

2014

Unpunished Criminals: The Social Acceptability of White Collar Crimes in America

Joseph P. Martinez
josmartinez@comcast.net

Follow this and additional works at: <http://commons.emich.edu/honors>



Part of the [Criminology Commons](#)

Recommended Citation

Martinez, Joseph P., "Unpunished Criminals: The Social Acceptability of White Collar Crimes in America" (2014). *Senior Honors Theses*. 382.

<http://commons.emich.edu/honors/382>

This Open Access Senior Honors Thesis is brought to you for free and open access by the Honors College at DigitalCommons@EMU. It has been accepted for inclusion in Senior Honors Theses by an authorized administrator of DigitalCommons@EMU. For more information, please contact lib-ir@emich.edu.

Unpunished Criminals: The Social Acceptability of White Collar Crimes in America

Abstract

White collar crime is a serious issue in the United States of America, responsible for an estimated \$250 billion to \$1 trillion in economic damages each year. White collar crimes include: bank fraud, blackmail, bribery, counterfeiting, credit card fraud, embezzlement, extortion, forgery, insider trading, insurance fraud, investment schemes, securities fraud, tax evasion, advanced fee scams, service and repair scams, as well as Ponzi & pyramid schemes just to name a few.

There are a number of factors to consider regarding crimes, both street and white collar level including: the total cost of the damages and ripple effects that will reach others, how likely the victims are to recover from the crime, and how likely the victims are to get justice for being wronged, when considering the acceptability that society has placed on white collar crimes versus street crimes.

As seen in case studies, white collar criminals are far less likely to experience justice than street criminals, who are also more likely to be caught in their wrongdoing. Because white collar criminals have this additional safety barrier of anonymity, federal law enforcement must dig deeply into the records of suspected individuals in order to find any trace of white collar criminal activity. Whereas the affluent have access to pricey legal representation for defense against potential repercussions, street criminals cannot retain such legal representation, leaving them considerably more vulnerable in the legal system. Therefore, white collar criminals are seen and treated as more socially acceptable than street criminals in America.

Degree Type

Open Access Senior Honors Thesis

Department

Sociology, Anthropology, and Criminology

First Advisor

Dr. Paul Leighton

Second Advisor

Dr. Liza Cerroni-Long

Keywords

white collar crime, punishment, acceptability, cost, America, corporate

Subject Categories

Criminology

UNPUNISHED CRIMINALS: THE SOCIAL ACCEPTABILITY OF WHITE COLLAR
CRIMES IN AMERICA

By

Joseph Martinez

A Senior Thesis Submitted to the

Eastern Michigan University

Honors College

In Partial Fulfillment of the Requirements for Graduation

With Honors in Criminology & Criminal Justice

Approved at Ypsilanti, Michigan, on this date April 11, 2014

Acknowledgements

First and foremost I must thank my thesis advisor Dr. Paul Leighton, Criminology instructor at Eastern Michigan University, for his guidance and mentorship with this project. His knowledge and expertise in criminology and criminal justice were extremely valuable to me as I pursued this milestone in my life. I also would like to thank the faculty in the entire Sociology, Anthropology, & Criminology Department under the leadership of Dr. Anders Linde-Laursen for the resources and education provided me to further this project.

A special thanks to Dr. Rebecca Sipe, Director of the Eastern Michigan University Honors College and the entire honors college staff for their encouragement and assistance with completing this project. The Honors College has challenged and motivated me to reach higher and dream bigger.

Thank you to Chief Robert Heighes and the entire staff of the Eastern Michigan University Department of Public Safety for their support and assistance with this project. Working with the Eastern Michigan University Department of Public Safety has given me a first-hand look into the field of law enforcement, and for that I am very grateful.

Finally, I would like to give a special thank you to my family, friends, mentors, and pastors for their support and constant encouragement as I pursue my educational goals.

Table of Contents

	Page
Abstract	4
Chapter 1: Introduction to White Collar Crimes	5
Chapter 2: Why Does White Collar Crime Persist	11
Lack of Awareness	12
Lack of Statistics	14
Lack of Education	18
Chapter 3: The Relative Acceptability of White Collar Crime	21
White Collar Crime Acceptable Based on Lawmaking	24
Agency Capture	26
Business Customs	27
White Collar Criminals & the Media	28
Chapter 4: Case Studies of White Collar Criminals and Scandals	32
American International Group Scandal	32
Freddie Mac Scandal	33
Lehman Brothers Scandal	34
Comparison with Street Crimes	35
Grand Rapids, Michigan Home Invasion Case	37
Wayne County, Michigan Mislabeled Products Case	37
Summary	38
Chapter 5: Conclusion and Recommendations	40
References	45

Abstract

White collar crime is a serious issue in the United States of America, responsible for an estimated \$250 billion to \$1 trillion in economic damages each year. White collar crimes include: bank fraud, blackmail, bribery, counterfeiting, credit card fraud, embezzlement, extortion, forgery, insider trading, insurance fraud, investment schemes, securities fraud, tax evasion, advanced fee scams, service and repair scams, as well as Ponzi & pyramid schemes just to name a few.

There are a number of factors to consider regarding crimes, both street and white collar level including: the total cost of the damages and ripple effects that will reach others, how likely the victims are to recover from the crime, and how likely the victims are to get justice for being wronged, when considering the acceptability that society has placed on white collar crimes versus street crimes.

As seen in case studies, white collar criminals are far less likely to experience justice than street criminals, who are also more likely to be caught in their wrongdoing. Because white collar criminals have this additional safety barrier of anonymity, federal law enforcement must dig deeply into the records of suspected individuals in order to find any trace of white collar criminal activity. Whereas the affluent have access to pricey legal representation for defense against potential repercussions, street criminals cannot retain such legal representation, leaving them considerably more vulnerable in the legal system. Therefore, white collar criminals are seen and treated as more socially acceptable than street criminals in America.

Keywords: White collar crime, punishment, acceptability, cost, America, corporate

Chapter 1

Introduction to White Collar Crimes

White-collar crime is a particular category of illegal activity which accounts for some of the greatest economic catastrophes that the United States has ever experienced. Responsible for an estimated \$250 billion - \$1 trillion worth of financial damage each year, white-collar criminals wreak havoc on the finances of the United States (Friedrichs, 2009, 50). In comparison to the estimated damages caused by street-level criminal activities, white-collar crimes are responsible for an overall much greater effect. Edwin Sutherland, who was well known for his work concerning elite deviance and white-collar crime, defined this type of criminal activity as, "crime committed by a person of respectability and high social status in the course of his occupation" (Payne, 2012, 35). According to this definition, many different types of crimes have been classified including: bank fraud, blackmail, bribery, counterfeiting, credit card fraud, embezzlement, extortion, forgery, insider trading, insurance fraud, investment schemes, securities fraud, tax evasion, advanced fee scams, service and repair scams, as well as Ponzi & pyramid schemes just to name a few (National Check Fraud Center, 2011).

When the subject of criminal activity is brought to conversation, frequently our minds begin to consider the various forms of street crimes whose effect are very visible and immediate. Perhaps this is because the risk of serious bodily harm is much greater when comparing a strong-arm robbery to a financial scam conducted in the business place. Furthermore, in a case of physical injury incurred as a victim of a crime, one could argue that it would be better that white collar criminals rob you than street criminals, because you may not experience as much physical pain or debilitation. Although many

people may be quick to fear crimes of a physical and immediate nature more so than white collar crimes, scholars have suggested that unsafe workplaces, hazardous consumer products and toxic chemicals cause more damage in the grand scheme of things according to the Carnival Mirror Theory (Reiman & Leighton, 2013, p.67-68). The Carnival Mirror Theory suggests that what is considered criminal is socially defined by a combination of legislators, police officers, prosecutors and judges. What these separate actors chose to enforce with regard to criminal activity shapes our general image of what crimes are. The image of crime in the United States will reflect reality the more the law defines harms of the rich and poor as crimes. If the mirror shows a distorted image of crime our focus will be on that which doesn't truly threaten us (Reiman & Leighton, 2013, p.68).

As mentioned previously, white collar crime is attributed with a very broad range of financial impact from approximately \$250 billion to \$1 trillion (Friedrichs, 2009, 50), but perhaps the most damaging impacts of white collar crime are the social impacts including a loss of trust in the financial system as a whole. According to Dr. Payne, "In some cases workplace behaviors might not be illegal or deviant, but might actually create forms of harms for various individuals" (Payne, 2012, 41). Although corporate wrongdoings may not technically be considered illegal activity, we can observe the consequences of these actions and the harm brought to everyday people.

