

Identifying, Preventing & Prosecuting White-Collar Crime

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Introduction:

White-collar crime, also known as economic crime, is a relatively new form of criminal activity. Types of crimes that would be considered white-collar can range greatly in severity -- from simple employee theft all the way up to executive-level insider trading, and everything in-between. These crimes are often committed by people that are not who you would expect to be a typical criminal. In an effort to make a distinction between different forms of criminal activity, and to challenge the conventional stereotypes that are typically associated with those involved in other types of crime, Edwin Sutherland (1950) coined the term 'white-collar crime' and explained that these types of crimes differ from other crimes in that they are typically nonviolent and financially motivated. Additionally, according to Sutherland, the crimes are often committed by a person of respectability and high social status in his/her occupation. Compare this with the social stereotype of "typical" criminals who are generally thought to be committed by disadvantaged young men from broken homes and decaying neighborhoods (Wheeler, Weisburd, Waring, Bode, 1988).

My final Capstone project will be a literature review in which I will research and analyze existing data to identify which internal characteristics and environmental factors are most likely to be involved in white collar crime, how to prevent these crimes from being committed, and how the criminal justice system should prosecute to help reduce future occurrences. I chose this project because I

have been working in the accounting field for over 15 years and have observed these types of crimes take place. I have seen the effect that they have on the businesses that were victimized, as well as the individuals that committed the crimes. Also, I have seen first-hand the massive amount of time and effort that it takes to start-up and run a small business, and how they can quickly be devastated when they fall victim to white collar criminals.

One of the most well-known examples of white-collar criminal is Bernie Madoff, who was responsible for running a Ponzi scheme that stole billions of dollars from investors. The most recent example of white-collar crime was discovered in NCAA men's basketball, in which athletic company executives, coaches, and agents were found to have been bribing potential athletes to come to their school by illegally giving them tens of thousands of dollars.

According to a 2010 survey, 70% of individuals surveyed indicated that they believe that white collar crime has contributed to the current economic crisis (National Public Survey, 2010). Additionally, it is widely believed that the U.S. housing market collapse was largely due to fraudulent work being performed by bankers (National Public Survey, 2010).

According to Coffin (2003), the fastest growing category of crime in the United States is employee theft and fraud, which costs U.S. businesses nearly \$50 billion annually and is responsible for nearly 20 percent of all business failures.

Estimates from the FBI and the Association of Certified Fraud Examiners approximate the annual cost of white collar crime as being between \$300 and \$660 billion (Association of Certified Fraud Examiners, 2005). This large range can partially be accounted for by the lack of official statistics, the fact that only a small percentage of victims are reporting, and the fact that some people may never even realize that they were victimized.

Prevention

In addition to the potential monetary impact, white-collar crime also has an incalculable social, physical, and psychological effect on the structure of society (Edelhertz, 1970). It is estimated that employee theft, a smaller version of white-collar crime, is one of the most prevalent and costly problems confronted by today's organizations, therefore, it is crucial that we can determine the most effective ways to prevent, identify, and prosecute white-collar crimes.

Understanding the circumstances that are allowing these activities to take place is a key element of prevention. Specifically, it is important to understand why employees decide to go through with the crime, and what circumstances have led up to the act. Having this knowledge can be an effective tool in understanding and preventing white-collar crime from destroying yet another business.

To be able to effectively prevent white-collar crime, we must attempt to avert situations in which employees are able to self-justify the commission of these crimes. Some of the ways that employees can self-justify are downplaying the seriousness of their actions (thinking that it's not as bad as what other people do), displacing responsibility (blaming others for their actions), or dehumanizing the victim ("my boss is rich, so he can afford it"). Setting realistic employee goals and corresponding reward structure is the most effective way for management to avoid creating situational pressures that could unintentionally encourage criminal activity (Pollock, 2016).

Albrecht and Cherrington (1980) identified several situations that could lead employees to commit white-collar crimes. There are many reasons people commit these crimes, but it is believed that we can separate most them into three categories: **situational pressures**, **opportunities to commit fraud**, and **personal characteristics**. There are red flags that we can look for in each of these 3 categories of offenders.

