew more than they actually knew about it. According to the research team, the respondents tended to be “superficially informed” about white-collar crime subject matter. Based on objective measures assessing knowledge about white-collar crime, 75% of the sample was not well informed about the topic, while subjective measures suggested that just 12.5% of the sample was not well informed. A study using the same



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PHOTO 2.4 After his dispute with NBC when the coveted 11:30 time slot was taken away from him, Conan O'Brien mocked his employer, joking about ways he could waste the company's money.

sample explored the respondents' perceptions of white-collar crime in comparison to violent street crime and found that less punitive sanctions were recommended for white-collar crimes, leading the author to conclude that "violent street offenses still seem to elicit a more pronounced societal response" (Michel, 2016, p. 137).

Making sense of the public's unwillingness to incarcerate white-collar offenders, Cullen and his coauthors (Cullen, Chouhy, & Jonson, 2020) note that such findings might actually stem from methodological issues related to how punitiveness is measured. They note that a simple survey item fails to capture the wide range of factors that might actually shape punishment attitudes. When more details about white-collar crime are added to survey items, it is plausible that attitudes about incarceration will shift. Here is how they described this likelihood:

The Cullen et al. (1985, p. 21) survey contained this item: "Fixing prices of a consumer product like gasoline." Only 35.6% favored a prison term. But what if the price-fixing item had been described in this way? "For a three-year-period, executives from three major oil companies met secretly once a

month to make sure that gasoline prices were 50 cents higher per gallon. This price-fixing scheme earned each of their companies \$500 million in illegal profits. What sentence do you believe that the executives who engaged in this conspiracy should receive?" Because the degree of culpability would be clear and the economic impact revealed as enormous, it is likely that a high percentage of the public would endorse a prison term. (Cullen et al., 2020, p. 220)

It is believed that the media play a strong role in shaping our attitudes about white-collar crime. More so than in the past, social media is likely beginning to play an important role in generating understanding about white-collar offending and all types of crime for that matter. White-collar crime scholar Ellen Podgor has discussed how some of the past "highlights" from white-collar crime research and incidents might have been tweeted about if Twitter had existed several decades earlier. Table 2.3 provides a synopsis of Podgor's "tweets."

CHARACTERISTICS OF WHITE-COLLAR OFFENDERS

Because white-collar offenses are viewed as equally serious as street crimes, there may be a tendency among some to view white-collar criminals as similar to street criminals (Payne, 2003b). Such an assumption, however, is misguided and represents an inaccurate portrait of "the white-collar criminal." As well, focusing narrowly on white-collar offenders may result in individuals failing to recognize the interactions between the offenders' background characteristics and their offensive behaviors (Wheeler et al., 1988).

Criminologists have devoted significant attention to describing the characteristics of various types of white-collar offenders. Comparing records of street offenders and white-collar offenders, Benson and Moore (1992) concluded: "Those who commit even run-of-the-mill garden variety white-collar offenses can, as a group, be clearly distinguished from those who commit ordinary street offenses" (p. 252). In one of the most comprehensive white-collar crime studies, Wheeler and his colleagues (1988) found that white-collar offenders were more likely than

TABLE 2.3 ■ Tweeting About Significant White-Collar Crimes Over Time

Incident	What Happened	Podgor's Tweet
Sutherland's definition	In the 1940s, critics complained that the definition was too sociological.	"Focus on the offense— not the offender" (p. 542).
<i>New York Central and Hudson River Railroad Company v. U.S.</i>	Supreme Court case from 1909 that found that corporations could be held criminally liable for misdeeds.	Defense attorneys might tweet, "At last (sigh) paying clients" (p. 538).
Bernie Madoff's Ponzi Scheme	Bernie Madoff plead guilty in 2009 to orchestrating the largest and most brazen Ponzi scheme in U.S. history, stealing billions of dollars.	"Bernie Madoff did what!!!" (p. 548)
Lengthy prison sentences given to prominent offenders	Following the development of sentencing guidelines, in 2005 WorldCom CEO Bernard Ebbers was sentenced to 25 years in prison, and Enron CEO Jeffrey Skilling was sentenced to 24 years following their convictions.	"Ebbers to Skilling— must be tough being runner up" (p. 556).
Martha Stewart's case	Martha wore a poncho during her incarceration and served the end of her sentence on electronic monitoring with house arrest in 2005.	"Nice Poncho and Bracelet, Martha" (p. 554).

Source: Adapted from Podgor, E. (2011). 100 years of white-collar crime in Twitter. *The Review of Litigation*, 30(3), 535–58.

conventional offenders to (1) have a college education, (2) be white males, (3) be older, (4) have a job, (5) commit fewer offenses, and (6) start their criminal careers later in life. Focusing on the interactions between offender characteristics and offense characteristics, the same research demonstrated that white-collar crime was more likely than street crime to involve the following:

- National or international scope
- Involve a large number of victims
- Have organizations as victims
- Follow demonstrated patterns
- Be committed for more than a year
- Be committed in groups

Pulling together prior research on the characteristics of white-collar offenders, Klenowski and Dodson (2016) point out the white-collar offenders tend to be middle-aged; white; late entrants

to the criminal lifestyle; from middle-class backgrounds; college educated (some); married; and connected to their families, religious groups, and communities. These are the predominant characteristics; not all white-collar offenders are married, and females engage in the behavior as well. In addition, evidence points to the possibility that more minorities are becoming involved in white-collar crime (Benson & Chio, 2020).