One of the major problems that the United States Department of Justice is facing is their capability to prosecute those who commit white-collar crimes. Because those who engage in elite-level criminal activities frequently have the resources to procure high-end prosecution of these criminals, (Friedrichs, 2009, p.309-343) many are given very lenient

punishments and some go without appropriate consequences. Furthermore, most of the laws that deal with white collar crimes are federal, not state laws, meaning local prosecutors won't usually deal with white collar crimes. The Attorney General's office is responsible for the investigation and prosecution of federal crimes, but prosecutors don't want to make enemies with powerful business people because of the potential harm it poses to their political future. If a prosecutor pits himself against a well-connected individual their political future is likely to find itself in jeopardy (Friedrichs, 2009, p.309-316).

Those who hold executive positions in major companies also have been known to contribute heavily towards the campaigns of those running for public office in a variety of capacities, which can have an impact on their partiality. An excellent example of this situation is presented in Leamer's book, The Price of Justice, where two lawyers fight against a decision made by a judge who failed to recuse himself after accepting approximately \$3 Million towards his election campaign from the CEO of a large coal company. This CEO was later found in that same judge's courtroom, and the judge ruled in his favor (Leamer, 2013). The truth is that this type of "openly-covert" bribery occurs frequently without anyone being able to step in and stop it, unless through lengthy and resource-consuming prosecution. The elites of our society have found ways such as these to collude together for the benefit of everyone involved.

White collar crimes are destructive to our society; however, it would appear that the majority of concerns about criminal activity are centered on street criminals because their damaging effect is more direct and visible. Corrupt CEOs and high-level executives from major corporations engage in various forms of crime on what could be described as

a semi-regular basis, as evidenced by the total financial damage our economy experiences. That being said, there is an obvious bias in public opinion regarding criminal activity and socioeconomic status, where some would rather fall victim to white collar criminals than street criminals. This is because trusting the criminal is an important element in white collar crimes (Friedrichs, 2009, p.9). A lack of awareness and education about white collar crime and criminals is also to blame for this public sentiment.

The media is also responsible for the lack of public information regarding white collar criminals. The media is responsible for informing the public every day of unfolding events pertaining to their daily lives, yet rarely seems to focus on the socially elite criminals, with the occasional exception of a story about a corrupt executive who stole a bunch of money. The reason for lack of media participation in ousting the elite criminals of our society is that the media is controlled primarily by corporations. The few media channels that would present these stories of corruption to the public lack the access to bring to light corruption in high places. Jane Akre and Steve Wilson were two investigative reporters for the Fox News Company who learned about the corporations' control over media when they attempted to air a story about the destructive effects of the Bovine Growth Hormone. Eventually ending up in a courtroom as they fought against media suppression, Akre and Wilson discovered that they were in a losing battle when they lost the court's decision (Achbar, 2000). Because we can see how corporations, or people with money, control the media it is likewise easy to see how these same people can prevent the media from publicly outing their criminal activities, keeping the general public's focus and attention on lower-level crimes.

One reason for arguing that white collar crime is more socially acceptable than street crimes is that the media and other news sources have prevented the public from being fully informed about these types of crimes. Although it is quite likely that this would not be the case if the public was more adequately educated about elite deviance, in our current general lack of awareness surrounding these criminals I posit that the general population is far more concerned about street crimes and their consequences. Because of this, citizens don't take action against those who are hurting them from a position of high power in their life because they don't realize just how destructive these criminals are. This is a major problem for our future generations because nobody is spearheading a strong fight against wealthy criminals, rather they have seemingly free reign to do what they chose to with very few punishments, or any at all. As you'll see, this is a cyclical issue beginning with the money which many white collar criminals possess. Using highly-priced defense attorneys, many such criminals wind up with extremely lenient punishments or no consequences whatsoever because the prosecutorial team doesn't have the resources to compete with the defense. Ultimately white collar crimes are socially acceptable when compared with other forms of deviance at a lower social level.

Criminal activity is never an acceptable action according to the majority of people; however, some criminals not only go un-punished for their crimes, but they are rewarded. Executives of financial firms have taken large bonuses from bailout money intended to rescue their company from certain failure and caused the company to fall further behind, ultimately punishing the taxpayer as well as the company's clients. An excellent example of this is the company American International Group (AIG), whose executives paid themselves \$165 million in bonuses using bailout money granted by the

government (SEC, 2006). In the case of street crimes, nobody presents these “reformed criminals” with money to repair what harm they have caused, trusting them to be honest and not to abuse the freely given funds. Further, street criminals convicted of even minor crimes are almost certain to receive sanctions that are at minimum a burdensome inconvenience.

Therefore, white collar crimes are more socially acceptable than street crimes. This is because a lack of awareness and education about white collar crime prohibits the public from understanding how they are being victimized mainly because the media doesn't present stories of elite corruption in an unbiased manner to the public. Furthermore, white collar criminals are romanticized in some popular T.V. shows and movies, the prosecution team responsible for bringing these criminals to justice is often times underfunded, and white collar criminals rarely directly cause physical harm leading many individuals to not concern themselves with bringing these deviants to justice. This is a major issue for our society because white collar criminals are the individuals in a position to cause much irreversible damage to the way we live. Not only do direct financial costs play a role in the demise of our economy but indirect, ripple-effects presents massive issues for many citizens.

Chapter 2

Why Does White Collar Crime Persist? The Lack of Awareness, Statistics, and Education about White Collar Crime

White collar crime is by no means an invisible issue facing our society; however, many people are not aware of the extent to which it damages our society. The fact is that millions are affected by the greed and corruption of white collar criminals, and many don't even realize it. Holtfreter's article in the *Journal of Criminal Justice*, stated that, "Although financial losses from white-collar crime continue to exceed those of street crime, the criminal justice system has traditionally focused on the latter. Past research suggested that citizens are more likely to support punitive sanctions for street offenders than white-collar offenders" (Holtfreter, 2008, p.1). Perhaps it is fear of street crime that drives citizens to pursue steeper punishments for those criminals who are more visible on the streets than those who sit in comfy office chairs. It is also possible that a lack of education about white collar crime has prevented Americans from seeing the full damage that white collar crime is responsible for.

Fueling Americans' general lack of awareness about the prevalence and damage involved in white collar crimes are the corporations' control over media sources which report to the public daily. Furthermore, the Federal Bureau of Investigation (which collects and compiles information about crimes into the Uniform Crime Report every year) doesn't collect statistics about white collar crimes, leading to a further lack of awareness and lack of emphasis on white collar crimes in the law enforcement community. To add to that, there are very few classes and educational seminars dedicated to issues regarding white collar crime. With a growing emphasis on education in the

United States of America, more and more students are reliant on what they learn in their classes. Naturally what criminal justice students are taught they will tend to focus on and they may never diverge from the well-beaten path in order to explore other areas of criminal activity. Finally, many law enforcement professionals, particularly those who serve in a "local level" capacity, aren't trained in the recognition of and don't have the tools to successfully prosecute many white collar criminals from the upper classes. The interesting thing about white collar crime is that the definition of this criminal activity encompasses several types of crimes committed by those in lower classes including service frauds, which can be more easily detected and prosecuted by local police.

Lack of Awareness

As consumers, we may unknowingly be victimized by various corporations through price-fixing scams, unsafe products which are released into the market, and various other fraudulent and unethical practices. When the prices of common items rise in grocery stores across the nation, it may be due to an increase in the cost of production or some other legitimate cause, or it may be attributable to price fixing arranged between multiple large companies. The definition of white collar crime doesn't dictate that the perpetrator must be of high social standing or even wealthy, only that they are committing this crime from a position of trust in the course of doing their job (Payne, 2012). Therefore, crimes such as: service frauds (auto repair fraud, home repair fraud), bank fraud (committed by branch employees), and lower-level counterfeiting (by salespeople) are considered types of white collar crime (National Check Fraud Center, 2011). These white collar offenses are much more likely to be detected and the offender

prosecuted than other higher-level offenses where the crime is ambiguous and the offender well-defended (Reiman & Leighton, 2013).