Situational Pressures

Albrecht and Cherrington reported that situational pressures include peer group pressures, resentment of superiors, and job frustration all contribute to scenarios that are likely to result in white-collar criminal activity (Albrecht & Cherrington, 1980). If employees feel that they can express their views freely, an

effective way that management can monitor if these conditions exist within their staff is through regularly administering anonymous self and peer assessment surveys. Although, the results will not point out any specific individual directly, management will be able to then evaluate the results to determine which departments could fit into these categories, and therefore have a higher probability of becoming involved. Another way to reduce the risk of creating situational pressures is by setting goals high enough so that employees are being challenged to reach their full potential while not setting them so high that employees feel they need to bend the rules to accomplish them. When management places too much emphasis on the bottom line, but fails to emphasize the importance of morals and ethics that must be adhered to while reaching that goal, they create the opportunity/motivation for employees to bend the rules if it can help them get ahead. (situational pressures). When management sets unattainable goals for employees, out of desperation, those employees will often do whatever they feel is necessary to meet that goal. If incentive structures are unrealistic, this creates an opportunity structure that can unintentionally reward the offenses we wish to prevent (Benson, et al., 2009). When an organization offers large incentives for unachievable performance levels, they are unintentionally encouraging unethical behavior from employees. When management creates realistic and attainable goals, this can be beneficial to both the employees and the company because it can help to motivate employees to work to the best of their ability. If such goals are set for employees, management must constantly remind employees that ethical standards are still important and are expected to be upheld. Remember that it has

also been found that the demand for performance statistics in the face of limited resources can enable employees to morally justify their unethical actions (Gurney, 1985).

There are several steps that can be taken by management to reduce the risk of creating situational pressures. Reward structure, leadership, and training all can either incentivize or discourage unethical behavior and can be a vital part of prevention (Pollock, 2016). Because crime opportunities are formed by immediate environments and then discovered and evaluated by potential offenders, we must maintain an environment where minimal opportunities for crime are presented for employees to evaluate (Benson, et. Al., 2009). In a book titled *The Honest Truth About Dishonesty*, Ariely explained that dishonesty is comprised of three basic elements: (1) the benefit that one stands to gain from the crime; (2) the probability of getting caught; and (3) the expected punishment if caught (Ariely, 2012). Then, the individual does some simple math and makes their decision based on whether element #1 > element #3. An alternative explanation as to why people decide to commit these crimes, as explained in research performed by Van Gelder, proposes a general outline for criminal decision making that assumes both ‘cool’ cognition and ‘hot’ affect, i.e. feelings, to influence criminal choice (Van Gelder, 2011). This could explain criminal activity that does not appear to be rational or otherwise logical, which would indicate that emotions can also be a factor that need to be considered.

Opportunistic Offenders

Situational pressures can also create opportunistic offenders. Red flags for opportunity offenders may also include familiarity with operations, a position of trust, rapid personnel turnover, no mandatory vacations, periodic rotations, or transfers of key employees, absence of explicit and uniform personnel policies, and a lack of internal security (Albrecht, Cherrington, 1980). The crime opportunity theory suggests that offenders make rational choices and thus choose targets that offer a high reward with little effort and risk. For example, imagine that an employee leaves work late at night and then realizes that he has forgot his car keys back in the office, so he runs back in to get his keys. While he is in getting his keys, he notices that the safe was left wide open with thousands of dollars sitting out in plain sight. Although this employee may have had no intention of stealing, they are now in a situation where there is a potential for them to take a large amount of money with very minimal effort. The temptation may be too much for them to resist. This is a scenario that management can, and must, avoid. Recently, several researchers concluded that white-collar crime can be prevented by simply reducing opportunities (Van Slyke, et. Al., 2017). A portion of white-collar crime could be prevented by simply reducing circumstances in which the temptation is even an option. To put it in simple terms – if we can eliminate these opportunities, we can prevent the opportunistic criminals.