More recent research shows race differences across white-collar crime types. Focusing on the same offenses and locations used in the earlier Wheeler study, Benson and Chio (2020) examined convictions in 2015 and found that white people made up more than half of convicted offenders for bank embezzlement, lending and credit fraud, mail/wire fraud, and SEC crimes. Conversely, they made up less than half of those convicted for antitrust, bribery, and false claims offenses. Asians made up the majority of antitrust offenders (because of the government's decision to focus on a large case involving a Japanese auto manufacturer), and Black Americans and Hispanics appeared to be overrepresented in bribery and false claims cases. Though more white people are convicted of white-collar crimes than persons of color are, more persons of color were convicted of white-collar offenses in 2015 than in 1988. Describing these racial patterns, Benson and Chio concluded, "Since the 1970s, [white-collar crime] has somehow been democratized and is now available to a broader mass of people from different racial and ethnic backgrounds" (p. 102). The authors also found that offenses tended to be committed by men, except for bank embezzlement (of which 64% of the offenders were women). In addition, the authors found a higher percentage of women convicted of bribery and securities violations in 2015 in comparison to the earlier study. Specifically, the authors found that female offenders "comprise 17.9 and 9.2% of the offenders (respectively) of offenders in 2015 versus the 1970s, where they made up less than 5% of bribery cases and less than 3% of securities offenses" (p. 102).

Recognizing the differences between white-collar crime and white-collar offenders and between street crimes and street offenders is significant for theoretical and policy reasons. In terms of theory, as will be demonstrated later in this text, if one of the criminological theories can explain both types of crimes, then that theory would be seen as having strong explanatory power. In terms of policy, it is important to recognize that different criminal justice strategies may be needed for the two types of offenses and that street offenders and white-collar offenders may respond differently to the criminal justice process.

Consider efforts to prevent crime. Strategies for preventing street crimes might focus on community building and poverty reduction; preventing white-collar crime is much "more complex" (Johnstone, 1999, p. 116). The impact of convictions and incarceration is also different between street offenders and white-collar offenders (Payne, 2003b). While such events may actually allow street offenders to gain "peer group status," the white-collar offender would not experience the same increase in status as the result of a conviction (Johnstone, 1999; Payne, 2003b). At the most basic level, recognizing the differences between street offenders and white-collar offenders helps to promote more useful prevention and intervention strategies. On a more complex level, recognizing these differences fosters a more objective and accurate understanding of the dynamics, causes, and consequences of the two types of behavior.

Summary

- Sutherland (1949) defined white-collar crime as "crime committed by a person of respectability and high social status in the course of his occupation" (p. 9).
- Criticism of the concept centered on (1) conceptual ambiguity, (2) empirical ambiguity, (3) methodological ambiguity, (4) legal ambiguity, and (5) policy ambiguity.

- Corporate crime and occupational crime are viewed as “the two principal or ‘pure’ forms of white-collar crime” (Friedrichs, 2002, p. 245).
- Criminologists and social scientists offer various ways to define white-collar crime. These variations tend to overlap with one another and include the following: (1) white-collar crime as moral or ethical violations, (2) white-collar crime as social harm, (3) white-collar crime as violations of criminal law, (4) white-collar crime as violations of civil law, (5) white-collar crime as violations of regulatory laws, (6) white-collar crime as workplace deviance, (7) white-collar crime as definitions socially constructed by businesses, (8) white-collar crime as research definitions, (9) white-collar crime as official government definitions, (10) white-collar crime as violations of trust, (11) white-collar crime as occupational crimes, and (12) white-collar crime as violations occurring in occupational systems.
- Determining the extent of white-collar crime is no simple task. Two factors make it particularly difficult to accurately determine how often white-collar crimes occur: unreported crimes and conceptual ambiguity.
- With regard to official statistics and white-collar crime, the FBI’s UCR and NIBRS provide at least a starting point from which we can begin to question how often certain forms of white-collar crime occur.
- The consequences of white-collar crime can be characterized as (1) individual economic losses, (2) societal economic losses, (3) emotional consequences, (4) physical harm, and (5) “positive” consequences.
- Research on white-collar crime attitudes, however, is important for empirical, cultural, and policy-driven reasons (Piquero, Carmichael et al., 2008).
- Because white-collar offenses are viewed as equally serious as street crimes, there may be a tendency among some to view white-collar criminals as similar to street criminals (Payne, 2003b). Such an assumption is misguided and represents an inaccurate portrait of “the white-collar criminal.”
- Wheeler and his colleagues (1988) found that white-collar offenders were more likely than conventional offenders to (1) have a college education, (2) be white males, (3) be older, (4) have a job, (5) commit fewer offenses, and (6) start their criminal careers later in life.

Key Terms

Boundary maintenance	47	Government definitions	37	Victimization surveys	38
Community integration	47	Individual economic losses	44	Violations of civil law	35
Conceptual ambiguity	30	Natural law	34	Violations of criminal law	35
Corporate crime	32	Occupational crime	32	Violations of regulatory law	35
Criminaloid concept	29	Physical harm	46	Violations of trust	37
Definitions socially constructed by businesses	36	Research definitions	37	Warning light syndrome	47
Emotional consequences	45	Social change	47	White-collar crime	30
Empirical ambiguity	30	Social harm	36	Workplace deviance	35
		Societal economic losses	44		

Discussion Questions

1. Review the four white-collar crimes described in the list at the beginning of this chapter. Answer the following questions for each offense description:
 - a. Is it a white-collar crime?
 - b. How often do these crimes occur?
 - c. What would the consequences of this crime be?
 - d. How serious do you think this crime is?
 - e. Who is the offender in each case?
 - f. How does that offender differ from street offenders?
2. Why does it matter how we define white-collar crime?
3. How serious is white-collar crime in comparison to street crime?
4. Find three news reports about white-collar offenses, and identify three negative consequences and three positive outcomes from the offenses.
5. How is the Fyre Festival case a type of white-collar crime?

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