


WHITE COLLAR CRIMES

Defined as a crime committed by a person of respectability and high social status in the course of his occupation.


- ▶ *It is an illegal act committed by non-physical means and by concealment, to obtain money or property, or to obtain business or personal advantage.*

Intro....

- ▶ Basically involves a breach of trust, confidence or duty.
 - ▶ It's not a victimless crime. A single scam can destroy a company, devastate families by wiping out their life savings, or cost investors billions of dollars.
 - ▶ White collar crimes are estimated to cost society many times more than crimes such as robbery and burglary.
 - ▶ The amount of death caused by corporate mishap, such as inadequate pharmaceutical testing, far outnumbers those caused by murder.
 - ▶ The “**risk**” of getting caught is relatively low (low certainty)
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Causes....

WCs break the law due to

- ▶ *Greedy or Needy*
 - ▶ *Corporate Culture Theory*
 - ▶ *Low Self-Control*
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Types...

- ▶ **Occupational Crime**


The use of one's occupation to illegally obtain personal gain

- ▶ **Corporate Crime**

Any activity that is undertaken by a corporation for its benefit, but violates the law.



Components of WCC..

- ▶ Stings and Swindles
 - ▶ Chiseling
 - ▶ Individual Exploitation of Institutional Position
 - ▶ Influence Peddling and Bribery
 - ▶ Embezzlement & Employee Fraud
 - ▶ Client Fraud
 - ▶ Corporate Crime
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Stings and Swindles

A white collar crime in which people use their institutional or business position to bilk people out of their money


Ex: Fraud involving door to door sale of faulty merchandise to passing millions in counterfeit stock certificates

- ▶ Stings & swindles are usually prosecuted as Embezzlement or Fraud.
- ▶ Religious swindles: Use of religion and creation of fake religious organizations to benefit those out of money


Chiseling

Involves cheating an organization, its consumers, or both on a regular basis

Securities fraud: Commodity and stock markets deceptions

- **Churning**- Repeated, excessive, and unnecessary buying & selling of a clients stock.
 - **Front Running**- Brokers place personal orders ahead of a large customer's order to profit from the market effects of the trade.
 - **Bucketing**- Skimming customer trading profits by falsifying trade information
 - **Insider Trading**- Using one's position of trust to profit from inside business information.
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Individual Exploitation of Institutional Position:

- ▶ When individuals exploit their power or position in an organization to take advantage of other individuals who have an interest in how that power is used.
 - ▶ **Example:** Fire inspector who demands payment for operating license to be granted.
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Embezzlement & Employee Fraud


- ▶ When individuals use their positions to embezzle company funds or appropriate company property for themselves.
- ▶ The company or organization is the victim of the crime.
 - **Blue-collar fraud:** Acts of pilferage
 - **Management fraud:**
 - Converting company assets for personal benefit
 - Fraudulently receiving bonuses
 - Fraudulently increasing personal holdings of company stock
 - Manipulating of accounts
 - Concealing unacceptable performance from stockholders

Client Fraud


- ▶ **Health care fraud**
 - ▶ *Doctors violate their ethical vows and engage in fraud in obtaining patients and administering their treatment.*
 - ▶ **Bank Fraud:**
 - ▶ *individuals cheat their banks. Examples: check forgery, false statements on loans applications, etc...*
 - ▶ **Tax Evasion:**
 - ▶ *errant taxpayer to whom the government extends credit by allowing the taxpayer to delay paying taxes on money earned, cheats on their payment.*
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WCS Law Enforcement Systems

Controlling White-Collar Crime

- **Compliance strategies:** Involve cooperation and self-policing among businesses (SEC and FDA)
 - **Deterrence strategies:** Involve detection and punishing the offenders.
 - Not “real criminals” don’t deserve prison.
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Approaches for controlling WCs

- ▶ If everyone at a particular business or company would keep an eye out for anything suspicious that alone would detour potential thieves.
 - ▶ The real solution to this problem is going to have to come from the people who are being affected by it. They are the most likely to stop it. They cannot let anyone take advantage of them anymore.
 - ▶ Most do not give white collar crimes much thought because they are only things that they read about in newspapers and hear on the news.
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Conti.....

- ▶ *need for strengthening of morals particularly in the higher strata and among the public services.*
 - ▶ *need for absolute honesty and integrity for the sake of national welfare.*
 - ▶ *character building at grass-root level*
 - ▶ *inculcating feeling of real concern for the motherland*
 - ▶ <https://www.youtube.com/watch?v=Ne5ocNaNJVY>
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