It is critical that business owners understand what types of environments are most likely to produce white-collar criminal activity so that it enables them to avoid scenarios that have a high likelihood of leading to criminal activity. It is believed that opportunism is often exemplified by self-interest seeking with guile (Kirchgassner, 2014), in which the risks and rewards are carefully evaluated by potential offenders (Chayet, Waring, Weisburd, 1995).

When an employee is put in a situation where they must choose between breaking rules just to meet their requirements, or losing their job, the likelihood of criminal activity will be elevated. Many fraud checklists identify 3 circumstances that increase the likelihood of criminal activity within business: first, inadequate monitoring can produce opportunities for criminal activity that the offender may not have even been looking for, however if they know that no one is watching their actions, they may be able to more easily justify the crime. It is recommended that larger companies hire external auditors that are independent of the company. Simply knowing that there will be an independent auditor reviewing their work can provide a powerful deterrence to those that may be considering criminal activity. External auditors are also effective at assessing the risk of fraud based on internal control systems and management's attitudes towards these controls when making their assessments (Caplan, 1999). Second, overly complex bookkeeping systems can create confusion and allow for someone to find a loophole in the process that can be easily exploited by anyone that may be looking for the chance to do so. Caplan (1999) found that managers can

commit fraud by overriding internal controls, and that audits conducted in accordance with Generally Accepted Auditing Standards (GAAS) may not always distinguish between errors and fraud" (Caplan, 1999). When processes are simplified it will reduce the number of opportunities that potential criminals would have access to. Third, incomplete or untimely recordings of transactions allows for inaccuracies and inconsistencies; both of which can result in white-collar criminal activity. Similar to opportunistic offenders, "situational" offenders' red flags may include any of the following: familiarity with operations; a position of trust; rapid personnel turnover; no mandatory vacations, periodic rotations, or transfers of key employees; absence of explicit and uniform personnel policies; and a lack of internal security (Albrecht, Cherrington, 1980).

Individual Factors

When trying to identify & detect criminal activity within your business, it is very helpful to know who and what to look for. It can be beneficial to breakdown the identification method into two categories; personal characteristics (such as personality traits), and environmental (such as work environment or peer influence) when attempting to evaluate likelihood of criminal activity. One study found that some personal (internal) characteristics to watch for in employees include: rationalization of contradictory behavior, lack of a strong code of personal ethics, a 'wheeler dealer' personality, and a strong desire to beat the system" (Albrecht, Cherrington, 1980). Additionally, irresponsibility, lack of

dependability, and disregard of rules and social norms can also be a strong indicator (Collins, Schmidt, Frank, 1993). It is suggested that we use this information as a means of detecting, rather than preventing, because obviously, management can't ask a potential employee if they have a disregard for rules and social norms - rather, we can use our observations of current employees to determine if they may fit into any of these categories. Another study expounded these findings when they determined that "concentrated disadvantage" (e.g., racial heterogeneity, poverty, and family disruption) are among the strongest and most stable predictors of crime (Pratt & Cullen, 2005). Additionally, much published literature appears to have come to a consensus on the common characteristics of those determined to be committing white-collar crimes. Blickle, et al. (2006) suggest that the typical perpetrators have a high intelligence level, but a low level of integrity and poor personal ethical standards. Another study concluded that high-ranking white-collar criminals in business combine low integrity with high conscientiousness.

White-collar crime includes within it a broad diversity of offenders- meaning that the offenders could be as minimal as an executive assistant that is skimming a couple dollars from petty cash, to as large as a corporate executive that is defrauding a business out of millions. Simpson and Weisburd (2009) suggest that it is important to recognize that different models of explanation may be needed to provide explanations for different types of offenders.

Gender is an individual factor that can easily be detected – but can white-collar criminals be identified simply based on gender? Blickle et al. (2006) conducted a study which claimed that males commit business white-collar crime at a rate higher than females. However, a conflicting study, interestingly found that while only 2 percent of property offenders were female, 30 percent of the white-collar criminals were women (Albrecht & Cherrington, 1980). This would indicate that although men were still more likely to commit white-collar crimes than women, rates for women were significantly higher for white-collar crime than for those of other types of violent or property crimes, in which women typically only accounted for less than 5% of the total. Manson supported this claim in his research, in which he found that a higher proportion of white-collar offenders were female compared to other offender types (Manson, 1986).

