

Case Study 2 - White-Collar Crime

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March 15, 2025

Notes

Case A - Espionage in Silicon Valley

- The Valley industry is a hotbed of espionage, due to the fast pace of technological innovation and the high stakes involved. With rapid outdates of 2 years.
- Computer chip desing is super expensive and illegal measures are often taken to obtain the designs of competitors.
- The size of such chips lead to ease of theft, as they can be easily hidden.
- Policies until recent have lacked to cover the complex nature of the industry.
- Individuals and contacts carry heavy value to enable the theft of such designs.
- Silicon Valley has high employee turnover rates due to the opportunities and competition, leading to a lack of loyalty.

Case B - Price Fixing in the Electrical Equipment Industry

- Sherman Antitrust Act of 1890 prohibits price fixing and other anti-competitive practices.
- Conspirators argued that price fixing benefited the public by stabilizing prices and preventing price wars.

Case C - The Case of the Corrupt Contractor

- Employers are able to avoid criminal penelaties by compensating the victims of their employees' crimes.
- For 3 decades information on asbestos fibers that filed the air in the factory was withheld from employees.
- There was erase of 1300 documents that would have shown the dangers of asbestos.
- Recent studies show that 38 percent of workers exposed to such asbestos have died from lung cancer.
- Manville Corporation filed for bankruptcy in 1982 due to the large number of lawsuits. But a court agreement was reached to pay out \$2.5 billion to the victims.
- Safty measures were also not taken in 1985 as cyanide gas was released into the air during silver recycling. As workers where not even given the saftey standards but rather useless paper face masks and cloth gloves.

Question 1

Employers have often been reluctant to prosecute employees who commit crimes against them. It is easier just to fire them, thereby avoiding court hassles and bad publicity. Given that companies need to make profits, is this reluctance to bring criminal charges against employees morally permissible and responsible? (Group A Yes vs Group B No debate)

Yes

- By firing the employees, the company is abstaining from the involvement with crimes committed by the employee. Showing that they do not support such actions.
- The company is able to avoid the bad publicity that would come with a court case.
- It is also normal for Individuals to abstain from court cases due to the time and money that would be spent on the case. Some issues do not feasibly warrant the time and money spent on a court case.
- Showing internal disciplinary actions to set an example to other employees.

No

- Lack of legal consequences may paint the wrong picture to other employees, showing that they can get away with such actions.
- It may seem more suspicious to the public if the company does not take legal action against the employee. As it may seem that the company is trying to hide the issue and it is part of a bigger plan.
- By taking action you are not only preventing internally employees from committing such crimes but also preventing the public as well.
- The company has a moral obligation to the public to prevent such crimes from happening again. Also presenting the company as a moral entity that is more valuable than the short term profits.
- The company has a moral obligation to the victims of the crime to bring the criminal to justice.

Question 2

Should White-Collar Crimes Be Treated More Lightly Than Violent Crimes? (Group A: Yes vs. Group B: No)

Yes

- Unlike physical crimes, white-collar crimes do not involve physical harm to individuals or pose a violent threat to society.
- The negative effects of white-collar crimes are financial losses on persons who have a knowledge of the risks involved.
- Prison sentences on white-collar criminals creates an unsestlement in industries where competition pushes such legal boundaries and can have negative effects in advancing technology.
- Price fixing can be seen as a way to stabilize prices and prevent price wars, which can be beneficial to the public.
- Many of the committers of white-collar crimes are not aware or believe that they are committing a crime. As seen in the Electrical Equipment Industry case.

No

- White-collar crimes although not violent can have bigger impacts on lives as they lead to great financial losses and job losses which essentially degrade the quality of life and even can be linked to cases of suicide.
- Some white collar crimes scale to whole industries and can have a negative impact on the economy as a whole.

- They favor the rich and powerful and can lead to a lack of trust in the system.
- Taking a light stance on white-collar crimes can lead to a lack of deterrence and can lead to more crimes being committed.
- Legal system should be fair and equal to all crimes, regardless of the type of crime.

Question 3

Was Catanich in an Immoral Conflict of Interest by Moonlighting for Gopal? (Group A: Yes vs. Group B: No)

Yes

- Catanich worked for both National Semiconductor and Gopal, which created a clear conflict.
- He accepted money in exchange for corporate secrets, prioritizing personal gain over loyalty to his employer.
- His actions directly contributed to the theft and sale of confidential information.
- Accepting money from a competitor undermined National Semiconductor's ability to trust employees.
- Even if he did not initially intend to commit a crime, he participated in unethical conduct by sharing trade secrets.

No

- Many employees take on secondary jobs to supplement income. His additional work alone was not unethical.
- Gopal pressured him into leaking information by exploiting financial difficulties, making his involvement more circumstantial than intentional.
- If National Semiconductor paid fair salaries, employees would not be tempted to engage in external dealings.
- There is no evidence that Catanich intended to damage his employer—his actions were driven by desperation rather than malice.
- Gopal was the mastermind, actively recruiting insiders for espionage. Catanich was merely a pawn in the operation.

Question 4

Should Manville Executives Be Charged with Manslaughter, Murder, or No Crime? (Group A: Manslaughter or Murder vs. Group B: No Crime)

Yes

- Manville executives had internal reports showing asbestos was deadly but still concealed the risks.
- They actively suppressed health studies and medical reports, misleading workers about the hazards.
- Asbestos exposure caused thousands of deaths. The sheer scale of suffering justifies severe legal consequences.
- Charging executives would deter future cases of corporate negligence.
- If Film Recovery Systems executives were convicted for knowingly endangering employees, Manville's leadership should face similar charges.

No

- Unlike murder, there was no direct intention to kill anyone—only failure to act responsibly.

- Employees can sue for damages through civil lawsuits rather than criminal prosecution.
- At the time, asbestos dangers were less publicly understood. It is unfair to judge past decisions by modern health standards.
- Holding executives personally accountable for company actions sets a dangerous precedent.
- Manville has already paid billions in settlements, and its bankruptcy harmed the company itself.

Question 5

Should Companies Use Polygraph Tests to Detect Employee Theft? (Group A: Yes vs. Group B: No)

Yes

- Regular testing deters employees from engaging in unethical activities.
- White-collar crime causes significant financial losses. Polygraph tests help identify risks early.
- Polygraphs are widely used in government and security sectors. Businesses should have similar tools.
- Honest employees have nothing to fear, and it ensures trust in the workforce.
- Stopping fraud early is cheaper than dealing with legal and financial consequences later.

No

- Testing all employees is excessive and creates a culture of distrust.
- They have a high false-positive rate, leading to wrongful accusations.
- Many countries ban polygraph tests in private businesses due to ethical concerns.
- Skilled individuals can learn to deceive lie detectors, making them ineffective.
- Constant suspicion creates a hostile work environment.