



Introduction and Overview of White-Collar Crime

A Systems Perspective

Section Highlights

- Researching White-Collar Crime
- Studying White-Collar Crime From a Scientific Perspective
- The Student Role in White-Collar Crime
- Plan for the Book

Not long ago an employee of a Netherlands-based McDonald's was fired after she gave a coworker an extra piece of cheese on a hamburger ordered by the coworker. The worker then filed a lawsuit arguing that the firing was unjust. The court eventually decided that the worker should not have been fired for doling out an extra piece of cheese and ordered the restaurant to pay several months in back pay to the worker. In the words of the court, "The dismissal was too severe a measure. It is just a slice of cheese" ("McDonald's Wrong to Fire Worker," 2010).

This case raises several questions relevant to crime in the workplace. Did the worker commit a crime by breaking the restaurant's rules? Did the restaurant commit a crime by firing the worker for giving away an extra piece of cheese? Why did the worker give out the extra piece of cheese? Would the case have been handled differently if it occurred in the United States or another country? Have we committed similar acts during the course of our own jobs?

Rule breaking in the workplace is common. Consider the following examples as they were described verbatim in press reports:

- A practicing attorney in Orange County, California, was arrested today on charges that include one count of conspiracy to commit grand theft, and 97 felony counts of grand theft by false pretenses, with sentencing enhancements for white collar crime and excessive taking. (“OC Lawyer Arrested for Defrauding 400 Homeowners,” 2010)
- This conviction is based upon [the dentist’s] conduct involving five Washington State Medicaid clients across three counties for whom she was supposed to have provided dentures and related services to and then billed the program for services she did not render. (*Medicaid Fraud Reports*, 2009)
- ***** played a leadership role in the underlying conspiracy which involved at least 32 residential properties in the greater Phoenix area. The objective of the conspiracy was to recruit unqualified borrowers as straw buyers, submit fraudulent loan applications on their behalf, obtain mortgage loans in excess of the selling price of the property and then take the excess amount of the loans out through escrow in what is known as a “cash back” scheme. (Norman, 2009)
- Dr. ***** pleaded guilty . . . for submitting a false claim to the state’s Medicaid program. ***** specialized in treating drug addiction patients. . . . The charge was based on evidence that he double billed for initial consultations, by collecting the full fee from the patient and also billing Medicaid. ***** was sentenced to pay a \$2,000 fine, \$1,600 in restitution to Medicaid, and serve 30 days in the county jail. (*Medicaid Fraud Reports*, 2009)
- The California Department of Insurance announced that ***** of Huntington Park, Calif., was arrested Dec. 22 and faces one felony count of grand theft after allegedly taking a premium payment and failing to purchase a policy for the victim. (“Huntington Park Insurance Agent Arrested,” 2009)
- Attorney General Abbott announced on August 13 that licensed vocational nurse ***** was indicted on two counts of injury to an elderly person by exploitation. ***** allegedly diverted hydrocodone in April 2008 from four elderly residents of the Good Samaritan Society, Denton Village, for her personal use. (*Medicaid Fraud Reports*, 2009)
- A teacher was arrested on suspicion of putting a hit on one of his students. ***** , a 10th-grade teacher at Mundy’s Mill High School in Clayton County, is accused of trying to persuade another student to kill a 16-year-old boy. (“Teacher Accused of Putting Hit on Student,” 2009)

Three similarities exist across each of these examples: (1) in terms of time, they were committed during the course of work; (2) in terms of location, they occurred in a work setting; (3) in terms of offender role, the offender was serving as a worker. At the most general level, one might be tempted to refer to these behaviors as workplace offenses. On another level, one could argue that each of these examples helps us to understand what is meant by the concept of white-collar crime.

Edwin Sutherland first introduced the concept of white-collar crime in 1939 during a presentation to the American Sociological Association. A decade later in his now classic book, *White-Collar Crime*, he defined the concept as “crime committed by a person of respectability and high social status in the course of his occupation” (Sutherland, 1949). Sutherland was calling attention to the fact that criminal acts were committed by individuals from all social and economic classes. He used the phrase *white-collar* to emphasize the occupational status assigned to individuals.

In Section II, more attention will be given to how white-collar crime is conceptualized. As a brief introduction to the concept, three factors are typically used to distinguish white-collar crimes from other

crimes. First, white-collar crimes are committed during the course of one's job. Second, the offender's occupational role plays a central feature in the perpetration of the crime. Third, the offender's occupation is viewed as a legitimate occupation by society (e.g., a drug dealer's occupation is illegitimate, but a pharmacist's occupation is legitimate).

Perhaps an example can help to clarify what is meant by crime committed as a part of one's employment. Believe it or not—some professors have committed crimes. Consider a case in which a psychology professor was charged for hiring actors to pretend that they had participated in his research study as part of an investigation that alleged that the professor had committed scientific fraud. The actors were interviewed by investigators, but they did not realize that the interviews were actual official interviews because the professor had told them the interviews were part of a mock trial he was conducting for his research study (Office of New York State Attorney General, 2010). This would be a white-collar crime—the offender's employment role was central to the act. Alternatively, consider a case where a criminal justice professor was charged with sexually assaulting students (Elofson, 2010). This would not typically be considered a white-collar crime unless the offender's employment role was central to the commission of the act.

Distinguishing between white-collar crime and traditional crimes is not meant to suggest that one form of crime is worse than the other. Instead, the intent is to note that different forms of crime exist and a full understanding of crime, explanations of crime, and responses to crime will not occur unless the differences between these forms of crime are understood.

Why Study White-Collar Crime?

Six reasons support the need to study white-collar crime. First, and perhaps foremost, white-collar crime is a serious problem in our society. Estimates provided by the Federal Bureau of Investigation (FBI) routinely suggest that far more is lost to white-collar crimes than to traditional property crimes such as larceny, robbery, and burglary. Beyond these economic costs, and as will be shown later in this text, white-collar offenses have the potential to cause serious physical and emotional damage to victims.

Second, unlike some offense types, it is important to recognize that white-collar offenses affect everyone. While a specific street offense might have just one or two victims, white-collar offenses tend to have a large number of victims, and on a certain level, some white-collar offenses are so traumatic that they actually may influence all members of society. For instance, Bernie Madoff's transgressions duped thousands of individuals and organizations out of billions of dollars. It was not just these individuals, however, who were victims. Members of society who then felt distrust for financial institutions and their employees were also affected by Madoff's behaviors. Members of society may also experience what one social scientist calls demoralization costs (Coffee, 1980). In this context, demoralization means that individuals have less faith in societal values, and this reduction in faith may actually create a situation where individuals justify their own future misdeeds based on the illicit behaviors of those white-collar and corporate organizations we



▲ **Photo 1.1** White-collar crimes typically occur where offenders work. Wall Street has been heralded as the location of many white-collar crimes. In reality, white-collar misconduct occurs in all types of workplace settings.

have been socialized to trust. As one author team wrote, “Because most white-collar offenses violate trust, they breed distrust” (Moore & Mills, 1990, p. 413).

A third reason it is important to study white-collar offending is that by studying white-collar offending we can learn more about all types of crime. Just as medical researchers might learn more about all forms of diseases by studying one form of disease, the study of white-collar crime allows criminologists, students, members of the public, and policy makers greater insight into all variations of criminal behavior and types of criminal offenders.

Fourth, it is important to study white-collar crime so that effective prevention and intervention systems and policies can be developed. It cannot be assumed that prevention and intervention policies and strategies



▲ **Photo 1.2** Many careers exist that target white-collar offending. In this photo, EPA workers are responding to a specific form of white-collar crime, environmental white-collar crime.

developed for, and used for, traditional forms of crime are appropriate for responding to offenses committed during the course of one’s occupation. The underlying dynamics of different forms of white-collar crime need to be understood so that response strategies and policies based on those dynamics can be developed.

Fifth, and as will be discussed in more detail below, studying white-collar crime provides important information about potential careers related to white-collar crime. This is not meant to suggest that you can learn how to be a white-collar criminal by studying white-collar crime; rather, a number of occupations exist that are designed to help the criminal and civil justice systems respond to white-collar crimes. These occupations typically require college degrees and many are more lucrative than traditional criminal justice occupations. To actually enter one of those careers, one would need a keen

understanding of white-collar crime. Thus, we study white-collar crime in order to develop the critical thinking skills and base of awareness needed to understand white-collar crime.

Finally, studying white-collar crime allows additional insight into a particular culture and various subcultures. On the one hand, the study of white-collar crime provides an insider’s view into the American workforce and the cultural underpinnings that are the foundation of values driving the activities of the workforce. On the other hand, the study of white-collar crime provides all of us additional insight into specific occupational subcultures, with all of which we have some degree of familiarity—whether accurate or inaccurate. Many individuals assume that a trip to the auto mechanic has the potential to result in unnecessary repairs and outrageous bills. Few, however, assume that trips to the doctor or pharmacist might result in similar outcomes. As will be shown later in this text, however, white-collar crime research shows that misconduct occurs in all occupations. By understanding misconduct in these occupations, we better understand the occupational subcultures where the misconduct occurs.

Researching White-Collar Crime

Several different research strategies are used to study white-collar crime and white-collar criminals. For the most part, these research strategies are similar to those used to study other social problems. The way that these strategies apply to white-collar crime, however, is somewhat different from how they might be applied

to research studies of other topics. Strategies that can be used to research white-collar crime include but are not limited to:

- Surveys
- Archival research
- Field research
- Experiments
- Case studies

Survey Research and White-Collar Crime

Surveys are perhaps among the more common research strategies used to study white-collar crime. Survey methods include on-site administration surveys, face-to-face interviews, telephone interviews, and mail surveys. Strengths and weaknesses exist for each of these strategies (see Table 1.1). The aim of surveys is to gather information from a group of individuals and use that information to paint a picture of the topic under consideration.

Table 1.1 Strengths and Weaknesses of Different Survey Methods

Survey Method	Strengths	Weaknesses
On-site administration	<ul style="list-style-type: none"> • Surveys occur in one setting • Large sample is possible • Does not take long to gather • Convenient 	<ul style="list-style-type: none"> • Difficult to give surveys on site to both offenders and victims • No database of white-collar offenders • Educational differences make it hard to use the same surveys for everyone • Hard for some to recall incidents • Gaining entrance and trust of victims hard
Face-to-face interviews	<ul style="list-style-type: none"> • Can watch respondent's reactions • Probing is an option • Rapport is easier to develop 	<ul style="list-style-type: none"> • More time consuming • More expensive • Difficulty in finding participants and place to conduct interviews • Trust and rapport is important • Must gain access and permission of businesses
Telephone interviews	<ul style="list-style-type: none"> • Most comprehensive studies have been conducted using telephone interviews • Respondents seem more open answering questions over the phone 	<ul style="list-style-type: none"> • People without home phones are excluded from the study • Some do not answer their phones due to increase in telemarketing
Mail surveys	<ul style="list-style-type: none"> • Less costly • Able to survey a large number of respondents. 	<ul style="list-style-type: none"> • May not fully understand the questions • No opportunity to develop rapport • Takes time to develop a comprehensive list of residents • Certain subjects are excluded from mailing list

Groups who are surveyed in white-collar crime research studies include criminal justice officials, members of the public, victims of white-collar crime, and white-collar offenders. Each of these groups has the potential to provide important information about various issues related to white-collar crime.