Another study in 1993 returned some surprising findings about a few other internal characteristics of the common white-collar offender. It found that they were “more religious; less likely to use alcohol and drugs; in better psychological health with more optimism, self-esteem, self-sufficiency, achievement, and motivation; and were better socially adjusted” (Collins, Schmidt, Frank, 1993). These findings contradict the characteristics of other types of traditional criminal (such as violent or property criminals). In contrast, later research found that “some white-collar offenders are involved in crime and deviance to much the same degree as typical street criminals” (Benson, Moore, 1992). Additionally, research in 2006 found that offenders also often possessed low behavioral self-

control, high hedonism, high narcissism, and high conscientiousness after statistically controlling for social desirability (Blickle, et. Al., 2006). There have also been a variety of other findings regarding the typical characteristics of a white-collar criminal. For example, Coffin (2003) claimed that the average white-collar criminal was likely to be a lower-grade employee. While another study found there are large and measurable psychological differences between white collar offenders and nonoffenders, and that the major construct underlying these differences is “social conscientiousness” (Collins, Schmidt, Frank, 1993). Unfortunately, social conscientiousness isn’t exactly the easiest trait to identify in a prospective employee because it is open to interpretations as to which factors do, or do not, determine another individual’s level of social conscientiousness.

Researchers have also reported opposing findings on which age group is most likely to offend. On one hand, Clark & Hollinger (1983) claimed that younger employees are not as deterrable as their older peers, especially under conditions of both high certainty and high severity of punishment. This would suggest that younger people would be more likely to be commit white-collar crime, which could be partially attributed to the penalties being an ineffective deterring factor. Conflicting results were reported by Manson, in which he claimed that almost half of the white-collar arrestees were at least 30 years old, while violent and property were typically older (Manson, 1986). Albrecht and Cherrington reported findings that were more in line with Manson. They

proposed that white collar criminals were older; more often married, and highly educated (Albrecht, Cherrington, 1980).

Environmental Factors

Although researchers have varying opinions on the personal characteristics of the common white-collar criminal, they seem to agree on many of the environmental factors associated with white-collar criminals. Luckily the environmental factors are also what management can have the most control over. For example, management can have the ability to influence overall employee morale, but can't control their biological or other predetermined personal characteristics that their employees already possess.

Another issue to keep in mind is ethical fading, which can be another possible explanation for why, otherwise ethical people, can commit such unethical crimes. Ethical fading is a process that occurs over time in which employees can become desensitized to what is right and what is wrong. To prevent ethical fading, make sure that staff members are constantly reminded what types of behavior are acceptable and what will not be tolerated in your organization (Pollock, 2016). Remember that, even if the consequences of unethical actions are addressed with staff initially, if they are not consistently reminded of expectations and potential consequences of unethical behavior, ethical standards can become removed from the decision-making process. A similar concept was

presented by Bandura. Bandura's moral disengagement theory explained that individuals behaved ethically through self-regulatory mechanisms, but that these methods could be "turned off" through cognitive restructuring (Pollock, 2016). This would lend to the necessity of continuously discussing expectations with employees to make sure that ethical expectations are kept in the forefront of their minds.

Alternative possible explanations for commission of white-collar crime include the fear of falling hypothesis or the notion that the motivation for crime is the fear of losing what one has worked so hard to obtain (Piquero, 2012). These findings would be most likely to be applicable to those that would be in the 'situational pressures' group. An alternative explanation for how an employee can justify unethical behavior is through self-deception. Self-deception allows one to behave self-interestedly while, at the same time, falsely believing that one's moral principles were upheld (Messick & Tenbrunsel, 2004).