Not only do high-level executives often have well-paid legal defense teams to get them out of trouble, but they have the resources to prevent the public from having a full understanding of what they really did. One area of strong control is the media where the stories can be told in a favorable manner. The media will rarely ever publish a story about such dishonest business practices because it is in large part controlled by corporations who sponsor it. This is perhaps best explained by Anup Shah of *Globalissues.org*,

In some places major multinational corporations own media stations and outlets. Often, many media institutions survive on advertising fees, which can lead to the media outlet being influenced by various corporate interests. Other times, the ownership interests may affect what is and is not covered. Stories can end up being biased or omitted so as not to offend advertisers or owners. The ability for citizens to make informed decisions is crucial for a free and functioning democracy but now becomes threatened by such concentration in ownership. (Shah, 2009).

It can be argued that if CEOs and executives of corporations control what the American people see in their news-media broadcasts every day, it is possible to cover up or at least deeply mask wrongdoings committed by these same people of the elite social strata. According to an article on *Businessinsider.com* roughly 90% of the media is owned by only 6 major corporations, which are: GE, News-Corp, Disney, Viacom, Time Warner, and CBS (Lutz, 2012). These companies in turn own the smaller news stations which many of us view every day in order to stay informed about the happenings of this world. Although the information presented in this article is slightly outdated, the principle still remains clear; too few people are in charge of deciding what the American public hears about and sees on the news. Further, according to Lutz, "232 media executives

control the information diet of 277 million Americans. That's 1 media exec to 850,000 subscribers" (Lutz, 2012, p.2). This shows excellent control of the public's knowledge on behalf of major corporations, who control the media. This is not a conspiracy theory; rather, an informed speculation that if someone in a high-ranking position in one of the major sponsoring organizations wishes to keep a wrong-doing quiet, the American public will most likely never hear about it unless a whistleblower from inside the company is to come forward.

The media isn't the only reason why many Americans aren't fully aware of white collar crimes that affect them. There is a lack of clear understanding about what exactly constitutes a genuine "white collar crime" by many scholars in the academic community, so it is presumptuous to expect that citizens who haven't studied this particular social issue will have a good understanding. Because the range of the cost of damages is estimated in such a wide window, it is difficult to pinpoint the exact amount of hurt our country experiences from these crimes.

Lack of Statistics

The previously mentioned cost of white collar crime being between \$250 billion and \$1 trillion is an unacceptably wide range for such an important topic (Friedrichs, 2009, 50). Further, white collar crimes often lead to immeasurable damages and ripple effects which cannot be quantified. Beyond those who are directly affected by the crime, social consequences remain such as those who lose complete trust completely in the banking systems and the burden to pay for bailouts required to keep major companies and financial firms afloat fall to the taxpayers (Smalhout, 1993).

The Federal Bureau of Investigations (FBI) is one of the leading investigative agencies tasked with bringing to justice corporate criminals. According to the FBI webpage dedicated to corporate crimes,

As the lead agency investigating corporate fraud, the FBI has focused its efforts on cases which involve accounting schemes, self-dealing by corporate executives, and obstruction of justice. The majority of corporate fraud cases pursued by the FBI involve accounting schemes designed to deceive investors, auditors, and analysts about the true financial condition of a corporation or business entity. Through the manipulation of financial data, the share price, or other valuation measurements of a corporation, financial performance may remain artificially inflated based on fictitious performance indicators provided to the investing public. In addition to significant financial losses to investors, corporate fraud has the potential to cause immeasurable damage to the U.S. economy and investor confidence (FBI, 2014).

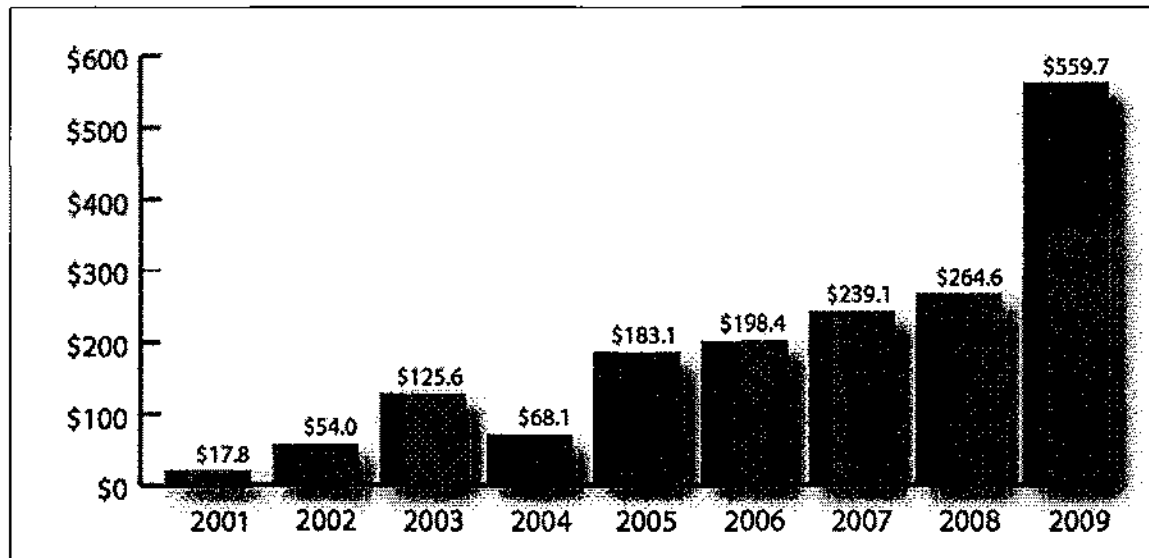
The Federal Bureau of Investigation (FBI) is tasked with the compilation of crime statistics each year in the Uniform Crime Report (UCR). The data compiled in the UCR is from law enforcement agencies all around the United States who participate in the program for data collection. From the many different crimes reported to the FBI appear 2 classifications of criminal activity, being violent crimes and property crimes (FBI, 2014). Within the category of violent crimes the FBI includes incidents of: murder, forcible rape, robbery, and aggravated assault. Within the category of property crimes the FBI includes incidents of: burglary, larceny-theft, motor vehicle theft, and arson (FBI, 2014). The UCR is one of the nation's foremost crime summaries, used as a tool for many law enforcement agencies to direct their resources towards the most effective initiatives. With access to data ranging from 1985 to the present and further patches of data reaching back to 1960 (FBI, 2014), law enforcement executives can make use of the UCR as a tool to track the trends in criminal activities.

The UCR does not explicitly include white collar crimes as a category. Furthermore, because the FBI does not collect the socioeconomic characteristics of the criminals, this research about white collar crimes must be done based on the offense, not the characteristics of the offender (Barnett, 2014). However, many crimes which are classified as white collar crimes still do appear in the UCR, just as arrest statistics rather than crime statistics. Further, the UCR collects its data from local police agencies which generally are not responsible for the investigation of white collar criminals. Since local police do not prosecute elite criminals, federal agencies must ultimately begin to compile their own statistics. In response to these issues, the FBI began another program called the National Incident Based Reporting System (NIBRS) first implemented in the state of South Carolina in 1991 (Barnett, 2014). The NIBRS collects more extensive data regarding crimes including: the characteristics of victims and offenders, descriptions of property stolen and recovered, and the characteristics of persons arrested in connection to the crime or incident (National Archive of Criminal Justice Data, 2010). Since its beginning it has been gaining traction in the law enforcement community and it could eventually be a solution to the lack of detail in crime reporting. The main issue which remains to be addressed is that of white collar crime remaining partially invisible in official statistics. In order to collect accurate information regarding white collar crimes, federal law enforcement agencies need to begin their own data collection initiatives.

There are, however some statistics which have been collected from various self-report style data collection organizations such as the Internet Crime Complaint Center (ICCC). The current sources of statistics regarding white collar crimes, which primarily rely on victims to report victimization, aid researchers who have created estimated

figures describing the range of costs associated with white collar crime. These elementary statistics which describe an increase of white collar crime in America are rudimentary at best, unable to clearly define the general trend in criminal activity. The primary issue with the ICCC is that the statistics shown are self-reported, which can be manipulated by untruthful or unknowing reporters. On page 17, figure 2.1 retrieved from the ICCC shows the general increase in computer fraud which has been reported. In 2009, the ICCC reported that computer fraud had skyrocketed at nearly \$560 million, more than doubling the losses reported in 2008 at \$265 million (Krebs, 2013).