Surveys of criminal justice officials in the white-collar crime literature tend to focus on the strategies used to identify and respond to white-collar offenses, the kinds of offenses encountered by the officials, and the barriers that must be overcome to successfully respond to the cases. One author interviewed probation officers to determine how white-collar offenders were supervised by community corrections officials (Mason, 2007). Another author described a survey of 1,142 fraud examiners conducted by the Association of Certified Fraud Examiners (Holtfreter, 2005). As will be demonstrated later in this text, this research provided important insight about the types of offenders, offenses, and organizations involved in occupational fraud cases.

White-collar crime researchers have also surveyed members of the public to assess attitudes about, and experiences with, white-collar crime. Such research is useful for at least five reasons. First, determining what members of the public think about white-collar crime provides a baseline that helps to paint a picture about a culture at a given moment of time. For example, if surveys of the public show that the public is tolerant of white-collar offending, this would tell us something about the culture at that moment in time. Second, focusing on citizens' attitudes about white-collar crime provides an indication of the likelihood that individuals might engage in white-collar criminal activity. Third, surveying members of the public potentially allows researchers access to a larger group of white-collar offenders than they might otherwise get, particularly in self-report studies. Fourth, and in a similar way, surveys of members of the public could provide researchers access to a large group of white-collar crime victims. A survey of 400 residents of Tennessee, for example, found that 227 (58%) reported being victimized by fraud in the prior 5 years (Mason & Benson, 1996). Fifth, surveys of the public could provide policy makers with information they can use to develop policies and laws designed to prevent white-collar crime.

Researchers have also surveyed white-collar crime victims to increase our understanding about the victimization experiences of this group. In this context, victims could be (1) individuals, (2) businesses and nongovernmental institutions, or (3) "government as a buyer, giver, and protector-gatekeeper" (Edelhertz, 1983, p. 117). One of the issues that arises in such studies is the ability to identify a sample of white-collar crime victims. An early study on appliance "repairman" fraud used a sample of 88 victims of one offender, "Frank Hanks" (not his real name) (Vaughan & Carlo, 1975). Victims were identified through press reports, prosecutors' files, and public files. Incidentally, the researchers identified 133 victims who had complained about the repairman to various consumer agencies. Through this survey, the researchers were able to identify complaint patterns, provide insight into the victims' interactions with Hanks, and delineate the experience of victimization. The authors also drew attention to the plight of victims trying to formally resolve the cases. They noted that "pursuing justice became more expensive than being a victim and they [often] dropped the matter" (p. 158).

Another issue that arises when surveying white-collar crime victims is that victims may be reluctant to discuss their experiences. Survey respondents may not trust researchers who ask about fraud victimization, perhaps partly because they are on guard about having been scammed in the first place (Mason & Benson, 1996). Despite these issues, the need to study white-collar crime victims continues because they have been ignored historically in victimization studies and the victims movement (Moore & Mills, 1990).

Surveys of white-collar offenders are equally difficult to conduct. Sutherland (1941) recognized this as a barrier in white-collar crime research shortly after introducing the concept. White-collar offenders simply

do not want to participate in research studies. As noted above, general self-report surveys of members of the public might help to develop samples of white-collar offenders. Other times, researchers have surveyed members of a specific occupational group with the aim of identifying attitudes about white-collar offending among members of that occupational group. Criminologist Dean Dabney, for example, interviewed nurses (1995) and pharmacists (2001) to shed light on the types of crimes occurring in those fields. After he built up rapport over time, participants in his study were willing to open up about crimes in their occupations, particularly those crimes committed by their coworkers.

Other researchers have confronted barriers in their efforts to interview convicted white-collar offenders. This group of offenders experiences a significant amount of stigma and that stigma may keep them from wanting to talk about their experiences with researchers. One journalist tried contacting 30 different convicted white-collar offenders who had been released from prison in an effort to try to get them to contribute to a story she was writing. She described their resistance to talking with her the following way: “Understandably, most of them told me to get lost. They had done their time and that part of their life was a closed chapter. They had made new lives and did not want to remind anyone of their pasts” (Loane, 2000, n.p.).

Across each of these survey types, a number of problems potentially call into question the validity and reliability of white-collar crime surveys. First, as one research team noted, the field of criminology has not yet developed “comprehensive measures . . . that tap into the concepts of white-collar and street crime” (Holtfreter, Van Slyke, Bratton, & Gertz, 2008, p. 57). The lack of comprehensive measures makes it difficult to compare results across studies and generalize findings to various occupational settings. Second, difficulties developing representative samples are inherent within white-collar crime studies. It is particularly difficult to develop a random sample of white-collar crime victims or offenders. Third, questions about white-collar crime on surveys are potentially influenced by other items on the survey, meaning the findings might actually reflect methodological influences as opposed to actual patterns. Fourth, the scarcity of certain types of white-collar crime surveys (like those focusing on offenders) has made it even more difficult to develop and conduct these sorts of studies—if more researchers were able to do these surveys, others would learn how to follow in their path. Despite these potential problems, surveys are useful tools to empirically assess various issues related to white-collar offending.

Archival Research and White-Collar Crime

Archival research is also relatively common in the white-collar crime literature. In this context, archival research refers to studies that use some form of record (or archive) as a database in the study (Berg, 2009). Archives commonly used in white-collar crime studies include official case records, pre-sentence reports, media reports, and case descriptions of specific white-collar offenses.

Case records are official records that are housed in an agency that has formal social control duties. One problem that arises with using case records is locating a sample that would include the types of offenders that criminologists would label as white-collar offenders (Wheeler, Wiesburd, & Bode, 1988). Still, with a concerted effort, researchers have been able to use case records to develop databases from which a great deal of valuable information about white-collar crime will flow. Crofts (2003), for example, reviewed 182 case files of larcenies by employees. Of those 182 cases, she found that gambling was a direct cause of the larceny in 36 cases. Of those 36 cases, Crofts found that 27 offenders were responsible for 1,616 charges of larceny by employee. Note that there is absolutely no other way Crofts could have found these findings other than by reviewing case records.

Researchers have also used pre-sentence reports to study different topics related to white-collar crime. **Pre-sentence reports** are developed by probation officers and include a wealth of information about offenders, their life histories, their criminal careers, and the sentences they received. In one of the most cited white-collar crime studies, criminologist Stanton Wheeler and his colleagues (Wheeler, Weisburd, & Bode, 1988) used the pre-sentence reports of convicted white-collar offenders from seven federal judicial circuits to gain insight into the dynamics of offenders, offenses, and sentencing practices. The authors focused on eight offenses: securities fraud, anti-trust violations, bribery, tax offenses, bank embezzlement, post and wire fraud, false claims and statements, and credit and lending institution fraud. Their research provided groundbreaking information about how white-collar offenders compared to traditional offenders as well as information about the way offenders are sentenced in federal court. The findings are discussed in more detail in later sections of this text.

Researchers have also used **media reports** to study white-collar crime. Using news articles, press reports, and television depictions of white-collar crimes helps researchers (a) demonstrate what kind of information members of the public are likely to receive about white-collar crime and (b) uncover possible patterns guiding white-collar offenses that may not be studied through other means. With regard to studies focusing on what information the public receives about white-collar offenders, criminologist Michael Levi (2006) focused on how financial white-collar crimes were reported in various media outlets. His results suggested that these offenses were portrayed as “infotainment” rather than serious crimes, suggesting that the cases were sensationalized to provide somewhat inaccurate portrayals of the offenses. Another researcher who used newspaper articles to study the portrayal of white-collar crime found that the cases tended to be reported in business or law sections rather than the crime sections of newspapers, suggesting that the behaviors are not real crimes (Stephenson-Burton, 1995).

With regard to the use of press reports to describe patterns surrounding specific forms of white-collar crimes, a recent dissertation by Philip Stinson (2009) focused on 2,119 cases of police misconduct committed by 1,746 police officers that were reported in the national media between 2005 and 2007. In using media reports, Stinson was able to access a larger number of police misconduct cases than he would have been able to access through other methods. His findings provide useful fodder for those interested in generating awareness about police misconduct.

Another archive that may be of use to white-collar crime researchers involves **case descriptions of specific white-collar offenses** that may be provided by some agencies. In some states, for example, the state bar association publishes misdeeds committed by attorneys. Researchers have used these case descriptions to examine how lawyers are sanctioned in Alabama (Payne & Stevens, 1999) and Virginia (Payne, Time, & Raper, 2005). Some national agencies provide reports of white-collar crimes committed by occupations they are charged with regulating. The National Association of Medicaid Fraud Control Units, for instance, describes cases prosecuted by Medicaid Fraud Control Units in a publication titled *Medicaid Fraud Reports*. This publication has served as a database for studies on crimes by doctors (Payne, 1995), crimes in nursing homes (Payne & Cikovic, 1995), crimes in the home health care field (Payne & Gray, 2001), and theft by employees (Payne & Strasser, 2010). Table 1.2 shows the kinds of information available in the fraud reports for these offense types.