Ways to Reduce Unethical Behavior

Numerous researchers recommend similar findings on how management can reduce the occurrences of unethical behavior within their company. These approaches include creating an environment that treats employees with dignity and respect, setting realistic goals, increasing ethical awareness, having a written code, avoiding deception, allowing for openness and transparency, presenting an

example of honesty and fairness, exposing corrupt behavior, and rewarding ethical behavior (Pollock, 2016). For example, if the boss is clearly acting unethically themselves, but demanding ethical work from employees, their demands are less likely to be met because they are preaching something that they are not following themselves. Further confirmation of this belief came on a 2012 study which found that the behavior of organizational leaders contributes to unethical behavior of subordinates (Hawkins, Lewin, Amos, 2012). Additionally, it is suggested that “operational governance, including clarity of policies and procedures, formal cross-company communication and performance-based pay for both the board and employees, significantly reduces the likelihood of a crime being committed” (Schnatterly, 2010). Schnatterly’s findings would fall in line with Pollock’s theory which proposes that employees who perceive that they are being treated fairly are more likely to engage in organizational citizenship behavior (Pollock, 2016). A recent study has expanded on this idea, and found that employees’ dissatisfaction with supervisors was associated with higher rates of employee theft (Friedrichs, 2009).

Increased Occurrences

The FBI’s uniform crime report, which relies only on police reporting, indicate that rates of violent crime reports have **decreased** by 15.2% and property crime reports have **decreased** by 16.1% since 2000 (Federal Bureau of Investigation, 2010). As of June 2017, investigation of white-collar crimes was mainly pursued by the FBI, which accounted for 29% all prosecutions, followed

by the IRS (12%), SecServ (15%), the Postal Service (8%), and the Department of Homeland Security (10%) (Trac Reports, 2010). The Federal Trade Commission documented an increase of more than 250,000 complaints related to white-collar crime between 2007-2009 – a 27% increase from 2008 (Federal Trade Commission, 2010). There were more than 1.3 million complaints received by the F.T.C. in 2009, resulting in an estimated \$1.7 billion lost. Similar results were reported by the Internet Crime Complaint Center in 2009, who reported a 22.3% increase of complaints received from the prior year (National White Collar Crime Center, 2005). Advances in technology and greater accessibility can be partial explanations for this increasing number of occurrences (Bureau of Labor Statistics, 2010). Advanced information technologies and communication devices make white collar crimes easier to commit, and can provide more people with the opportunities that were once restricted to those that had high levels of wealth, or knowledge.

Considering the observed decline in traditional crime and the increase of access to innovative and cheap technology at all socioeconomic levels, it would be logical to assert that the prevalence of white collar crime that street criminals may be turning increasingly to white collar crime to expropriate money or sensitive information from others. Some of the possible reason identified as to why criminals might migrate to white collar crime include: the small amount of time that would need to be invested, the relative anonymity that they can keep, little-to-no amount of monetary cost, and the chronic under-reporting by businesses allow a greater likelihood of getting away with their crime (National Public

Survey, 2010). Furthermore, the potential rewards can be limitless. For example, if a suspect tries to scam a business in person, the number of targets will be limited to a small geographic region, however, the online version of that same scam can be enacted several thousand times at once with the use of a mailing list. If the criminal sends the scam to twenty thousand potential victims, he or she may well get twenty replies in an afternoon. (National Public Survey, 2010). Additionally, with the larger number of targets, they can reduce the amount of money that they are taking from each target. This may also allow criminals to stay under the radar of the criminal justice system because it is believed that ten thousand \$10 victimizations are presumably significantly less likely to be reported, much less investigated, than a single victimization of even \$5,000 would be (National Public Survey, 2010).

In 2009, 86 million Americans were employed in management, professional, sales, and office professions, out of the total workforce of almost 140 million – and of those 86 million, it is believed that 61% of them were in a position to sell trade secrets, embezzle funds, or commit other white-collar crimes (National Public Survey, 2010).