Figure 2.1: Financial losses by year reported to the ICCC from 2001 – 2009



Source: (Krebs, 2013)

It is important that law enforcement have access to as complete sets of statistics as are possible so they can understand what crimes must be addressed primarily, and furthermore the best methods to combat criminal activities. According to MacDonald, “one of the biggest problems these researchers face is with respect to what criminologists call the ‘dark figure’ of hidden crime. That is, the discrepancy between the amount of crime that is officially recorded by police and that which is actually experienced by

victims” (MacDonald, 2002, p.86). It stands to reason that law enforcement personnel need to understand what they are up against if they are to be effective at policing.

However, a lack of statistics is only one part of the puzzle because many individuals aren't well educated about the topic of white collar crime.

Lack of Education

Firstly, it is of the utmost importance to note that the widely accepted definition of white collar crime is very vague, which routinely presents challenges to federal law enforcement agents and prosecutors who are attempting to bring a criminal to justice. The ambiguity in the definition of white collar crime may be responsible for the successful defense of white collar criminals who may have been guilty for the crimes they were suspected (Friedrichs, 2009, p.5-6). Not only does this present a challenge to law enforcement professionals, but it presents a difficulty to criminal justice students who are trying to understand the generally confusing concept. Best said by Friedrichs, “perhaps no other area of criminological theory has been more plagued by conceptual confusion than that of white-collar crime” (Payne, 2012, p.1). Having a commanding knowledge of the laws and policies of this nation is essential to being an effective law enforcement officer, yet universities don't emphasize white collar crime as a major part of their curriculum.

According to McGurrin, Jarrell, Jahn, and Cochrane in their article *White Collar Crime Representation in the Criminological Literature Revisited, 2001-2010*, even though there have been multiple massive corporate crimes committed in the 21st century already, white collar crime is still underrepresented in criminal justice journals, programs offered at universities, and in textbooks. In a study conducted of 4,878 articles from 15

different criminal justice journals, only 289 (or 6%) focused on white collar crimes (McGurrin et al., 2013). This shows a lack of research and scholarly work on an important criminological issue, which will be reflected in the education of criminal justice majors at a university.

The lack of education about white collar crimes is a cyclical issue. The less education surrounding white collar crimes provided to criminal justice students, the less able they will be to pass down that information to younger generations of students. The younger generation of students will have difficulty explaining a concept that is still somewhat foreign to them, so further subsequent generations of students will continue to struggle with the concept. This type of education produces many officers who aren't intimately familiar with the workings of white collar crimes and the prosecution thereof, and who will most likely not be properly equipped to deal with such a crime, should it happen in their jurisdiction.

Furthermore, since a large number of students who are studying criminal justice are interested in only pursuing local police-work and because this lack of knowledge exists about white collar crimes and the extent to which it pervades in corporate America, it is possible that educators just don't see the practicality of providing such courses. Or, those who are in control may be in a position to influence what educators can and cannot teach. Conflict Theory suggests that those who have the means to effect change, the "haves" control the fates of those who don't have control, the "have notes" in order to control their upward mobility (Friedrichs, 2009).

According to this theory, those who are in control of the decision-making regarding which courses are required in order to earn degrees from a university may keep

certain types of classes and materials out of the university context. In so doing, criminal justice students in particular wouldn't be afforded the opportunity to learn about white collar criminals, and further their education regarding elite corruption (Friedrichs, 2009, p.239-240). Even more generally speaking, conflict theory suggests specifically that those who have power also decide which activities are crimes, and which activities are not. Therefore, the affluent more or less have control over what is considered criminal and what is not, effectively prohibiting law enforcement from being able to charge them with wrongdoing (Friedrichs, 2009). This does also raise the question, however, if this lack of education could be leading to a lack of recognition of the white collar crimes and ultimately a lack of enforcement leading to proportionate punishment.

In 1978 the National White Collar Crime Center (NW3C) was established as a resource for law enforcement professionals who needed education, and assistance with investigation and prosecution of white collar criminals. The NW3C is an excellent resource, providing educational seminars for those who need additional training (NW3C, 2014). Even if local law enforcement was at one point well-trained and equipped to handle these types of matters, the fact is that all prosecution of white collar crimes comes from the federal government (Friedrichs, 2009, p.310-311). Local government law enforcement agencies usually lack the resources and manpower essential to bringing a strong case against the socially elite, who are well-able to defend themselves legally.

Chapter 3

The Relative Acceptability of White Collar Crime

The crux of my argument is that white collar crimes are relatively more socially acceptable than street crimes. This claim is based on observations of the criminal justice system in which street criminals are locked in jail every day for crimes which are ultimately less harmful than those committed by white collar criminals. For example, according to Eitzen (1986) in Florida the average cost per street crime is \$35; whereas, the average cost per white collar crime is \$621,000 (p.427). One can deduce that ultimately the white collar crime will effect more people and in a much greater capacity than the street crime ever will. However, white collar criminals seemingly do not end up being punished proportionately and fairly for their crimes. According to Reiman and Leighton (2013) “the criminal justice system fails in the fight against crime while making it look as if crime is the work of the poor” (p.4). In essence, white collar criminals get away with their criminal mischief, while casting the blame and the public spotlight on street criminals for the criminal wrongdoing in our society.

For the most part, crimes committed by the wealthy and elite are crimes of opportunity and structural advantage, specifically not committed out of a place of desperation. Whereas, many of the crimes committed by poor people are crimes of necessity according to Merton’s Strain Theory (Murphy & Robinson, 2008). If anything, most rational individuals would presume that street criminals needed the money or valuable that was taken or earned through the commission of the crime because they are desperate for resources. It can be argued that in some cases street criminals deserve less punishment for what they do than white collar criminals for a myriad of reasons including

the total amount of damage done is probably quite low, the level of need may be a fair amount higher, and because street criminals must be somewhat desperate in order to risk the danger of lower-level crime.

There are a number of reasons why it is claimed that white collar crime is more socially acceptable than street crimes. Primarily and most clearly white collar crime has been labelled as more socially acceptable than street crimes by those in control of lawmaking (Reiman & Leighton, 2013, p.251). Under this philosophy the socially elite who have access to or are the lawmakers create laws which punish crimes of the poor, not the crimes of the wealthy. In this manner the crimes committed by the poor, the street crimes, are labelled as most dangerous and problematic. Reiman continues, “acts labelled crimes, instead of being all dangerous acts, were predominantly acts of the poor in society” (Reiman & Leighton, 2013, p.251) revealing the ideology of the Conflict Theory that the rich make decisions and laws in their favor against the poorer classes. The poorer classes in then are targeted by law enforcement for their actions and the upper classes are left to do as they please.

This presents a second major issue with white collar crime that affects how the public views it. Corporations have a large range of power, many times capable of controlling at least part of the regulatory agency responsible for its supervision (Friedrichs, 2009). This is known as “agency capture”, where the regulatory official who is responsible for seeing that the company follows fair business and ethical standards is interested in obtaining a career with the industry that he or she is regulating (Friedrichs, 2009, p.239). The obvious problem with this scenario is that the individual charged with regulating the corporation may not give a fair report in the interest of securing a position

with the company. Giving a good report may sway the opinions of those who have something to hide.

Finally, white collar criminals have been romanticized in some forms of popular media including movies, television shows, and other sources. Although many of these depictions are not realistic and do not show a full picture of the damage caused, they often times cause the viewer to side with the criminal as the “underdog” just trying to make it. There are several shows which depict white collar crime in the United States which exemplify this point. One of which being Jeff Eastin’s *White Collar*, a hit television series on the USA Network (2009). Although this particular television series focuses on a well-to-do white collar criminal responsible for high-end art thievery and forgery, the importance of this series is how the creator causes the viewer to identify with the white collar criminal. By showing the viewer a first-hand look into the white collar criminal’s life, the audience can see the sorrow of two lovers torn apart and the saga of crime that unfolds as a means for the criminal to get his girl back (Eastin, 2009).

It is also worth noting the film *Assault on Wall Street* by Uwe Boll (2013), which portrays a man who lost all of his investments in the 2007/2008 financial crisis that hit America. This man reaches such a level of desperation that he takes his weaponry from his job and his former military service days, and proceeds to unleash a terrifying attack on members of the financial world responsible for his loss. This gritty film clearly depicts the utter hopelessness of the financial situation America was in around the year 2008 when banks began to fail and investors lost major portions of their investment, if not all of it. Rather than showing the white collar criminals’ perspective of the 2008 financial crisis, this film adopts the perspective of a man who has lost everything at the hands of

major financial corporations (2013). The question which remains is how could these white collar criminals survive in our world even after being ousted by a major firm. When will the American people be sick of the antics played by Wall Street Investors with their hard-earned money?