With each of these types of archival research, researchers often develop a coding scheme and use that scheme much like they would use a survey instrument. Instead of interviewing an individual, the researcher “asks” the archive a set of questions. Several advantages exist with the use of case records for white-collar crime research (see Payne, 2005). For example, such strategies provide white-collar crime researchers access to a large group of subjects that they would not be able to otherwise access. It would have been impossible,

Table 1.2 Types of Information Available in Fraud Reports

Type of Crime	Case Description Example
Financial abuse by workers against patients	Attorney General Sorrell announced on October 6 that Heather Whitehouse, a former caregiver who provided care to seniors with Alzheimer's disease, has been sentenced to jail for financial exploitation of a vulnerable adult, fraud and other crimes of dishonesty. The charges stemmed from her employment as a caregiver at The Arbors, a residential care community dedicated to serving the needs of seniors with Alzheimer's disease and related memory impairments.
Physical abuse against patients	Attorney General Abbott announced on August 6 that home living staff member Brandon Eugene Crow was indicted by a state grand jury for injury to a disabled individual. This case alleges that Crow, while employed with D & S Residential, gave a resident a cold shower, shaved him with a loose razor causing multiple scratches on his face and threw him against a bathroom door causing a bruise on his back.
Fraud by doctors	Attorney General Abbott announced on December 2, 2005 that Dr. Sanford Rosensweig, a podiatrist, was sentenced by Judge Sam Sparks in United States Federal District Court, Western District of Texas, to serve 24 months incarceration, ordered to pay full restitution, fined \$25,000 and to surrender his medical license. . . .Rosensweig was convicted of utilizing unlicensed persons to perform routine foot care and billing Medicare and Medicaid for physician services.
Fraud by pharmacists	Attorney General McMaster announced on April 30 that Christopher L. Alderman, the owner of Alderman Pharmacy, a pharmacy, was convicted on April 30, 2009 of two counts of Filing a False Claim. . . . Alderman was sentenced to three years and a \$1,000 fine, both suspended.
Corporate offending by medical company	Attorney General Charlie Christ announced on November 18 that Alexis Vincent Robinson was arrested and charged with one count of Organized Fraud and two counts of Criminal Use of Personal Identification Information. Robinson, president of A&S Respiratory Home Medical, Inc., was accused of stealing more than \$500,000 from the state's Medicaid program in a scheme that included the fraudulent use of the identities of numerous Medicaid recipients. . . . Robinson filed the claims in the names of Medicaid recipients without their knowledge, seeking reimbursement for durable medical equipment that the patients never received and in most cases did not request.
Drug theft by nurses	Attorney General Abbott announced on May 14 that licensed vocational nurses John Vanecek and Dara Dabelgott were indicted by a state grand jury for obtaining a controlled substance by fraud, a third-degree felony. The two allegedly diverted patient narcotics on February 27, 2008, from Woolridge Nursing Home, where they were employed as LVNs. Both admitted to taking the narcotics.

for example, for Stinson to locate and interview more than 1,700 police officers who had been arrested for misconduct. Another benefit is that these strategies allow white-collar crime researchers to explore changes over long periods of time, particularly if the researchers have access to case records that cover an extended period of time. A third benefit is that the research subject, in this case the white-collar offender or victim

described in the case record, will not react to being studied simply because there are no interactions between the researcher and the subject.

As with any research strategy, a number of limitations arise when using archives to study white-collar crime. The saying, “you get what you get” comes to mind. The case files are inflexible and white-collar crime researchers will not be able to probe as they would with interview strategies. Also, the way that records are coded or saved over time may change, which will create problems when researchers try to study white-collar crimes over longer periods of time. Perhaps the most significant problem that arises is that these cases typically represent only those that have come to the attention of the authorities. In effect, unreported white-collar crimes would not be included in most types of archival research. Common reasons that victims will not report white-collar crimes include: (a) a belief that there is not enough evidence, (b) the offense is not seen as that serious, (c) concerns that reporting would be futile, (d) concerns that reporting the victimization could be costly, particularly for businesses that are victims of white-collar crimes, (e) shame, (f) businesses may want to handle it on their own, and (g) realization that it may take more time than it seems worth taking to respond to the case (Crofts, 2003). If nobody reports the white-collar crime, it will not be a part of an official record.

Indeed, Sutherland (1940) recognized decades ago that official statistics (and records) typically exclude many white-collar crimes.

Field Research

Field research involves strategies where researchers enter a particular setting and gather data through their observations in those settings (Berg, 2009). In some instances, researchers will share their identity as a researcher with those in the setting, while in other instances researchers may choose to be anonymous. These strategies can be quite time consuming and are conducted much less frequently than other white-collar crime studies, but they have the potential to offer valuable information about behavior in the workplace. For example, Stannard (1973) entered a nursing home as a janitor and worked there for several months. While the staff knew that he was a researcher, they seemed to forget this over time and their actions included various types of misconduct (ranging from minor offenses to more serious ones that could have resulted in one resident’s death).

In many white-collar crime studies, field research methods are combined with other research strategies. As an illustration, Croall (1989) conducted court observations as part of a broader study focusing on crimes against consumers. She observed 50 cases and used the time she spent doing those observations to develop rapport with the justice officials involved in handling the cases. Over time, the officials later granted Croall access to their case files. Had she not “put in her time,” so to speak, she probably would have been denied access to the case files.

Experiments

Experiments are studies where researchers examine how the presence of one variable (the causal or independent variable) produces an outcome (the effect or dependent variable). The classic experimental design entails using two groups—an experimental group and a control group. Subjects are randomly selected and assigned to one of the groups. Members of the experimental group receive the independent variable (or the treatment) and members of the control group do not. The researcher conducts observations before and after the independent variable is introduced to the experimental group to determine whether the presence of the independent variable produced observable or significant changes.

Consider a situation where we are interested in whether a certain treatment program would be useful for reintegrating white-collar offenders into the community. The researcher would develop a measurement for assessing white-collar offenders' reintegration values. As well, a sample of white-collar offenders would be randomly assigned to two groups—an experimental group and a control group. The researcher would ask members of both groups to complete the reintegration values survey. Then, the experimental group would be exposed to the treatment program and the control group would receive traditional responses. At some point after the treatment has been completed, the researcher would ask members of both groups to complete a similar (or even the same) reintegration values survey. Any differences between the two groups of offenders could then potentially be attributed to the treatment (or independent variable) received by the experimental group.

Because of difficulties in recruiting white-collar individuals to participate in these studies, very few white-collar crime studies have actually used a classic experimental design. Some, however, have used what are called **quasi-experimental designs**. Quasi-experiments are studies that mimic experimental designs but lack certain elements of the classic experimental design. One author team, for example, compared two similar businesses (health care offices) to determine whether an “ethical work climate” contributed to employee theft (Weber, Kurke, & Pentico, 2003). The two organizations included one in which an internal audit revealed that workers were stealing and one in which an audit did not reveal theft. The authors surveyed workers from both businesses and found that an ethical work climate appeared to influence theft. In this case, the authors did not randomly select the comparison groups and they did not manipulate the independent variable (ethical work climate). Still, their design mimicked what would be found in an experimental design.

While some criminologists have used quasi-experiments to study white-collar crime issues, the use of experiments in the broader body of white-collar crime research remains rare. This may change in the future, however, as experimental research is becoming much more common in criminology and criminal justice. In 1998, for example, a group of criminologists created the Academy of Experimental Criminology (AEC) to recognize those criminologists who conduct experimental research. Part of AEC's current mission is to support the *Journal of Experimental Criminology*, which was created in 2005 as an outlet for promoting experimental research on crime and criminal justice issues. According to the journal's website, the *Journal of Experimental Criminology* “focuses on high quality experimental and quasi-experimental research in the development of evidence based crime and justice policy. The journal is committed to the advancement of the science of systematic reviews and experimental methods in criminology and criminal justice.” Incidentally, the current editor of the journal (David Weisburd) has a long history of conducting prominent white-collar crime research studies.

Case Studies

Case studies entail researchers selecting a particular crime, criminal, event, or other phenomena and studying features surrounding the causes and consequences of those phenomena. Typically, the sample size is “one” in case studies. Researchers might use a variety of other research strategies (like field research, archival research, and interviews) in conducting their case study. Case studies are relatively frequent in the white-collar crime literature. An early case study was conducted by Frank Cullen and his colleagues (Cullen, Maakestad, & Cavender, 1987), who focused on what is now known as the “Ford Pinto Case.” In the mid- to late-1970s, Ford Motor Company had come under intense scrutiny over a series of high profile crashes. Eventually, prosecutor Michael Cosentino filed criminal charges against Ford Motor Company after three teenage girls—Judy, Lin, and Donna Ulrich—driving a Ford Pinto, were killed in an August 1978 collision.

The authors chronicled the situational and structural factors that led to Cosentino's decision to pursue criminal penalties against the large automaker. While the details of this case will be described in more detail later, as Cullen and his coauthors note, this case "signified the social and legal changes that had placed corporations under attack and made them vulnerable to criminal intervention in an unprecedented way" (p. 147).

Different criminologists and social scientists have also studied the role of white-collar and corporate crime in the U.S. savings and loan crisis, which occurred in the 1980s and 1990s. Perhaps the most comprehensive case study of this crisis was conducted by criminologists Kitty Calavita, Henry Pontell, and Robert Tillmann (1997). The research team, through a grant funded by the National Institute of Justice, explored those criminogenic factors contributing to the collapse of the savings and loan institutions in the late 1980s and 1990s. The authors relied on public records, Congressional testimony, media reports, and interviews with key informants to demonstrate how white-collar offending contributed to a significant proportion of the bank failures. While Calavita and her colleagues focused on the crisis from a national perspective, other researchers used a more specific case study approach to consider specific instances where a bank failed. One author team, for example, conducted a case study on the Columbia Savings and Loan Association of Beverly Hills (Glasberg & Skidmore, 1998b). Using Congressional testimony, interviews, and media reports, their research drew attention to the way that structural changes in economic policies (deregulation and federal deposit insurance policies) promoted individual greed.

Case studies are advantageous in that they allow criminologists an insider's view into specific white-collar and corporate crimes. As well, these studies have provided a great deal of insight into the dynamics, causes, and consequences of various types of white-collar crimes. In many ways, because case studies use multiple strategies to gather data, the potential strengths of those strategies (e.g., non-reactivity for archival research, etc.) exist with case studies. At the same time, though, the same disadvantages that arise with these other strategies also manifest themselves in case studies. In addition, it is important to note that case studies can take an enormous amount of time to complete.

Studying White-Collar Crime From a Scientific Perspective

Almost everyone has heard about crimes committed by individuals in the workplace or by white-collar offenders. In recent times, a great deal of media attention has focused on infamous white-collar offenders such as Bernie Madoff, Martha Stewart, and Ken Lay. The reality is, however, that these media depictions—while providing a glimpse into the lives and experiences of a select few high profile white-collar offenders—provide a superficial, and somewhat confusing, introduction to white-collar crime. To fully understand white-collar crime, it is best to approach the topic from a scientific perspective.

Studying white-collar crime from a scientific perspective requires that students understand how the principles of science relate to white-collar crime. In 1970, Robert Bierstedt described how various principles of science were related to the study of human behavior. Fitzgerald and Cox (1994) used these same principles to demonstrate how social research methods adhered to traditional principles of science. Taking this a step farther, one can use these principles as a framework for understanding why, and how, the principles of science relate to the study of white-collar crime. The principles include:

- Objectivity
- Parsimony

- Determinism
- Skepticism
- Relativism

Objectivity and White-Collar Crime

Objectivity as a principle of science suggests that researchers must be value-free in doing their research. The importance of objectivity is tied to the research findings. Researchers who allow their values to influence the research process will be more apt to have findings that are value-laden rather than objective.