Prosecution

When companies fall victim to white-collar criminals, a large portion of them will decide not to prosecute for several reasons. First, given the complexity of many of the crimes, prosecution can be costly and may require longer, more

sophisticated and complicated investigations and trials (Edelhertz, 1970). More recently it was found that the top reasons for lack of prosecution were lack of detection, lack of investigation, and lack of conviction (Gottschalk & Gunnesdal, 2017). When a business has already lost money due to theft or embezzlement, it can be difficult for them to come up with the additional funds that would be needed to prosecute. This is also often the reason that offenders can justify committing these types of crimes; they are aware that the reward is greater than the risk. Second, light sentences or fines discourage increased prosecution combined with the notion that successful prosecution remain formidable (Friedrichs, 2011). Often, it is a lose-lose scenario for business owners; they lost money from the commission of the crime, and will lose likely lose even more if they want to prosecute to completion. Finally, offenders often receive minimal (if any) punishment. Manson found that white-collar offenders were much less likely to be incarcerated for more than a year than were violent or property offenders (Manson, 1986). Similar findings were reported by Albrecht and Cherrington when they determined that, compared to other criminals, white collar criminals were less likely to be caught, turned in, arrested, convicted, incarcerated, or to serve long sentences (Albrecht & Cherrington, 1980). Nearly 30 years later, these results still appear to be true - according to a 2010 survey that found that only 11.7% of white-collar crime occurrences were even reported to a law enforcement agency (TracReports, 2010). Further complicating the issue is the lack of official reporting of incidences (National Public Survey, 2010). This may be cause for alarm within the law enforcement community, however, the lack

of reporting capabilities can make it difficult to address this problem. One possible explanation for the small percentage of crimes being reported could be that companies don't report white collar crime because they are ashamed, or embarrassed, and they fear that pursuing justice could lead to bad publicity and they do not want to give customers or investors the impression that they may be susceptible to internal security issues (Schlegel & Weisburd, 1994). As a result, crime is downplayed, and the costs are eaten by the company. Often, management may feel that absorbing the costs is a better option than tarnishing their image by admitting that they were victims.

Research from Manson (1986) found that sixty percent of white-collar offenders convicted were incarcerated, a smaller proportion than violent and property offenders but a higher proportion than public order offenders. This sends the message that white-collar crime is not a big deal, when, in fact, researchers found “data indicating that white-collar crime has increased in seriousness more than any other offense category, but that it is still viewed as less serious than most other forms of illegality” (Cullen, Link & Polanzi. 1982). Similarly, more recent research concluded that citizens are more likely to support punitive sanctions for street offenders than white-collar offenders (Holtfreter et. al., 2008).

Researchers also found that there may be an inverse relationship between the volume of white-collar prosecutions and the severity with which they are

sentenced (Albonetti, Hagan & Nagel, 1980). This means that as these crimes become more and more prevalent, the punishment for offenders will become less and less.

The crime opportunity theory suggests that offenders make rational choices and thus choose targets that offer a high reward with little effort and risk. In other words, the criminal may evaluate the possible rewards and consequences and weigh them against the possible consequences before acting. If this is true, then the best way that the criminal justice system can minimize the occurrence of these crimes is by making the punishment equal to, or greater than, the possible reward. If they understand that the consequences could be greater than the reward, they are less likely to be able to justify the act. These findings were supported by an additional study that found data indicating that white-collar criminals will be particularly influenced by punishment policies (Chayet, Waring & Weisburd, 1995). However, the solution is not as simple as just saying that we need to increase prison sentences for those convicted of white-collar crimes, since increased prison sentences may not make economic sense considering the costs of incarceration. In 2010, the annual average taxpayer cost per inmate/per year was \$31,286 (NYtimes.com). In addition, prison does not have a specific deterrent impact upon the likelihood of re-arrest over a 126-month follow-up period (Chayet, Waring & Weisburd, 1995). This indicates that prison sentences are just temporary solutions that are not likely to deter future criminal activity, and because of the cost to taxpayers, prison sentences can actually create **more** of a

financial hardship on the community. If someone commits a violent or property crime, incarceration may be the best form of punishment. However, because white-collar criminals are generally not considered to be a threat to the safety of the public, the criminal justice system can, and should, allow for an alternative form of punishment. A 1990 study found that street criminals are assumed highly likely to recidivate, whereas white-collar offenders are thought to be “one-shot” criminals (Weisburd, Chayet, Waring, 1990). This thought would lend support to the notion that offenders’ actions may be solely related to situations, or opportunities, that they wouldn’t have otherwise sought out.