White Collar Crime Acceptable Based on Lawmaking

Crime is a socially constructed idea (Reiman & Leighton, 2013). Furthermore, what is considered deviant within one society varies greatly from what may be considered deviant in another because of the very nature of the concept of deviance. Deviance refers to that which violates socially acceptable norms (Abrams, 2010), which includes many criminal activities and reaches beyond that which is deemed criminal. For example, in England one must make certain not to give a backwards-facing “peace” sign because it is interpreted as a rude gesture (Strutner, 2013). In America it is perfectly normal to give such a symbol as a sign of salutation. In Greece children take the teeth that have fallen out of their mouths and throw them on to their roof; whereas, in America children take their teeth and put them beneath their pillow (Strutner, 2013). It is clear to see that there are vast cultural and social differences between different countries, but what we need to understand is that there are also societal norms within our country that vary from lower to upper class based on the same principles of subjectivity. Not all of these norms are reflected in our legal system, yet a number are.

One example of how the wealthy seem to abide by different societal norms and standards is found in a New York Times article. This article talks about an affluent northern Texas suburb, where a young man who had been drinking got behind the wheel of a car and killed four people in a terrible crash. Much to the chagrin of the victims’

families, this sixteen year old man was given 10 years of probation and was placed into a long-term treatment center based on an argument made by a psychologist that he suffered from “influenza”. The prosecution was upset that this young man was given such a lenient sentence based on the argument that his parents’ wealth somehow affected the way that he acted (Fernandez & Schwartz, 2013).

Through the several articles and stories which portray this type of inequality under the law it is clear to see that many citizens are treated unequally based on their social class. Those in high levels of power and authority aren’t as targeted by the law as those who are poor. The truth is we will never know for certain why the laws are established in such a way to protect the rich and target the poor, but many explanations point to the idea that the rich use the poor as a scapegoat to blame economic and social problems on. Furthermore, if the public is concerned with maintaining order among the lower-classes, the upper-classes can get away with things by virtue of not being an immediate priority. In a sense, the lower-class are used as a diversion by the upper-class so that they can accomplish what they set out to do.

Some incidents which are considered white collar activity may not be technically considered as a crime. For example, legislators have failed to criminalize tax avoidance (Friedrichs, 2009). Although the perpetrators of this activity are looked down upon, there is very little that governmental and regulatory agencies can do in order to restore what was lost. The only thing that the government can do in instances like these is advertise the threat of this activity and push for legislation that protects Americans from corporations.

The Occupational Safety and Health Administration (OSHA) is responsible for regulating things such as the safety of worksites. OSHA is limited in the fines that it can level against companies who have safety violations. Legislation is such that OSHA fines don't prohibit companies from committing these violations, because the fines are just built into the budget for the project. The workers then are left vulnerable and there isn't much that anyone can do. This is such a problem that in 1988 a congressional report noted that, "a company official who willfully and recklessly violates federal OSHA laws stands a greater chance of winning a state lottery than being criminally charged" (Reiman & Leighton, 2013, p.91).

Agency Capture

Corporations have large reach many times capable of controlling the regulatory agencies which are responsible for ensuring fair market practices and consumer protection (Achbar, 2004). This presents an obvious problem because self-regulation hasn't been proven as an effective means to prevent corporate crimes. According to Friedrichs (2009), "politics is often a potent element in the regulatory agency appointment process, at least on the higher levels of agency staffing. Perhaps unsurprisingly, the ideological commitments of agency administrators apparently have important impacts on agency policies and practices" (p.289). Further, even if the mission of the regulatory agency is pure, Friedrichs remarks that staffing and funding are also major issues with most regulatory agencies, effectively preventing the agency from doing its job thoroughly.

Another fault of regulatory agencies is the fact that they are run and operated by fallible humans. Human beings naturally have aspirations and will seek out various

methods of achieving these goals. If a regulatory agent tasked with reviewing a company's transactions desires to work for said company, there is a conflict of interest. That regulatory agent may falsify documents and reports so that higher-level officials of said company will take notice and return the favor at a later date. This failure in regulation is commonly known as "agency capture" (Conservapedia 2014; Johnson 2014). It is impossible to truly know just how much agency capture affects regulatory agencies, and just how many violations and issues go unreported because of it. Regulatory agencies don't have enough systems in place to prevent widespread corruption, which can dramatically impact consumers and corporations alike.

The theory of Agency Capture brings to mind the question of who is ultimately responsible for policing the police. Federal policing and regulatory agents must do their jobs with the utmost integrity, without such control these agencies are likely to fail their mission. Because of the nature of human beings, the practice of enforcing the law 100% of the time would be very difficult to fully implement.

Business Customs

Along a similar line of thought there is also an element of social coercion among business elites to commit white collar crimes. Whether as a strategy for market success or in order to cover for someone else's wrongdoing, there is pressure on businessmen and women to cover for each other. This is known as organizational criminality (Friedrichs, 2009, p.226-230), where people who aren't ordinarily criminals in their own private life will commit crimes to the benefit of the organization for which they work. Organizational criminality is a corporate culture issue, because once a key player is removed from the company by the legal system, the company will continue with criminal activities. This is

because the corporation change the individual more than the individual can change the corporate culture (Friedrichs, 2009, p.226-230). Not only is this crime a cultural issue, but higher-level executives use methods of coercion such as threats of demotion or firing, and promises of raises and promotions in order to shape employee behavior (Friedrichs, 2009, p.226-230).

Not every high-ranking official in a corporation is a white collar criminal attempting to defraud unknowing citizens of the proletariat. Many businessmen and women are honest and trying to do the right thing not only for themselves and their company, but also for their country. However, there are corrupt individuals who holds offices of power and are capable of destroying the American economy for their own personal gain. Since American citizens most likely will not be aware of the dealings between such high-level individuals, we must blindly trust that the system of regulation is doing its job and that our main concern must be the crime that we can see and help prevent, which is street crime.

White Collar Criminals & the Media

At the heart of white collar crime is the American dream fueled by our capitalist society wherein competition and success are key factors. According to Friedrichs (2009), crime is inevitable in a system that fosters greed, individualism, competition, and the debasement of other humans (p.240). White collar crime comes hand-in-hand with capitalism, as corporations compete for the biggest profits and fewest losses. This ruthless economic system encourages competitors to work harder than everybody else in order to get ahead, which results in a sense of individualism and a lack of awareness of the problems caused towards others.

The American dream is portrayed time and again by the media, movies, television series and popular written works as the ultimate goal which everyone must attain in order to be happy. A typical version of the American dream includes having a happy family, successful job, a good home, and resources with which to enjoy your life. Strain Theory suggests that those who do not have legitimate means of access to the American dream will seek out various other ways to achieve their version of success. According to Reiman and Leighton (2013), “simply put, in our society everyone is encouraged to be a success – usually defined in terms of possessing wealth – but the legitimate avenues to success are open only to some” (p.187-188). Many films portray an individual’s strife on the road to achieving the American dream, which may be an influencing factor in a criminal’s decision whether to achieve success via deviant means, or face the possibility of never achieving socially-defined success.

Some television series focus on criminals and their families taking the viewer through the motions of their daily lives. While many shows are about the “underdog” street-level criminal just struggling to make his way through life and be a success, other stories are about white collar criminals who have already made it big. One such television show is the series entitled *White Collar* by Jeff Eastin, which follows the life of a young con-man named “Neal Caffrey” who is an art thief and forger. The plot progresses throughout the series as Caffrey begins to work for the FBI consulting on crimes where his expertise in criminality may come in handy (Eastin, 2009). Although this series doesn’t reflect the image of a typical white collar criminal, or even one who got away with his crimes, it does cause the viewer to see Caffrey through eyes of sympathy. Many viewers find themselves rooting for Caffrey as he fights to find the love of his life and

struggles to “do the right thing”. It can be argued that this series romanticizes the idea of a white collar criminal, portraying the illusion that committing major crimes can be done “for the right reasons”.