With regard to white-collar crime, the challenge is to approach the behaviors and the offenders objectively. In many cases, white-collar offenders are vilified and portrayed as evil actors who have done great harm to society. While the harm they create is clearly significant, demonizing white-collar offenders and white-collar offenses runs the risk of (a) ignoring actual causes of white-collar crime, (b) relying on ineffective intervention strategies, (c) failing to develop appropriate prevention strategies, and (d) making it virtually impossible for convicted white-collar offenders to reintegrate into society.

Consider that many individuals attribute the causes of white-collar crime to greed on the part of the offender. Intuitively, it makes sense that individuals who already seem to be making a good living are greedy if they commit crime in order to further their economic interests. However, as Benson and Moore (1992) note, “self-reports from white-collar offenders suggest that they often are motivated not so much by greed as by a desire to merely hang on to what they already had” (p. 267). Inadequately identifying the causes of behavior will make it more difficult to respond appropriately to these cases.

Furthermore, in promoting understanding about the criminal justice system’s response to white-collar offenders, it cannot be automatically assumed that the justice system is doing a bad job or treating these offenders more leniently than other offenders. An objective approach requires an open mind in assessing the ties between white-collar crime and the criminal justice system. As will be seen later, for example, several studies show that convicted white-collar offenders are more likely than other convicted offenders to be sentenced to jail, albeit for shorter periods of time (Payne, 2003b). The lack of an objective approach might force some to automatically assume that white-collar offenders are treated more leniently than conventional offenders. This is problematic because a lack of objectivity may create faulty assumptions about the criminal justice system’s handling of white-collar crime cases, which in turn could reduce the actual deterrent power of the efforts of criminal justice practices.

On another level, some criminologists have argued that a lack of objectivity among criminologists has resulted in some researchers overextending the concept of white-collar crime. According to Ruggiero (2007):

Given the increasing variety of white-collar criminal offenses being committed, and the avalanche of crime committed by states and other powerful actors, scholars are faced with a fuzzy analytical framework, with the result that some may be tempted to describe as crime everything they, understandably, find disturbing . . . the word nasty is not synonymous with criminal, and the concept of crime may be useless if it is indiscriminately applied to anything objectionable by whoever uses the term. (p. 174)

In terms of objectivity and the study of white-collar crime, researchers should not define white-collar crimes simply as those things that are “nasty” or as behaviors that offend them. Instead, white-collar crime must be objectively defined, measured, researched, and explained.

Parsimony and White-Collar Crime

The principle of **parsimony** suggests that researchers and scientists keep their levels of explanation as simple as possible. For explanations and theories to be of use to scientists, practitioners, and the public, it is imperative that the explanations are reduced to as few variables as possible, and explained in simple terms. In explaining white-collar crime, for instance, explanations must be described as simply as possible. One issue that arises, however, is that many white-collar crimes are, in fact, very complex in nature and design. As will be shown later in this text, this complexity often creates obstacles for criminal justice officials responding to these cases.

While many types of white-collar crimes may be complex, and it may be difficult to explain the causes of these offenses in simple terms, this does not mean that the offenses cannot be understood through relatively simple explanations. Consider fraud by physicians, misconduct by lawyers, or misdeeds by stockbrokers. One does not need to be a doctor, attorney, or financial investor to understand the nature of these offenses, ways to respond to these offenses, or the underlying dynamics contributing to these behaviors. By understanding relatively simple descriptions of these behaviors, readers will be able to recognize parallels between the offenses and will develop a foundation from which they can begin to expand their understanding of white-collar crime.

Determinism and White-Collar Crime

Determinism means that behavior is caused or influenced by preceding events or factors. With regard to crimes in the workplace, a great deal of research has focused on trying to explain (or “determine”) why these offenses occur. Understanding the causes of white-collar crime is important because such information would help in developing both prevention and intervention strategies. In terms of prevention, if researchers are able to isolate certain factors that seem to contribute to white-collar misconduct, then policy makers and practitioners can use that information to develop policies and implement practices that would reduce the amount of crime in the workplace. Consider a study on student cheating that finds that the cheating is the result of the nature of the assignments given. With this information, professors could redo the assignment so that cheating is more difficult and less likely.

Understanding the causes of white-collar crime also helps to develop appropriate intervention strategies. If, for example, a study shows that certain types of white-collar offenses are caused by a lack of formal oversight, then strategies could be developed that provide for such oversight. One study, for example, found that patient abuse in nursing homes was at least partially attributed to the fact that workers were often alone with nursing home residents (Payne & Cikovic, 1995). To address this, the authors recommended that workers be required to work in teams with more vulnerable patients and video cameras be added where feasible.

To some, the principle of determinism is in contrast to the idea of free will, or rational decision making. However, it is not necessary, at least in this context, to separate the two phenomena. Whether individuals support deterministic ideals or free-will ideals, with white-collar offenses it seems safe to suggest that understanding why these offenses occur is informative and useful. For those adhering to deterministic ideals, explaining the source of workplace misconduct helps to develop appropriate response systems. For those adhering to free-will ideals, the same can be said: By figuring out what makes individuals “choose” to commit white-collar offenses, strategies can be developed that would influence the offender’s decision making. In other words, choices are caused by, and can be controlled by, external factors. Put another way, by understanding *why* individuals commit crime in the workplace, officials are in a better position to know *how* to respond to those crimes.

Skepticism and White-Collar Crime

Skepticism simply means that social scientists must question and re-question their findings. We must never accept our conclusions as facts! Applying this notion to the study of white-collar crime is fairly straightforward and simple. On the one hand, it is imperative that we continue to question past research on white-collar crime in an effort to develop and conduct future white-collar crime studies. On the other hand, in following this principle, it may be difficult for some to think differently about the occupations covered in this book. Put simply, crime and deviance occur in all occupations.

Sociologist Emile Durkheim noted that deviance occurs in all cultures and subcultures. He used the example of a “society of saints” to illustrate this point. Even a group of nuns or priests would have someone committing deviant behavior. So, as readers, when we think of any occupation, we must question and re-question how and why crime is committed in that occupation. We cannot assume that because the occupation is “trustworthy,” that crime does not occur in that occupation. Doing so would provide an inaccurate and incomplete picture of white-collar crime.

Relativism and White-Collar Crime

Relativism means that all things are related. If all things are related, then, this principle implies that changes in one area will lead to changes in other areas. A simple example helps to highlight this principle. Think of a time when you were driving your car, listening to your favorite Lady Gaga, Eminem, or Taylor Swift song with the music turned up loudly, and you suddenly smell something that makes you think that your engine is failing. What’s the first thing you do? For many of us, the first thing we do is turn the music down so we can smell better. Think about that—we do not smell with our ears, we smell with our noses. But we turn the music down because it helps us to smell. Changes in one area (smelling) led to changes in other areas (hearing).

White-collar crime is related to the ideal of relativism in three ways: (1) how white-collar crime is defined, (2) the nature of white-collar crime, and (3) how the criminal justice system responds to white-collar crime. First, the notion of “white-collar” is a relative concept in and of itself. What makes someone a white-collar worker? Is it the clothes worn to work? Are your professors “white-collar” workers? Do they all wear “white collars” to work? Are you a “white-collar” worker? Will you ever be a “white-collar” worker? In using the concept of white-collar to describe these offense types, Sutherland was highlighting the importance of status. However, the very concept of status is relative in nature. What is high status to one individual might actually be low status to another person. What one group defines as a “white-collar” occupation may be different than what another groups defines as “white-collar.” A basic understanding of white-collar crime requires an appreciation for the relative nature of status and occupations.

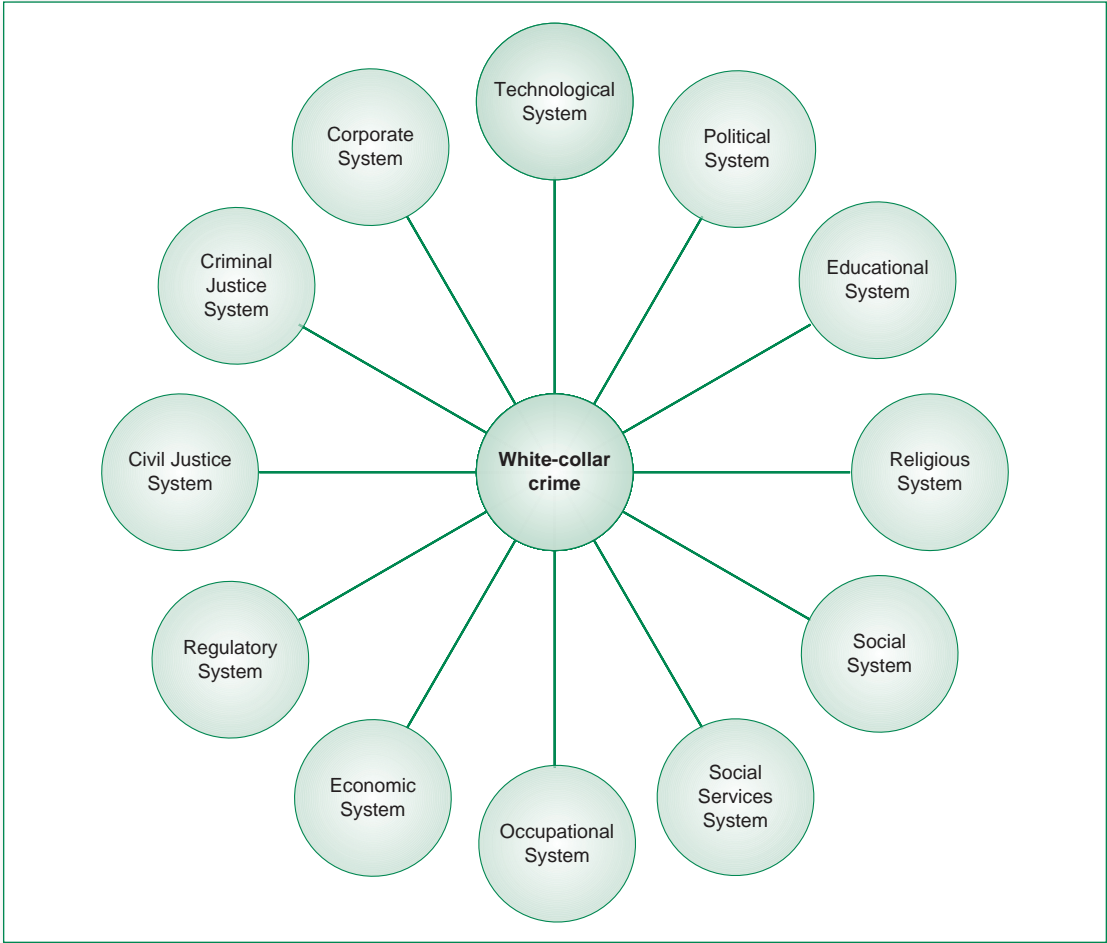
Second, the principle of relativism also highlights the need to recognize how changes in society have resulted in changes in white-collar offending. Throughout history, as society changed, and workplace structures changed, the nature of, and types of, workplace offenses changed. Describing this pattern from a historical review of the 1800s, one author team commented:

During this time period, large scale changes within the business environment brought new opportunities for acts or workplace taking, particularly those associated with “respectable” echelons of staff hierarchies. Such acts were labeled as illegitimate and criminalized . . . the representation of fraud and embezzlement as activities that were criminal was bolstered through a reconceptualization of the nature of property rights and, in particular, the relationship between staff and the property worked with. (Locker & Godfrey, 2006, p. 977)

In effect, changes in the occupational arena create new opportunities for, and strategies for, white-collar crime. In our modern society, note that globalization has created worldwide opportunities for white-collar offending (Johnstone, 1999). As an example of the way that changes in society result in changes in misbehavior that may hit home with some students, “studies by the Center for Academic Integrity show a decline in traditional peeking over someone’s shoulder cheating, but a steady increase in Internet plagiarism” (Zernike, 2003). Changes in society resulted in changes in the way some students cheat.

Third, the notion of relativism relates to white-collar crime in considering how the criminal justice system responds to white-collar crimes, and the interactions between the criminal justice system and other societal systems. John Van Gigch’s *applied general systems theory* helps to illustrate this point. Van Gigch noted that society is made up of a number of different types of systems and that these systems operate independently, and in conjunction with, other systems (see Figure 1.1). At a minimum, systems that are related to white-collar crime include those shown in Figure 1.1. These systems include the following:

Figure 1.1 The Systems Perspective



Political/government system
Educational system
Religious system
Technological system
Social system
Social services system
Occupational system
Economic system
Corporate system
Regulatory system
Civil justice system
Criminal justice system

At the most basic level, the political system is involved in defining laws and regulations defining all forms of crime, including white-collar crimes. Three levels of the political system include local, state, and federal systems of government. Each of these levels plays a role in defining various white-collar offenses, detecting offenders, adjudicating cases, and punishing offenders. On a separate level, one section of this book will focus on crimes committed in the political system. Note also that the political system plays a central role in developing and implementing policies designed to prevent and respond to white-collar crime. Throughout this text, significant attention is given to the interplay among white-collar crime policies, the occurrence of white-collar crimes, and the actions of various systems assigned the tasks of preventing and responding to white-collar crime.

The **educational system** relates to white-collar crime inasmuch as white-collar careers typically come out of this system. From preschool through higher education, one can see that the educational system prepares individuals for their future careers and lives. Some research has focused on how the educational system might promote certain forms of white-collar offending, with students potentially learning how to commit crimes as part of their training (Keenan, Brown, Pontell, & Geis, 1985). At the same time, the educational system provides opportunities to increase understanding about white-collar crime through college coursework and advanced training for criminal justice professionals. As with the political system, white-collar crimes also occur in the educational system.

The **religious system** relates to white-collar crime (and other crimes) in that this system has been seen as providing institutions that have the potential to prevent misconduct. Many studies have focused on the ties between religion and crime, and while few have focused on how religion relates to white-collar crime, the underlying assumption is that religion has the potential to prevent these behaviors, or at least provide a setting where definitions of appropriate and inappropriate misconduct can be developed. Interestingly, white-collar crime pioneer Edwin Sutherland's father "was a religious fundamentalist who believed in strict adherence to the Baptist faith" (Martin, Mutchnick, & Austin, 1990). While Sutherland eventually parted ways with his father's church, it has been noted that "a prominent and overt expression of his moralistic side appears in *White Collar Crime* (1949) where Sutherland calls for something other than a strict legal definition of



▲ **Photo 1.3** The political system develops laws to guard against white-collar crime, provides funding to respond to white-collar crime, and is a setting where different types of white-collar crime occur.

may learn how to commit white-collar offenses, and why to commit those offenses, as part of the social systems in which they exist. Research, for example, shows that nurses learn from their peers how to rationalize their workplace misdeeds (Dabney, 1995).

The **social services system** includes numerous agencies involved in providing services to members of the public. In some cases, the services they provide might be in direct response to white-collar crime victimization. For example, individuals who lose their life savings to fraudulent investors may need to seek assistance from the social service system to deal with their victimization. As with the other systems, white-collar crimes could also be committed by workers in the social services system.

The **occupational system** is, for the purposes of this discussion, that system where the bulk of professions are found. This system is composed of other systems, which at the broadest level can be characterized as lower-class and upper-class occupational systems. Within the lower-class and upper-class occupational systems, specific subsystems exist. White-collar offenses are found in each of these subsystems. As outlined in this text, these subsystems include the legal system, the health care system, the higher education system, the religious system, the technological system, the housing system, the insurance system, and the **economic system**.

The **economic system** represents the system that drives our economy. This system is influenced by, and has an influence on, each of the other types of systems. In recent times, problems in the economic system have had far-reaching and serious effects on countries across the world. Many of the white-collar crimes discussed in this text originate in the economic system.

The **corporate system** includes the businesses and corporations that carry out business activity as part of our capitalist system. These corporations strive to make profits and grow in strength and numbers. Various types of white-collar crimes have been uncovered in the corporate system. As well, the corporate system is sometimes given the power to regulate itself.

The **regulatory system** describes those local, state, and federal agencies that have been charged with regulating various businesses. This system is different from the criminal and civil justice systems in many different ways. For example, the formal source of rules comes from administrative regulations in the regulatory system. As well, the rights of offenders, corporations, and victims are different in the three types of

acceptable behavior” (Martin et al., 1990, p. 141). As an aside, in the same way that crime is found in the political and educational systems, white-collar offenses also occur in the religious system.

The **technological system** has evolved greatly over the past few decades. This system is related to white-collar crime in at least two distinct ways. First, and as was noted earlier, changes in the technological system have led to changes in the way that some white-collar offenders commit their crimes. Second, the technological system has provided additional tools that government officials can use in their pursuit of identifying and responding to white-collar crimes.

The **social system** represents a setting where individuals have various needs fulfilled and learn how to do certain things, as well as reasons for doing those behaviors. In terms of white-collar crime, some individuals

systems (e.g., offenders have one set of rights in the criminal justice system, another set of rights in the civil justice system, and another set of rights in the regulatory system). Procedures and guidelines used to process the cases also vary in the three types of systems.

The **civil justice system** represents that system of justice where individuals (plaintiffs) seek recourse for offenses by way of a civil lawsuit. The accused (defendant) could be an individual or a company. In cases of white-collar crime, for example, it is common for lawsuits to be filed by victims in order to recover their losses. Note that the victim, in many cases, may actually be an individual, company, or governmental agency.

The **criminal justice system** is that system of justice where violations of the criminal law are handled. The criminal law is the branch of law dealing with crimes against the state. Like each of these systems, our criminal justice system is composed of various subsystems: the police, courts, and corrections. On one level, the criminal justice system operates independently from other agencies when white-collar offenses are investigated, prosecuted, and sentenced. On another level, it is imperative to note that the system's responses to white-collar crimes, and behaviors of actors in the criminal justice system, are influenced by changes in other societal systems. Changes in the technological system (brought about by advances in the educational system) led to the development of the Internet. The Internet, in turn, created new ways for criminal offending. These new strategies, then, meant that the criminal justice system had to alter its practices. As society changes, criminal justice and other systems of formal control are forced to change how they respond to white-collar offenses (Edelhertz, 1983). As one author put it several years ago, "an emerging area of difficulty is the challenge of devising powers of investigation that are responsive to the needs of enforcement in a modern corporate society" (Fisse, 1991, p. 7). Two decades later, this same challenge remains "an emerging area of difficulty"

A full understanding of white-collar crime requires an understanding of (a) the changing nature of crime occurring in various systems; (b) how the criminal justice, civil justice, and regulatory systems respond to white-collar crimes; and (c) how interactions between the systems influence criminal behavior as well as response systems. To promote broad insight into white-collar crime, this text relies on the systems perspective to guide the discussion about white-collar crime. In doing so, it is argued that students (a part of the educational system) have a significant role in white-collar crime.

The Student Role in White-Collar Crime

Some readers may have given very little thought to their role in white-collar crime. In reading this text, students are encouraged to think about how white-collar crime relates to their lives—their past, their current lives, and their future. In effect, students have at least ten potential roles in white-collar crime. These roles include (1) past victims, (2) past offenders, (3) current offenders, (4) current victims, (5) future offenders, (6) future victims, (7) future crime fighters, (8) future policy makers, (9) current research subjects, and (10) future white-collar crime researchers.

First, most students have been victimized by white-collar crimes in the past, though many likely may not have realized they were victimized at the time. From being overcharged for services to being a victim of corporate misconduct, students—like the rest of society—are not immune from victimization by white-collar or corporate offenders.

Second, some students may have actually been past offenders, particularly if broader definitions of occupational offending are used. These definitions will be addressed in Section II. For now, several questions could be asked to determine whether students have broken the rules in their past jobs. Did they take breaks for too long? Did they give away company food or merchandise? Did they skip work and lie to their

boss about the reason? Did they, like the example in the beginning of this chapter, give someone an extra piece of cheese? One of the exercises I use in my white-collar crime classes is to have students write about occupational offenses they have committed in past jobs. Very few of my students ever had a problem identifying past misdeeds. Some even described actions that would have resulted in felony convictions had they been caught for their transgressions!

Third, another role that students may have in white-collar crime is that some may be current victims of white-collar crime. In Section IX, attention will be given to the way that colleges and universities sometimes break rules in recruiting students and providing financial aid. (Some have even argued that ineffective instruction by college professors victimizes students, but that can be saved for another text.) Students might also be victims of white-collar and corporate misconduct in their roles as consumers of various goods and services that extend beyond the college boundaries.

Fourth, some students can also be seen as current occupational offenders if they are violating the rules of their jobs or the rules set by their educational institution. This will be discussed in more detail in Section VI. At this point, it is sufficient to suggest that college students can be seen as “pre-white-collar” professionals. In this context, then, some misdeeds that college students commit could technically be seen as versions of white-collar offending.