Alternative Punishments

One possible alternative to prison would be assessing a large fine to anyone that is found guilty. This option would be like ‘fighting fire with fire’, and has the potential of being a powerful deterrent. Researchers found that, in relation to white-collar criminals, issuing a large fine is an equally effective deterrent that is cheaper to administer and therefore socially preferable (Posner, 1980). This could be due to the idea that white-collar crime is traditionally associated with high status and respectable offenders (Croall, 1989) which would also support the idea that they may have much more to lose through sanctions than more common law violators (Chayet, Waring, Weisburd, 1995).

Community service would also be a cost effective and beneficial alternative because, not only would taxpayers not have to pay the \$30,000-\$50,000 that it costs annually to house an inmate, but states could actually **benefit** from the service work that they are required to provide. As an additional bonus, community service can also serve as a form of public humiliation by forcing offenders to wear certain clothes, and pick up trash on the side of the freeway. One example of using public shaming as an effective means of deterring unwanted activity took place in China, where they were trying to reduce the number of people illegally crossing the roads. Through use of facial recognition software, police would identify the offenders and post photos of them on social media. Police reported that this form of public shaming reduced the number of jaywalkers from 200 per day, down to 20 per day (Yi Shu Ng, 2017). Another example of the effectiveness of public shaming was demonstrated by Antanus Mockus, the mayor of Bogota, Colombia. Mockus believed that Colombians feared ridicule more than being fined. With this belief, he hired 420 mime artists to simply make fun of traffic violators, rather than issue traffic fines. In his first term, he was able to reduce the rate of traffic fatalities by 50% (Marsh, 2013). Also, in 2014, Dellaportas found that shame-related emotions have an important deterrent effect on the propensity to re-offend (Dellaportas, 2014). This study revealed that shame-related punishments were more effective in reducing recidivism in white-collar criminals than incarceration.

From a criminal justice perspective, I would recommend an alternative punishment, or combination of punishments, including some form of public shaming. Remember that white-collar criminals will often weigh the potential gains against the possible criminal penalties (National Public Survey, 2010). Therefore, to slow the continued increase of criminal activity, we must ensure that the penalty will be equal to, or greater than, the potential gains. Additionally, we must also put more focus on **punishment likelihood** and **speed of punishment**, rather than just the severity of punishment. In other words, we must speed up the prosecution process and raise the likelihood that offenders will be harshly punished if they are found guilty. We should further examine the deterrent impact that would result from increasing the speed and likelihood of punishment, to determine the potential for each.

Conclusion

It has been found that white collar crime victimization elicits relatively little attention from law enforcement due to an enduring focus on traditional crime (National Public Survey, 2010). However, reports indicate that white-collar crime occurrences are increasing at an alarming rate. If this exponential increase continues, white-collar crime will quickly become the most prevalent type of crime in the world. Therefore, it is of utmost importance that business owners continue to educate themselves on potential threats so that they can eliminate them before they have the chance to destroy their business.

The scope of white collar crime is constantly changing, which poses a unique challenge to the law enforcement community. The increasing occurrences arguably put a premium on law enforcement's ability to adapt to a rapidly changing criminogenic environment. As technology and information availability continue to increase, so must our knowledge about the resulting opportunities for criminal activity that are created. Early identification can drastically reduce, or even prevent, white-collar crimes from occurring.

We must acknowledge that there is a real problem occurring at a greater rate than ever before, and we must also see that the criminal justice system does not have an effective deterrence in place to effectively deter offenders from committing these crimes. Therefore, we must make a conscientious effort on our part to dissuade white-collar activity before it is committed.

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