White collar crime isn't always presented in an open and honest light on national news-media. The Documentary entitled *The Corporation* describes the story of Jane Akre and Steve Wilson were two investigative reporters for the Fox News Company who learned about the corporations' control over media when they attempted to air a story about the destructive effects of the Bovine Growth Hormone (BGH) (Achbar, 2004). Akre and Wilson created a story about the devastating side effects of BGH and the Food and Drug Administration's (FDA) lack of regulation in this matter. They also compared the policies of other countries' regulatory agencies and found that where the United States FDA's policy stated that a particular product is safe until proven unsafe, the vast majority of other developed nations adopted the policy that until something is proven safe it is considered unsafe (Achbar, 2004).

The report that Akre and Wilson had compiled was set to air on television until the network pulled the story offline after receiving a threatening letter from an attorney representing Monsanto, the company responsible for BGH. The Fox News Corporation decided to review the story once more to verify its validity, but again pulled it from airing when threatened with the loss of sponsorship through advertisements (Achbar, 2004). When Akre and Wilson questioned why Fox News Corporation refused to put the story back in the cue to be aired, they were asked to leave the company, and even offered bribes. When Akre and Wilson refused the bribes, their bosses realized that they wouldn't be going away quietly so they were told that they needed to change their story in order

for it to run. After being asked to revise their story an unprecedented and unheard of 83 times, Akre and Wilson had enough (Achbar, 2004).

Akre and Wilson filed a whistleblower claim against their employer. After Akre and Wilson won their case in a jury trial, Fox News Corporation appealed the case with 5 major news-media corporations' support on the basis that falsifying news isn't actually against the law. Fox News Corporation won the appeal. The underlying question raised by this segment of the film asks us to consider, in this world-economy where information is filtered through global-media corporations, who will defend the public's right to know and what price must be paid to preserve our ability to make informed decisions? (Achbar, 2004).

This documentary does an excellent job of describing how the media is controlled by corporations, which prevents the American public from realizing the true extent of corporate crimes and wrongdoings. Akre and Wilson's investigative report uncovered the willful wrongdoing of Monsanto and the probable negligence of the Food and Drug Administration which is tasked with protecting Americans from unsafe food and drugs. A story such as theirs could be very destructive to major corporations should the truth about their wrongdoings be exposed.

Chapter 4

Case Studies of White Collar Crimes and Street Crimes: Comparison of Harm and Relative Consequences

In order to see the devastating effects that white collar criminals have on the worldwide economy, all one must do is a basic internet search for white collar crimes. Several well-known, multi-billion dollar cases of white collar crime immediately return in search results. During the course of investigation into these notorious cases it poses the question of how many other companies are currently engaged in a scandal whether knowingly or unknowingly. If they are never caught, American citizens may never know the extent to which they have been victimized. High-level executives who perpetrate these scams usually don't accomplish what they set out to do overnight. Often, major corporate scams and fraudulent activities require the assistance of other executives or subordinate employees. Even the prosecution needs assistance with levelling an affective case against white collar criminals. According to Friedrichs (2009), "because white collar crime cases are relatively invisible, sophisticated, and complex, the use of informers is often indispensable" (p.21).

American International Group Scandal (2005)

The American International Group (AIG) is a multinational insurance corporation. In 2005 CEO Hank Greenberg allegedly doctored record books to show loans taken out as company revenue. Further he directed a number of clients to insurers that AIG held payoff agreements with. Finally he was also accused of having stock traders inflate the price per share of AIG stock (SEC, 2006). The overall cost of these fraudulent activities was reported at over \$3.9 billion (Accounting Degree Review, 2014). Greenberg was

caught through an investigation launched by the Securities Exchange Commission (SEC), which was possibly originally launched because of a whistleblower. Greenberg chose to settle with the SEC for \$10 million and another \$1.64 billion in 2006. Further he was required to repay several pension funds for a little under \$1 billion totaling approximately \$2.7 billion in restitution. Although he was fired, Greenberg never faced any criminal charges for his actions which is in stark contrast from the likely result of a street-level criminal case. More maddening to the taxpayers, after AIG reported the largest corporate losses to date in 2008, which was approximately \$61.7 billion, the executives took the taxpayer bailout money and paid themselves more than \$165 million in bonuses (SEC, 2006). This further demonstrates the inequality between street criminals and white collar criminals because there haven't been any reported cases of street criminals receiving large bonuses after miserably failing to do their job.

In the case of the AIG scandal the entire investigation began as a small-scale review into two reinsurance transactions, which blossomed into one of the biggest investigations launched to date into a financial firm in the United States. The investigation began small and quickly grew because of numerous other problematic accounting errors which were discovered (Brady, 2005). This is helpful information for investigators of criminal activities, particularly those at the elite social level, so that they can see how small investigations may blossom into large ones and not to discount the small ones.

Freddie Mac Scandal (2003)

Freddie Mac is a company that works alongside mortgage lenders to get people placed in homes with good finance rates. In other words, this company is a federally-

backed mortgaged financial organization. President and COO David Glenn along with Chairman and CEO Leland Brendsel, ex-CFO Vaughn Clarke, and former senior vice presidents Robert Dean and Nazir Dossani intentionally misstated the company's earnings in the financial books. Overall approximately \$5 billion in revenue was misstated. An SEC investigation was launched into Freddie Mac and shortly thereafter the scam was discovered. Even though Freddie Mac had \$5 billion worth of earnings not properly documented, the company was only required to repay a then-record \$125 million in fines and to fire Glenn, Clarke, and Brendsel (Accounting Degree Review, 2014; ABC News, 2014). Interestingly enough only one year later Fannie Mae, another mortgage financial corporation, was caught with a similarly shocking accounting scheme.

The restitution that Freddie Mac agree to pay was distributed among the shareholders who had been victimized by this scam. Fannie Mae and Freddie Mac were both created by the United States Congress in order to make mortgages more affordable, and to increase market productivity by creating bundles of home loans and selling them to investors all around the world (ABC News, 2014). Corruption entered into the system whose original purpose was honorable, causing one of the well-known market disasters in the early 2000s.

Lehman Brothers Scandal (2008)

The Lehman Brothers is another global financial company which filed for chapter 11 bankruptcy in the United States. (Accounting Degree Review, 2014) Lehman executives and the company's auditors, Ernst & Young, supposedly sold faulty assets to banks located in the Cayman Islands under the cover story that Lehman Brothers would eventually re-purchase these assets. Lehman Brothers effectively disguised \$50 billion in

loans as sales giving the illusion that they were \$50 billion richer than they actually were and had \$50 billion less in bad assets. This scam caught up to the executives and auditors involved in the plot when the company was forced to go into bankruptcy. The SEC didn't even prosecute the Lehman Brothers. As a result of the scandal, the Lehman Brothers went from "#1 Most Admired Securities Firm" according to Fortune Magazine to the company with the largest bankruptcy in U.S. history in 2008 (Mamudi, 2008). Although the company utterly failed, those responsible were never held accountable for what they did and never prosecuted in a court of law.

Lehman Brothers' bankruptcy meant serious issues for those involved in various dealings with the company. According to Mamudi (2008), "the chapter 11 petition filing with the Bankruptcy Court of the Southern District of New York shows that Lehman has more than 100,000 creditors and more than \$150 billion in outstanding debt" (Par. 3). The reach of the Lehman Brothers case is massive, as it directly affects over 100,000 creditors; its ripple effect continuing to affect other people and businesses.

Comparison with Street Crimes

To gain a full appreciation for the destruction levelled by white collar criminals in comparison with "ordinary" street criminals, all you must do is turn on your local news channel and listen to the stories of local criminals who are being sentenced to numerous years in prison and being required to pay hefty fines. Similarly, you can search for cases of local criminals on the webpages of local news agencies. A common theme among these stories of street criminals is a brief description of their accused wrongdoing, the names and a brief history of the suspects involved, and the expected or actual punishment which has been decided in a court of law.

These cases will show a great disparity in sentencing and justice practices between street crimes and white collar crimes. Although street crime is perceived as being more frightening, immediate, and potentially physically threatening it often times possess an overall lesser effect than many white collar crimes. For example, some cases of street crimes result in the loss of property or monies in the amount of the low thousands, usually not reaching above \$5,000 or so. The average cost towards victims from street crime is about \$35 (Eitzen, 1986); whereas, the average cost of a white collar crime in comparison is approximately \$621,000 (p.427).