Fifth, some college students may have the role of future white-collar offenders. Note that most white-collar offenders have at least some college education. While most readers of this text will not (hopefully) go on to careers of white-collar offending, the fact remains that some college graduates eventually graduate into these criminal careers.

Sixth, all college students will be future victims of white-collar and corporate misconduct at least on some level. There is no reason to expect that these offenses will end. Because the consequences of white-collar offenses are so far reaching, none of us will be completely immune from future misdeeds—though we may not always know when we have been victimized.

Seventh, some college students will also have a future role of white-collar crime fighters or white-collar criminal defense lawyers. At first blush, a career battling white-collar offenders may not seem as exhilarating as other law enforcement careers. However, nothing could be farther from the truth. A major focus of this text will be on how the criminal justice system, and criminal justice professionals, responds to white-collar offenses. In addressing the mechanics of the response to these offenses, it is hoped that readers will see just how important, and exciting, these careers are. From going undercover in a doctor’s office to sifting through complex computer programs, the search for misconduct and clues of wrongdoing can far outweigh more mundane or routine criminal justice practices.

Eighth, some college students will go on to employment positions where they will play a role in developing and implementing various crime policies. As future policy makers, college students will be better prepared to develop policies addressing white-collar crime if they have a full understanding of the dynamics of white-collar crime, the causes of the behavior, and the most effective response systems. Without an understanding of these issues, future (and current) policy makers run the risk of relying on crime prevention policies and strategies that might work for traditional forms of crime, but not necessarily for white-collar crimes.

Ninth, some college students will also assume the role of research subjects. Many researchers have used college student samples to generate understanding about white-collar offending. One researcher used a sample of college students to learn about the kinds of crimes committed in fast food restaurants (O’Connor, 1991). Another research team surveyed students to learn about digital piracy and illegal downloading (Higgins, et al., 2007). The same research team surveyed college students to test the ability of criminological

theories to explain different forms of occupational misconduct. Another study of 784 undergraduate students found that question item sequencing influences attitudes about white-collar crime (Evans & Scott, 1984). The simple fact of the matter is that we have a great deal to learn from you, just as you have a great deal to learn from your professors! Indeed, many of the studies cited in this book will come from studies involving college students on some level.

Tenth, as you read about the studies discussed in this text, and read the articles in each section, one thing to bear in mind is that the authors of these studies and articles were students themselves in the not-so-distant past (well, maybe the more distant past for some of us). Edwin Sutherland, once a college student at Grand Island College, went on to create the study of white-collar crime. His students, his students' students, and their students have created a field of study that has significantly evolved over the past 70 years. Thus, the tenth role that students have in white-collar crime is that the discipline of criminology and criminal justice is counting on some of you to take the torch and become future white-collar crime researchers. This text provides a foundation to understanding white-collar crime. Hopefully, this foundation will spark your interest so that you will want to learn more about this important criminological issue and one day go on to help generate future empirical and scientific awareness about white-collar crime.



▲ **Photo 1.4** While many careers exist to respond to white-collar crime, most of those careers require employees to have a college degree. It is important that college students have an understanding of white-collar crime so they are better able to enter those careers.

Plan for the Book

This text uses the systems perspective as a guide for understanding white-collar crime. Each section provides readers an introduction to topics related to white-collar crime. The text is divided into the following sections:

- Understanding White-Collar Crime
- Crimes in Sales-Oriented Occupations
- Crimes in the Health Care System
- Crimes in Systems of Social Control
- Crimes in the Educational System
- Crime in the Economic and Technological Systems
- Crimes in the Housing System
- Crimes by the Corporate System
- Environmental Crime
- Explaining White-Collar Crime
- Policing White-Collar Crime
- Judicial Proceedings and White-Collar Crime
- The Corrections Subsystem and White-Collar Crime

Throughout each section, both criminological and criminal justice themes are covered. White-collar crime has been addressed with little or no attention given to “white-collar criminal justice.” Pulling together criminological and theoretically driven issues with criminal justice-oriented discussions will help to provide a full picture of white-collar crime and the responses to white-collar crime.

After each section, a few readings that build on the information presented in that section are included. The readings come from the scholarly literature on white-collar crime. Included are studies using those methodologies highlighted above as well as theoretical or conceptual pieces. Readers are encouraged to think critically about issues presented in each section as they read the works accompanying each section. In doing so, it is hoped that readers will recognize the interactions between various systems involved in preventing and responding to white-collar crime as well as the way that white-collar crime influences their lives.

Summary

- According to Edwin Sutherland, white-collar crime is “crime committed by a person of respectability and high social status in the course of his occupation.” The distinguishing features of white-collar crime are that the crime was committed (a) during work, (b) when the offender was in the role of worker, and (c) as part of the employment duties of the offender.
- We study white-collar crime because (a) it is an enormous problem, (b) it affects everyone, (c) to learn more about all forms of crime, (d) to develop prevention and intervention systems, (e) to learn about careers, and (f) to learn about subcultures.
- Survey research with white-collar offenders tends to include surveys of offenders, victims, criminal justice officials, and members of the public.
- Archival research on white-collar offenders includes reviews of case records, pre-sentence reports, media reports, and case descriptions of specific white-collar offenses.
- Field research involves situations where researchers enter a particular setting to study phenomena. While relatively rare in the white-collar crime literature, these studies provide direct insight into issues related to the behaviors of offenders, criminal justice officials, and other members of society.
- Experiments involve studies where researchers assess the influence of a particular variable on an experimental group (which receives the “treatment” or the variable) and a control group (which does not receive the treatment or the variable). It is expected that white-collar crime experiments will increase in the future as experimental criminology grows as a research strategy.
- Case studies entail researchers selecting a particular crime, criminal, event, or other phenomenon and studying features surrounding the causes and consequences of those phenomena.
- It is important that those studying white-collar crime be objective in conducting research on the topic. As well, readers are encouraged to keep an open mind about the topic to help as they critically assess issues related to white-collar crime and the study of the topic.
- Researchers are encouraged to keep their explanations as simple as possible. For white-collar crime researchers, this means that one does not need to understand everything about a career in order to understand issues related to crime in that career.
- The aim of many white-collar crime studies is to explain why white-collar crime occurs. Determinism suggests that behavior can be explained. By explaining why white-collar crimes occur, appropriate prevention and intervention remedies can be developed.

- Skepticism as a principle of science means that scientists question and re-question everything. For students of white-collar crime, this means that we must question and re-question all of our assumptions about various careers and recognize that crime occurs in all careers.
- Relativism means that all things are related. From a systems perspective, this means that all societal systems are influenced by, and have an influence on, white-collar crime. Those systems considered in this section included the (1) political/government system, (2) educational system, (3) religious system, (4) technological system, (5) social system, (6) social services system, (7) occupational systems, (8) economic system, (9) corporate systems, (10) regulatory system, (11) civil justice system, and (12) criminal justice system.
- Students have at least ten potential roles in white-collar crime. These roles include (1) past victims, (2) past offenders, (3) current offenders, (4) current victims, (5) future offenders, (6) future victims, (7) future crime fighters, (8) future policy makers, (9) current research subjects, and (10) future white-collar crime researchers.

KEY TERMS

Applied general systems theory	Educational system	Pre-sentence reports
Archival research	Experimental group	Quasi-experimental designs
Case records	Experiments	Regulatory system
Case studies	Field research	Relativism
Civil justice system	Media reports	Skepticism
Corporate system	Objectivity	Social services system
Criminal justice system	Occupational system	Social system
Determinism	Parsimony	Technological system
Economic system	Political system	White-collar crime victims

DISCUSSION QUESTIONS

- Below are examples of misdeeds committed by celebrities. Read each of them and classify them according to whether the acts are crimes or, to borrow Ruggiero's concept, just "nasty." Also identify those actions that you think are white-collar crimes and those that would be traditional crimes.
 - Former boy-band manager Lou Pearlman (former manager of N⁹ Sync and Backstreet Boys) was convicted of defrauding more than \$300 million from investors as part of a Ponzi scheme.
 - In January 2010, Mark McGuire admitted using steroids while he was a professional baseball player.
 - In January 2009, crooner Chris Brown was arrested and accused of assaulting his then-girlfriend Rhianna.
 - Lil Kim was convicted of perjury after it was found that she lied during the course of a criminal investigation.
 - Kanye West interrupted the MTV music awards while Taylor Swift was giving an acceptance speech.
 - In January 2009, Dane Cook's manager was charged with embezzling \$10 million from Cook. The manager, Darryl J. McCauley, was Cook's half-brother.

- g. Actor Zac Efron told a reporter that he has stolen costumes from movie sets after the filming was completed. He said: “I think I stole some of the stuff. Always, on the last day, they try and get it out of your trailer really quick. Always steal some of your wardrobe. You never know what you’re going to need.”
 - h. Actress Winona Ryder was arrested for shoplifting in 2001.
 - i. Hugh Grant was arrested for having sexual relations with a prostitute.
 - j. Martha Stewart was convicted of perjury after it was found that she lied to investigators about some of her stock purchases.
2. Why does it matter how you classify these behaviors?
 3. How are the behaviors you labeled “white-collar crime” different from those you labeled “traditional crimes”?
 4. Why do we study white-collar crime?
 5. What is your role in white-collar crime?

WEB RESOURCES

National White Collar Crime Center, White Collar Crime Research Consortium WCCRC: http://www.nw3c.org/research/white_collar_crime_consortium.cfm

Fraud Watchers: <http://www.fraudwatchers.org/>

U.S. Department of the Treasury: <http://www.treasury.gov/Pages/default.aspx>

How to Read a Research Article

As you travel through your criminal justice/criminology studies, you will soon learn that some of the best known and/or emerging explanations of crime and criminal behavior come from research articles in academic journals. Research articles are included throughout this book, but you may be asking yourself, “How do I read a research article?” It is my hope to answer this question with a quick summary of the key elements of any research article, followed by the questions you should be answering as you read through the assigned sections.

Every research article published in a social science journal will have the following elements: (1) introduction, (2) literature review, (3) methodology, (4) results, and (5) discussion/conclusion.

In the introduction, you will find an overview of the purpose of the research. Within the introduction, you will also find the hypothesis or hypotheses. A hypothesis is most easily defined as an educated statement or guess. In most hypotheses, you will find that the format usually followed is: If X, Y will occur. For example, a simple hypothesis may be: “If the price of gas increases, more people will ride bikes.” This is a testable statement that the researcher wants to address in his or her study. Usually, authors will state the hypothesis directly, but not always. Therefore, you must be aware of what the author is actually testing in the research project. If you are unable to find the hypothesis, ask yourself what is being tested and/or manipulated, and what are the expected results?