The time when street crimes are less costly than white collar crimes is when there is a major injury involved or someone is killed in the process of committing the crime. Although white collar crimes are not usually characterized as those responsible for death, corporate negligence towards worker safety has been blamed for numerous worker deaths and injuries. According to Reiman and Leighton (2013), "in 2010 the U.S. Department of Labor's Bureau of Labor Statistics (BLS) reports 3.1 million workplace injuries and illnesses, about half of which (1.6 million) resulted in lost workdays, job transfer and restricted duties at work" (p.87). Since corporations are trusted that they will provide a safe workplace for their workers, or at a minimum advertise the risks involved in the job, they are blamed when workers are killed or injured while on the job.

Except for in cases when death or serious injury is involved, street crimes are not as serious as white collar crimes solely because of the reach white collar crime holds. Street crimes cause few ripples in our society and aren't likely to derail major financial institutions which people rely on every day. White collar crimes and greed, on the other hand, are responsible for financial instability across the nation. There are several

instances of local street crimes which were adjudicated such that those responsible were given a prison sentence or a large fine.

Grand Rapids, Michigan Home Invasion Case (2013)

In Grand Rapids, Michigan 2 suspects have been criminally charged with first-degree home invasion after riding their bicycles to and breaking into several residences in Alpine Township. The two suspects, Brandon Cook and Damone Hammock face a minimum of 2 to 20 years in prison for their offenses. Hammock is a previous offender for home invasion, which means he may face a minimum sentence of 3 years (Deiters, 2014). These suspects stole items from these various residences on bicycle. Although the exact dollar amount of the items is not listed, the total economic damage is likely far less than the millions or billions of dollars characteristic of white collar crimes. This case shows how the criminal justice system adequately punishes those who commit street crimes. When compared with cases of white collar crime, a trend of lenience towards the wealthy emerges.

Wayne County, Michigan Mislabeled Products Case (2013)

In Wayne County, Michigan 4 suspects have been charged with intentionally selling an improperly-labelled product as well as the possession of a measuring device used for the purpose of selling a product that is uncertified and unsealed. These 4 men are accused of improperly labelling oil and transmission fluid and selling inconsistent and inaccurate amounts of the fluid to their customers. They have also been accused of selling used motor oil to their customers. The 4 men: Moussa Kaddouh, Joe Kdouh, Ali Kaddouh, and Ayman Faraj were charged with numerous counts of felonious and misdemeanor charges relating to these incidents, punishable by up to 5 years in prison

and \$20,000 fines (Burns, 2014). In a case like this it is also important to notice that these men will likely have difficulty re-branding their name and gaining public trust again if they are ever to return to the business which they currently operate. Their punishment is more than prison and fines, it is also a loss of their ability to recover in the industry which they have worked. If there was a way to apply a type of sanction to white collar criminals which produced similar results we may be able to effectively reduce the amount of white collar crimes in America.

Summary

It is clear to see when comparing the various cases of street crimes that these criminals are often sentenced to a lengthy jail stay or hefty fines, which should be expected for many criminal activities. This type of criminal disposition is in stark contrast to many cases of white collar crimes where frequently those involved are given lenient, or no sentences. Occasionally white collar criminals are sentenced to lengthy jail stays, large fines, and restitution mandates which are fitting and proportionate to the crime; however, as seen through various examples listed previously, some white collar criminals are given orders to repay only a portion of the money that they stole, given minimal fines not proportionate to the crime, or not even prosecuted at all.

There is a strong possibility that many white collar criminals are currently perpetrating various financial, economical, and other major frauds and schemes while the average United States citizen is completely unaware. As we have seen, regulatory agencies have been proven somewhat unreliable and incapable of protecting the interests of investors in large corporations, further unable to fully and fairly prosecute the wrongdoings of executives and accountants who commit these elite-level crimes.

Although there is no guarantee that current events such as these are afoot, we only have to briefly view our nation's history with white collar criminals to know that some scandals must be in the making. This raises the question of what can be done to prevent another Lehmann Brothers, Freddie Mac, or AIG scandal. There are a number of steps that legislators can take in order to mitigate or prevent entirely future episodes of major white collar crimes detailed in chapter 5. Many scholars have devised various plans to reduce white collar crimes which seem very plausible. It is up to the American public to pressure the government to enforce the already existing laws governing our nation, and to create new laws where our current ones are failing.

Chapter 5

Conclusion and Recommendations

As we come to a close it is important to re-iterate the evident disparity in treatment and attitudes towards white collar criminals versus street criminals. On account of a lack of awareness, education, and statistics regarding white collar crimes many citizens are not aware of the true nature of elite deviance in the United States. Furthermore, white collar crimes are labelled as comparatively more socially acceptable than street crimes by the lawmaking process of which the wealthy and affluent have primary control. Major corporations also exercise control over regulators and regulatory agencies because of agency capture and self-regulation initiatives which have been introduced. Finally, the idea of white collar criminals has been romanticized and distorted in the media and movies which twists Americans' perceptions towards these criminals. This perfect storm of conditions has created a social system where white collar crimes are more socially acceptable than street crimes.

In order for our system of justice to be practiced fairly among all the social classes represented in the United States it is important for several key things to happen. Firstly, the FBI and other federal agencies such as the FTC and SEC need to collect specific data regarding all known white collar crimes. This data needs to be reported in a separate category of the Uniform Crime Report (UCR) in order to raise awareness of the severity of white collar crimes. It is clear, however, that only reporting known white collar crimes will not fix the issue alone because we are not aware of the full extent of white collar crime in the United States (Friedrichs, 2009, p.50).

The U.S. Attorney General's office needs to adopt a no-tolerance policy for all incidents of white collar crimes. Once one or two major scandals fall apart and the perpetrators are required to pay restitution for the entirety of the damage that they caused, other white collar criminals will take notice. As it stands, scandals such as the American International Group (AIG) scandal in 2005 resulted in the perpetrators not being required to pay back every penny that they stole. Rather, after an approximately \$3.9 Billion settlement, Greenberg (the CEO) still had approximately \$1.5 Billion in change from the scandal (Accounting Degree Review, 2014). Because Greenberg was never criminally charged he has the rest of his life to live off \$1.5 Billion in practically any manner that he chooses. Criminals who defraud the American investors shouldn't live lives of luxury. If Greenberg were still serving a lengthy prison sentence comparable to that which results from street crimes, other white collar criminals would certainly take notice.

In order to reduce workplace accidents due to employer negligence OSHA needs to increase their fines for broken regulations. As it stands, the fines for violations are incredibly low. Friedrichs (2009) remarks that, "the OSHA legislation was more of a symbolic gesture toward labor than a serious effort to protect workers" (p.265). Policies and legislation need to change so that fines are increased and implemented with more regularity so that corporations take worker safety seriously.

Another method of fighting white collar crime would be to require that major corporations cannot control news media outlets, or even hold a majority of shares so that the public gets accurate and non-filtered information about all that is happening in our world. If the public is well-informed and given access into the inner-workings of corporations, those who would wish to do wrong would have to consider the

consequences of their actions twice. Rather than being able to squash a news story easily, corporations would deal with exposure of their malpractices.

We also need to increase education about white collar crimes in universities and other educational settings. Police officers and local prosecuting attorneys need to be trained in the detection and prosecution of white collar criminals. If white collar criminals have nowhere to hide behind, they will be forced to own up to their actions, and the dark figure of white collar crime may become much more illuminated. If well-informed criminal justice students were regularly given the opportunity to investigate current cases of white collar criminals under the supervision of their professors, it may also perk more interest in the field of law enforcement specifically with regards to corporate and white collar crimes.

Friedrichs also makes mention of a number of things that can be done in order to prevent the persistence of white collar crimes including: requiring a legal obligation on the behalf of companies to report dangers and hazards of the jobs they hire out, establishing an effective compliance program to ensure that corporations are following the established rules, and limiting the ability of the corporation to claim the rights of an individual. Furthermore, Friedrich suggests that we need to limit corporate ownership and control of news media outlets, corporations need to publicize their misdeeds so that consumers and citizens are fully aware, legislation must be changed so that it limits the amount of finances a corporation can allot to a campaign donation for an elected official, whistleblower laws and protections must be strengthened so that they feel comfortable and capable of bringing forward cases of corruption, and a system needs to be instituted such that fines collected from corporate violations (ie: OSHA fines) support independent

watchdog agencies (Friedrichs, 2009, p.364-370). Friedrich's insights are key to the reduction of white collar criminal activities.