The next section of the research article is the literature review. At times the literature review will be separated from the text in its own section, and at other times it will be found within the introduction. In any case, the literature review is an examination of what other researchers have already produced in terms of the research question or hypothesis. For example, returning to my hypothesis on the relationship between gas prices and bike riding, we may find that five researchers have previously conducted studies on the increase of gas prices. In the literature review, I would discuss their findings, and then discuss what my study will add to the existing research. The literature review may also be used as a platform of support for my hypothesis. For example, one researcher may have already determined that an increase in gas causes more people to head to work on in-line skates. I can use this study as evidence to support my hypothesis that increased gas prices will lead to more bike riding.

The methods used in the research design are found in the next section of the research article. In the methodology section you will find the following: who/what was studied, how many subjects were studied, the research tool (e.g., interview, survey, observation), how long the subjects were studied, and how the data that were collected was processed. The methods section is usually very concise, with every step of the research project recorded. This is important because a major goal of the researcher is “reliability,” or, if the research is done over again the same way, will the results be the same?

The results section is an analysis of the researcher’s findings. If the researcher conducted a quantitative study (using numbers or statistics to explain the research), you will find statistical tables and analyses that explain whether or not the researcher’s hypothesis is supported. If the researcher conducted a qualitative study (non-numerical research for the purpose of theory construction), the results will usually be displayed as a theoretical analysis or interpretation of the research question.

Finally, the research article will conclude with a discussion and summary of the study. In the discussion, you will find that the hypothesis is usually restated, and perhaps a small discussion of why this

hypothesis was chosen. You will also find a brief overview of the methodology and results. Finally, the discussion section will end with a discussion of the implications of the research, and what future research is still needed.

Now that you know the key elements of a research article, let us examine a sample article from your text.

Crime and Business

By Edwin H. Sutherland

1. What is the thesis or main idea of this article?
 - The first sentence of the article describes the main idea of the article. Sutherland notes that the article “is concerned with crimes committed by businessmen rather than crimes committed against businessmen.” He goes on to explain that these crimes are called white-collar crime.
2. What is the hypothesis?
 - Sutherland highlights two hypotheses in this article. His first hypothesis appears at end of the “Poverty and Crime” section. In particular, he suggests that white-collar crime is learned. His second hypothesis appears in the third paragraph of the “Methods of Study” section. He suggests that crime rates in various occupations are tied to the degree of organization for and against crime in those occupations.
3. Is there any prior literature related to the hypothesis?
 - Perhaps because of the time it was written, Sutherland does not actually cite prior literature related to his hypotheses. In fact, his arguments are the foundation for future studies.
4. What methods are used to support the hypothesis?
 - Sutherland does not actually test his hypotheses, but he suggests possible strategies that can be used to study white-collar crime. In particular, he notes that case studies and historical studies are methods that can be used to study various types of white-collar crime.
5. Is this a qualitative study or quantitative study?
 - Sutherland does not actually present any statistics or numbers to support his findings. In fact, he does not present any data at all. As a result, this article is technically not a qualitative or quantitative study. It is probably best characterized as a descriptive article rather than a study.
6. Do you believe that the author or authors provided a persuasive argument? Why or why not?
 - Given the influence that Sutherland has had on the field of criminology and criminal justice, it is safe to suggest that he has made a persuasive argument about the existence and source of white-collar crime.
8. Who is the intended audience of this article?
 - A final question that will be useful for the reader deals with the intended audience. As you read the article, ask yourself, to whom is the author wanting to speak? After you read this article, you will see that Sutherland is writing for not only students, but also professors, criminologists, policy makers, historians, and/or criminal justice personnel. The target audience may most easily be identified if you ask yourself, “who will benefit from reading this article?”

9. What does the article add to your knowledge of the subject?
 - This answer is best left up to the reader, because the question is asking how the article improved your knowledge. However, one way to answer the question is as follows: This article helps the reader to understand the source of the concept white-collar crime. Readers also better understand the ways to study white-collar crime and the way the political and justice systems need to be organized to respond effectively to white-collar crime.
10. What are the implications for criminal justice policy that can be derived from this article?
 - Implications for criminal justice policy are most likely to be found in the conclusion or the discussion sections of the article. In this article, those implications appear in the last two paragraphs. Sutherland points to the need to have an organized response to white-collar crime. He also draws attention to the way legal changes can reduce white-collar crime.

Now that we have gone through the elements of a research article, it is your turn to continue through your text, reading the various articles and answering the same questions. You may find that some articles are easier to follow than others, but do not be dissuaded. Remember that many of the articles will follow the same format: introduction, literature review, methods, results, and discussion. If you have any problems, refer to this introduction for guidance.

READING

As a follow up to his address to the American Sociological Association, which was subsequently published in *American Sociological Review* in 1940, in this reading Sutherland provides further details regarding his description of the white-collar crime concept. Particular attention is given to the level of respectability given to upper class workers, and the way that trust violations are what separate white-collar crimes from other crimes. Sutherland notes that the trust given to upper class workers provides a mechanism by which offenders can use that trust to commit criminal acts. As a result, the violations of trust result in distrust and create a host of consequences for victims and society. Sutherland also stresses that while it is difficult to determine how often these crimes occur, their consequences can be devastating. He further discusses why white-collar crimes cannot be defined simply by the presence of a conviction in criminal court and brings attention to civil courts (or the civil justice system). After considering how traditional explanations of crime (like poverty) do not explain white-collar crime, Sutherland provides an overview of strategies to study white-collar crime.

Crime and Business

Edwin H. Sutherland

This analysis is concerned with crimes committed by businessmen rather than crimes committed against businessmen. The crimes committed against businessmen would make an interesting study, as would also the crimes committed by professional men, farmers, and certain other occupational groups. These other aspects of crime are not included here because of lack of space. While attention is concentrated on the crimes of businessmen, this is not done as an attack on business but as an attack on the current theories of criminal behavior. The crimes committed by businessmen will be generally designated “white-collar crimes.”



Definition of White-Collar Crime

A white-collar crime is defined as a violation of the criminal law by a person of the upper socioeconomic

class in the course of his occupational activities. The upper socioeconomic class is defined not only by its wealth but also by its respectability and prestige in the general society. A fraud committed by a wealthy confidence man of the underworld or a murder committed by a businessman in a love triangle would not be a white-collar crime. On the other hand, a fraud committed by a realtor in the sale of a house or a murder committed by a manufacturer in strike-breaking activities would be a white-collar crime.

This definition is arbitrary and not very precise. It is not necessary that it be precise, for the hypothesis is that white-collar crime is identical in its general characteristics with other crime rather than different from it. 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 scope of the theories of criminal behavior, and which, when included, calls for modifications in the usual theories of criminal behavior.

The most general, although not universal, characteristic of white-collar crime is violation of trust. The trust may be delegated or may be implied in the relationship, and in both cases the violation of the trust is generally accompanied and consummated by misrepresentation. The behavior is criminal in that it consists of obtainment of money under false pretenses. These misrepresentations occur in the financial statements of corporations, in the advertising and other sales methods, in manipulations on the stock exchange, in short weights and measures and in the misgrading of commodities, in embezzlement and misapplication of funds, in commercial bribery, in the bribery of public officials, in tax frauds, and in the misapplication of funds in receiverships and bankruptcies. Embezzlement is usually a violation of trust by an employee at the expense of the employer, while most other white-collar crimes are violations of trust by businessmen at the expense of consumers, investors, and the state. Many white-collar crimes are made possible because a businessman holds two or more incompatible and conflicting positions of trust, and is analogous to a football coach who umpires a game in which his own team is playing. This duplicity cannot be altogether avoided in the complexities of modern business, but white-collar criminals strive mightily to secure such positions because of the opportunities they offer for criminal behavior in relative secrecy and security.



Prevalence of White-Collar Crimes

White-collar crimes are very prevalent in present American society. No index or rate of white-collar crimes has been officially constructed, but their prevalence has been shown abundantly in many industries by congressional and other investigations of banking, insurance, investment trusts, the stock market, receiverships and bankruptcies, public utilities, railways, shipping, munitions, oil, lumber, milk, meat, tobacco, and flour milling. The prevalence of white-collar crimes can be readily appreciated by anyone who reads a few of the current annual reports of the Federal

Trade Commission and other commissions which have the responsibility of regulating business. Moreover, it is easy for a person to learn a good deal about white-collar crime merely by asking intimate friends, "What crooked practices are prevalent in your business or in the industries with which you deal in your business?" The manufacturers of practically every class of articles used by human beings have been involved in legal difficulties with these commissions with more or less frequency during the last thirty years, including the manufacturers of the surgical instruments with which an infant may be assisted into the world, the bottle and nipple from which he may secure his food, the milk in his bottle, the blanket in which he is wrapped, the scales on which he is weighed, the flag which the father displays in celebration of the event, and so on throughout life until he is finally laid away in a casket which was manufactured and sold under conditions which violated the law.

The financial loss to society from white-collar crimes is probably greater than the financial loss from burglaries, robberies, and larcenies committed by persons of the lower socioeconomic class. The average loss per burglary is less than one hundred dollars, a burglary which yields as much as fifty thousand dollars is exceedingly rare, and a million-dollar burglary is practically unknown. On the other hand, there may be several million-dollar embezzlements reported in one year. Embezzlements, however, are peccadilloes compared with the large-scale crimes committed by corporations, investment trusts, and public utility holding companies; reports of fifty-million-dollar losses from such criminal behavior are by no means uncommon.

The financial losses from white-collar crimes, however, are the least important of their consequences. Ordinary crimes cause some inconvenience to the victims and occasionally, in flagrant cases of bodily attack or when repeated in quick succession, cause a general community disturbance. When a community becomes disturbed it usually gathers its forces under the leadership of men of the upper socioeconomic class for more adequate enforcement of the criminal law according to conventional methods. In that directed conflict the

morale of the society is increased, just as in military conflict patriotism is heightened, and the society is strengthened. White-collar crimes, on the other hand, destroy morale and promote social disorganization. Since the crimes are generally violations of trust, they create and extend feelings of distrust. Leadership against white-collar crime is generally lacking since most leaders come from the upper socioeconomic class and since the persons in this class who do not participate in white-collar crimes are generally reluctant to attack other members of their own class. Consequently there is no directed and effective program for enforcement of the criminal law against white-collar criminals, and morale does not develop as it does in campaigns against lower-class criminals. Finally, the white-collar criminals resist efforts to enforce the criminal law against themselves by attacks, through the agencies of public opinion which they control, on the integrity of public officials and private parties who object to white-collar crime. These attacks result in further disintegration of the society.

Convictions in Criminal Courts

Although white-collar crimes are very prevalent and very costly, few of the perpetrators are prosecuted or convicted in the criminal courts. The relative absence of convictions under the criminal law is not evidence that the behavior is not criminal. First, the criminal courts have been very lenient toward white-collar criminals. This leniency is not so much in the form of mild penalties in case of conviction as in the form of failure of conviction due to the personal appreciation of and sympathy with the practices of the white-collar criminals and due to the precedents which the skilled attorneys for white-collar criminals argue with great ability. Pickpockets and confidence men, also, are seldom convicted in the criminal courts. While their relative immunity is due to technical considerations and to political and financial connections they have made with the criminal courts through their “fixers,” the white-collar criminals secure immunity largely

because of their social prestige. In neither case does the immunity from punishment prove that their behavior is not criminal.

Second, many of the white-collar crimes are committed by corporations. No effective method of dealing with corporations under the criminal law has yet been devised. While the theory of Blackstone that a corporation cannot commit a crime has now been abandoned in American law, no satisfactory penal sanction for corporate crimes has been found. It is not possible to put a corporation to death, or whip it, or commit it to prison, except in a figurative sense. The only penalty that has been used is the fine, and the fine is paid by innocent stockholders in the form of reduced dividends. It has been suggested that since the officers and directors of corporations are men of respectability, greatly interested in preserving the prestige of themselves and of the corporation, they can be punished most effectively by some method of social degradation. Because of the absence of effective penal sanctions for corporate crimes, relatively few of the crimes of corporations are prosecuted under the criminal law.

Action in the Civil Courts

Third, other methods than prosecution in the criminal courts are used to protect society against white-collar crime. One of these is action in the civil courts. While civil fraud may differ in some respects from criminal fraud, a great many frauds can be dealt with under either the criminal law or the civil law. The relative lack of prosecutions of fraud under the criminal law is due, in part, to the fact that many frauds are dealt with under the civil law. For that reason the small number of prosecutions of white-collar criminals is not evidence that their behavior is not criminal. Even more important than the civil law is the regulation of business by boards and commissions. The reports of these boards and commissions provide abundant evidence of the prevalence of white-collar crimes. The crimes flourish in spite of the boards, just as some other crimes flourish in spite of the police and the criminal courts. The personnel of these boards has been inefficient in many cases and they have often been affected

by bribery or by personal considerations; their funds have been limited; and they have been restrained by political considerations from active initiative in preventing white-collar crimes.

When efforts have been made to perfect the implements for enforcement of the criminal law as it applies to white-collar offenders, the business interests which would be affected have been energetic in preventing such action. Burglars do not send strong lobbies to the municipal, state, or Federal legislatures to prevent the enactment of bills designed to equip the police with squad cars carrying two-way radio sets, but business groups use exactly that method of preventing the implementation of the criminal law as it applies to themselves. They succeed in this because of their power and prestige in the general society.

White-collar crime is real crime. If it is not a violation of the criminal law it is not white-collar crime or any other kind of crime. But differences in administrative procedures do not justify the designation of this behavior as something different from crime. Any definition, of course, is somewhat arbitrary. If we desired, we could say that behavior which resulted in arrest by the municipal police was crime and that which resulted in arrest by the state police was not crime, or that certain behavior of blue-eyed persons was crime and the same behavior by brown-eyed persons was not crime. Such definitions are analogous to the definition of certain behavior by a poor man as a crime and of the same behavior by a well-to-do man as not a crime. Instead of such arbitrarily limited definitions, the definition here presented is designed to include the entire area of homogeneous behavior. This is desirable for reasons of logic, economy, and simplicity. By this definition behavior which is fraudulent when committed by poor persons is fraudulent when committed by persons of the upper class, regardless of differences in the administrative procedures used. It is possible, indeed certain, that criminal acts are homogeneous only with reference to a small number of abstract characteristics. But if all criminal behavior is to be broken up into elements or classes, the divisions will cut across class lines, so that some crimes of some white-collar offenders will be in the

same class as some crimes of some persons of the lower socioeconomic class.

The preceding description is designed to give an understanding of the nature, extent, and consequences of white-collar crimes. The purpose in this is not to reform white-collar criminals or devise plans for immediate prevention of such crimes. Possibly we should extend the methods of the criminal law to white-collar criminals, and possibly we should extend to ordinary criminals the more lenient methods which have been reserved for white-collar criminals. Any policy regarding crime should issue from an understanding and demonstration of the genetic processes involved in the behavior. If we can secure a more adequate understanding of the genesis of criminal behavior, both lower class and upper class, we can develop wiser and more effective policies for control of that behavior. The concept of white-collar crime is significant principally from the point of view of theoretical understanding of criminal behavior and is therefore designed to reform the criminologists rather than the white-collar criminals.

Poverty and Crime

The theories of criminal behavior which are held by most scholars working in this field have been based on studies of the criminals who are arrested, tried in the criminal courts, and, if convicted, fined, placed on probation, or committed to penal and reformatory institutions. Such criminals have their origin in a very large proportion of cases in the lower socioeconomic class. Because the criminologists who have attempted to explain criminal behavior have based their studies on criminals from the lower class, they have emphasized as the cause of crime either poverty or the sociopathic and psychopathic characteristics which are associated statistically with poverty, such as poor houses, lack of recreational facilities, broken and deteriorated families, lack of academic education, feeble-mindedness, frustration, and other emotional disturbances. The conclusions derived from studies of criminals of the lower socioeconomic class have then been generalized for all criminals without realization that the sample from

which the conclusions were derived was grossly biased from the point of view of class status.

It is obvious, however, that white-collar criminals do not suffer from poverty in the conventional sense of that word or from the sociopathic and psychopathic conditions which are statistically associated with poverty. On the contrary, they are well adjusted to other persons in their personal relations. Consequently these theories do not explain the criminal behavior of the upper socioeconomic class since the factors are seldom found in that class.

Nor do these theories explain the criminal behavior of the lower socioeconomic class. The association between crime and poverty, or the variants of poverty, is a spurious association due to the bias in the sample of criminals which has been studied. The procedure which has been used is logically similar to that of an investigator who might select only blue-eyed criminals and then conclude that blue eyes were the cause of crime since that was the only common characteristic found among the criminals. This conclusion is patently absurd, but the logic is the same as that used in drawing general conclusions regarding criminal behavior from a sample which is selected on the basis of economic status.

The factor or process which is here suggested hypothetically as the explanation of both upper class and lower class crime is that the criminal behavior is learned in direct and indirect association with persons who had practiced the same behavior previously and in relative isolation from those who opposed such behavior. In both classes a person begins his career free from criminality, learns something about the legal code which prohibits certain kinds of behavior, and also learns in variant groups that other kinds of behavior which conflict with the general code may be practiced. Through contact with these variant cultures he learns the techniques, rationalizations, and the specific drives and motives necessary for the successful accomplishment of crimes. If he is reared in the lower socioeconomic class he learns the techniques, rationalizations, and drives to be used in petty larceny, burglary, and robbery; while if he is reared in the upper socioeconomic class and engaged in an occupation of the kind

characteristic of that class he learns the techniques, rationalizations, and drives to be used in frauds and false pretenses. The process of acquiring criminal behavior is identical in the two situations although the contents of the patterns which are transmitted in communication differ. It is obvious that no general motive or drive, such as the profit motive or frustration, will explain criminal behavior since those general motives and drives are characteristic of both criminal and lawful behavior.

Methods of Study

Relatively few concrete studies of the genesis of white-collar crime have been made. Two methods may be used in the future in studies of this kind. One is the case history method, especially of the autobiographical type. Few studies of that nature have been made. We do, to be sure, have a few autobiographical descriptions, such as the confessions of a bond salesman, but we have very few directed investigations of the genesis of white-collar crimes of the more important business leaders. It is extremely difficult to secure the co-operation of these leaders in such investigations because they wish to maintain their respectability.

A second method of study is the observation of white-collar crimes in the mass. While this method, if used alone, is inadequate, it does throw light on the genesis of white-collar crime. Historical studies have shown that certain criminal practices have developed and been diffused in the same manner as fashions and fads. The history of the holding company in the public utility industry, which is confined almost entirely to the period since 1905, is a case in point. While the holding company itself has not been a violation of the criminal law, almost all of the holding companies have developed practices which were in violation of the criminal law, as shown in the recent report on utility corporations by the Federal Trade Commission. They have "milked" the subsidiary operating companies of all surplus funds that might have been used for a reduction of rates to consumers, and they have achieved this by misrepresentations of their asset values and their net incomes in the statements made to regulatory commissions and to

prospective investors. One holding company made a profit of more than one million dollars a year for ten years on its Federal income tax, and that is no mean achievement. It made this profit by collecting money from the subsidiary companies for payment of the income tax on an individual-corporation basis, making a return to the Bureau of Internal Revenue on a consolidated-system basis, and keeping the balance in its own account. The utility corporations have obtained money under false pretenses as certainly as have the confidence men of the underworld. The various techniques employed have been developed and diffused in the utility industry almost entirely since 1905 under the control and direction of many of the most important and respected men of the financial world. Many of these practices were abruptly discontinued as soon as they received publicity.

A second hypothesis regarding white-collar crime is that a crime rate in any culture area, such as the public utility industry or the medical profession, is a function of the ratio between organization for and organization against criminal behavior in that area. This differs from the preceding hypothesis in that it refers to a crime rate rather than the criminal behavior of a particular person. The two hypotheses must be consistent with

each other, if both are valid, since a crime rate is merely a summation of criminal acts of persons.

Organization for criminal behavior is apparent in various industries. It has been revealed in such investigations as those of the Federal Trade Commission in the utility corporations or the flour-milling industry. The organization includes working arrangements, division of labor, and consensus.

In comparison with a developed organization for conducting criminal practices in certain industries, the organization against criminal practices in those industries has been relatively weak and the crime rate therefore has been relatively high. This has been illustrated again and again in the descriptions of the failure of the antitrust law. The law was passed, but until recently there was no implementation of the law that made its enforcement possible. The antitrust division of the Department of Justice until recently has been similar to the pickpocket division in many city police departments, being in sympathy with the violators of the law rather than the victims, and doing the minimum in the enforcement of the law. It is probable that the organization which has developed against white-collar crime during the last decade is resulting in a significant reduction in the rate of this type of crime.

DISCUSSION QUESTIONS

1. Does Sutherland think someone needs to be convicted to be a criminal? Explain.
2. What “systems” does Sutherland refer to either directly or indirectly?
3. What methods does Sutherland suggest for studying white-collar crime? How would these methods vary in studying white-collar crimes rather than traditional crimes?