Another outside of the box method of reducing apathy towards white collar criminals by the criminal justice system is the increase in films which portray the unpleasant reality of white collar crimes. Films such as *Assault on Wall Street* by Uwe Boll dramatize the utter desperation felt by a victim of the financial crisis in 2008. The story is centered on a man named "Jim Baxford" who lost all of his financial investments in the 2008 Wall Street fiasco. Because of his losses, he is unable to support himself and his wife who is desperate need of special medications. After his wife commits suicide, Baxford hatches a plot of revenge against those who caused him this pain. Baxford takes to the office buildings of the executives responsible for the financial crisis and exacts his revenge (Boll, 2013). This story is one that depicts the white collar criminals of America as monsters and the proletariat as helpless victims. Movies such as this one are beneficial for learning because it is a great way to show the harm of white collar crimes, particularly those done on Wall Street. Although it is an unconventional method of instruction, popular films and documentaries are excellent means by which citizens can learn the truth about white collar crimes. Furthermore, documentaries such as *The Corporation* which was previously discussed reveal to everyday citizens without access to such privileged knowledge the truth behind corporate tactics. These films allow citizens to become informed on important issues which are of great importance in their lives.

Regardless of the method elected to bring white collar criminals to justice, if we act together to reduce the potential for white collar criminals to successfully perpetrate the various schemes and scandals afoot in today's world we may see an improvement in

the world's overall economy. Referencing Friedrich's insights on white collar crime, we could successfully prevent approximately anywhere between \$250 Billion and \$1 Trillion in damages that are caused annually by white collar crimes (Friedrichs, 2009, 50). Crime is a social issue so the only way to effectively defeat it is to bind together a large enough social force that criminals cannot succeed in our society. Utilizing a number of the strategies mentioned, white collar crime could be critically minimized in our society, allowing for clean and honest business practices which is our ultimate goal as critical criminologists.

References

- ABC News (2014). *Freddie Mac pays \$50M to settle fraud charges*. Retrieved from ABC News website: <http://abcnews.go.com/>
- Abrams, D. (2010). Deviance. In J. Levine, & M. Hogg (Eds.), *Encyclopedia of group processes & intergroup relations*. (pp. 207-212). Thousand Oaks, CA: SAGE Publications, Inc. doi: <http://dx.doi.org/10.4135/9781412972017.n64>
- Accounting Degree Review (2014). *The 10 Worst Corporate Accounting Scandals of All Time*. Retrieved January 24, 2014, from <http://www.accounting-degree.org/scandals/>
- Achbar, M. (Director). (2004). *The Corporation* [Motion picture].
- Barak, G. (2012). *Theft of a nation: Wall Street looting and federal regulatory colluding*. Lanham, Md: Rowman & Littlefield Publishers.
- Barnett, C. (2014). *The Measurement of White-Collar Crime Using Uniform Crime Reporting (UCR) Data*. Retrieved January 21, 2014, from <http://www.fbi.gov/>
- Boll, U. (Director). (2013). *Assault on Wall Street* [Motion picture]. USA: Lynn Peak Productions.
- Brady, D., & Vickers, M. (2005, April 10). AIG: What went wrong. *Bloomberg Businessweek*. Retrieved from <http://www.businessweek.com>
- Burns, G. (2014, February 26). *AG Bill Schuette issues charges against four Wayne County men for selling mislabeled motor oil*. Retrieved February 27, 2014, from <http://www.mlive.com/>
- Conservapedia (2013, February 8). *Agency capture*. Retrieved February 26, 2014, from <http://www.conservapedia.com/>

- DeCaters, B. (2014, March 31). *Second bike-riding bandit takes plea deal in Alpine Township home invasion* | *MLive.com*. Retrieved March 31, 2014, from <http://www.mlive.com/>
- Eastin, J. (Producer)(2009). *White Collar* [Television series]. New York, NY: USA Network.
- Eitzen, D. (1986). *Social Problems* (3rd ed., p. 427). Boston: Allyn and Bacon.
- Federal Bureau of Investigation (2014). *FBI — Crime Statistics*. Retrieved February 14, 2014, from <http://www.fbi.gov/>
- Fernandez, M., & Schwartz, J. (2013, December 13). Teenager's Sentence in Fatal Drunken-Driving Case Stirs 'Affluenza' Debate. *The New York Times*. Retrieved from <http://www.nytimes.com/>
- Friedrichs, D. O. (2009). *Trusted Criminals: White collar crime in contemporary society* (4th ed.). Belmont: Wadsworth Cengage Learning.
- Holtfrcter, K. (2008). Public Perceptions of White-Collar Crime and Punishment. *The Journal of Criminal Justice*, 36(1).
- Jensen, B. (2012). *Reading classes: On culture and classism in America*. Ithaca: ILR Press.
- Johnson, P. (2014). *Auburn University - A Glossary of Political Economy Terms*. Retrieved February 26, 2014, from <http://www.auburn.edu/>
- Krebs, B. (2013, March 10). *KrebsonSecurity*. Retrieved March 17, 2014, from krebsonsecurity.com
- Leamer, L. (2013). *The Price of Justice: A True Story of Greed and Corruption*. New York, New York: Times Books.

Long, R. (2007, August 7). *WHITE COLLAR CRIME*, Russ Long's Lecture Notes.

Retrieved February 10, 2014, from <http://dmc122011.delmar.edu/>

Lutz, A. (2012, June 14). *These 6 Corporations Control 90% Of The Media In America -*

Business Insider. Retrieved January 8, 2014, from <http://www.businessinsider.com/>

MacDonald, Z. (2002). Official Crime Statistics: Their Use and Interpretation. *The*

Economic Journal, 112, 477. doi:10.1111/1468-0297.00685

Mamudi, S. (2008, September 15). Lehman folds with record \$613 billion debt. *The*

Wall Street Journal. Retrieved from <http://www.marketwatch.com/>

McGurrin, D., Jarrell, M., Jahn, A., & Cochrane, B. (2013). White Collar Crime

Representation in the Criminological Literature Revisited, 2001-2010. *Western*

Criminology Review, 14(2). Retrieved from <http://wcr.sonoma.edu/>

Murphy, D., & Robinson, M. (2008). The Maximizer: Clarifying Merton's theories of

anomie and strain. *Theoretical Criminology*, 12(4), 502-505. doi:

10.1177/1362480608097154

National Archive of Criminal Justice Data (2010). *National Incident-Based Reporting*

System Resource Guide. Retrieved March 31, 2014, from

<https://www.icpsr.umich.edu>

National Check Fraud Center (2011). *TYPES OF WHITE COLLAR CRIME AND*

SCHEMES. Retrieved January 27, 2014, from

<http://www.ckfraud.org/whitecollar.html>

National White Collar Crime Center (2014). *NW3C Home*. Retrieved February 12, 2014,

from <http://www.nw3c.org/Home>

Payne, B. K. (2012). Section II: Understanding White Collar Crime: Definitions, Extent, and Consequences. In *White-collar crime: A text/reader*. Los Angeles: SAGE.

Reiman, J., & Leighton, P. (2013). *The Rich Get Richer and the Poor Get Prison: Ideology, Class, and Criminal Justice* (10th ed.). Pearson Publishing.

Reuters (2013, November 19). *JPMorgan agrees \$13 billion settlement with U.S. over bad mortgages*. Retrieved January 8, 2014, from <http://www.reuters.com/>

Saad, L. (2011, July 11). *Americans Express Mixed Confidence in Criminal Justice System*. Retrieved January 22, 2014, from <http://www.gallup.com/>

Shah, A. (2009, January 2). *Media Conglomerates, Mergers, Concentration of Ownership — Global Issues*. Retrieved January 8, 2014, from <http://www.globalissues.org/>

Smalhout, J. (1993). Avoiding the Next Guaranteed Bailout: Reforms for the Pension Insurance Program. *The Brookings Review*, 11(2). Retrieved from <http://www.jstor.org>

Strutner, S. (2013, September 14). *8 Cultural Differences Between America And Other Countries*. Retrieved February 26, 2014, from <http://www.huffingtonpost.com/>

U.S. Securities & Exchange Commission (2006). *AIG to Pay \$800 Million to Settle Securities Fraud Charges by SEC*. Retrieved February 27, 2014, from <http://www.sec.gov/>