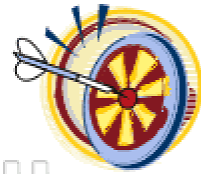
Objectives

after completing this lesson, YOU will be able to



» Identify the many definitional issues that surround the use of the term **white-collar crime**;

» Know the *types of costs* associated white-collar crime; and

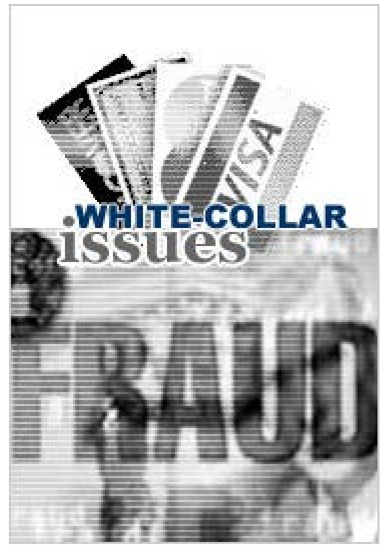
» Have a general picture of the *victimization aspects* associated with white-collar crime.

For this lesson, please read:

» Pontell and Shichor, *Contemporary Issues in Crime and Criminal Justice:*

- **Shichor, Sechrest, and Doocy, "Victims of Investment Fraud"**
- **Levi, "Transnational White Collar Crime"**

Let's briefly consider **some general critiques of Sutherland's definition,** and how others have tried to grapple with the term.



As you'll notice, **white-collar crime is a slippery and ill-defined concept** that connotes various behaviors to different observers.

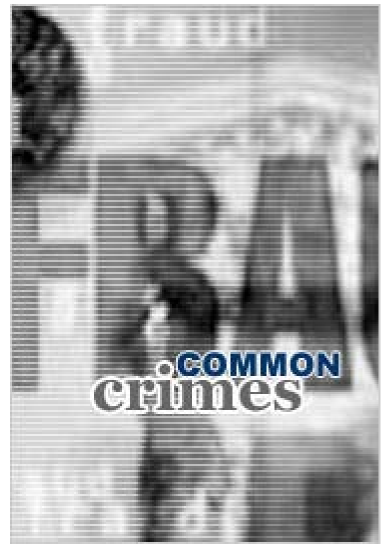
• • •

After considering these treatments of the term, we will go back to Sutherland's original definition and see how we can deal with the numerous issues that have been raised by others.

• • •

The noted researcher, *Herbert Edelhertz,* objected that *the crime must occur as **part of an occupational role**.*

He argued that such acts as income tax evasion, receiving illegal Social Security payments, buying on credit with no intention of paying, and the like, could be committed outside of a specific occupation and weren't **"common crimes."** He opted for a more "Democratic" use of the term.



Former FBI Director ***William Webster*** once defined white-collar crime as ***"any nonviolent crime based upon* 'guile or concealment,'** no matter what the social status of the offender."

While this approach may make for a neat categorization in FBI statistics, it renders the term white-collar crime almost meaningless. It would construct acts ***so broadly*** so as to include — to take an extreme example — **a skid row alcoholic's attempt to trick a friend out of a bottle of wine.**

As we saw in the previous lesson, **Sutherland's** whole point in creating the term was to **give the same kind of attention to the crimes of the powerful and the privileged that is given to common crimes.**

» **Gilbert Geis** has objected to the definition on different grounds: that ***the crimes of organizations are qualitatively different from those of individual offenders.*** Sutherland never clearly distinguished between crimes committed by collectivities (such as corporations) and occupational crimes of individuals or professionals.

» Following this lead, **Marshal Clinard** and **Richard Quinney** disposed of the term entirely, replacing it with two others: *corporate crime* **and** *occupational crime.* Both of these could be seen as general categories of white-collar crime.

» **Laura Schrager** and **James Short** introduced the term *organizational crime* as another substitute for white-collar crime. But again, this may be seen as more useful when viewed as a subtype of white-collar crime, since there are forms that do not occur in organizational settings, such as physician fraud, which we will examine later.

*

Even more expansive is the term *elite deviance,* introduced by **David Simon** and **Stanley Eitzen.**

*

This term encompasses not only white-collar crimes, but all deviant activities of the elite that do not violate the law. There are numerous problems with the term. The noted deviance theorist, **Erich Goode,** devotes much space in a recent textbook to criticizing it as useless — not only in the study of deviance, but in white-collar crime as well.

Researcher **Susan Shapiro** regards the issue of ***white-collar crime as revolving around the issue of "trust" more than on status and occupation.*** The violation of trust (rather than power), she argues, constitutes a better framework for considering criminal acts that might be considered white-collar in nature.

James Coleman offers a particularly compelling argument regarding the redefinition of white-collar crime. He notes *three basic flaws* in Sutherland's definition, and offers a new one that accounts for them.

1*st*, he argues that **responsibility for some white-collar offenses can be attributed only to a group, and not to individual members** (corporate or organizational crime), and that this must be explicitly recognized.

2*nd*, he claims **financial crimes that are not directly a part of the offender's occupation should be included.**

3*rd*, he notes, **we must broaden the stipulation that white-collar crime is by persons of "high status and respectability."** That is, some white-collar crimes are committed by persons in the middle levels of the status hierarchy.

Coleman offers a new definition:

"

*White-collar crime is a **violation of the law** committed by a person or group of persons in the course of an **otherwise respected and legitimate occupation or financial activity.***

"

Although this sounds all encompassing, one could again question the meaning of **"respected"** (how *much* respectability is necessary?). Also, the term **"financial activity"** could potentially include an almost limitless number of acts.

Biderman and **Reiss** offer another alternative to Sutherland's definition:

"

Those violations of the law to which penalties are attached and that **involve the use of a violator's position of significant power, influence, or trust** *in the legitimate economic or political institutional order for the purpose of illegal gain, or to commit an illegal act for personal or organizational gain.*

"

Again, one might ask,

"What is ***significant power***?"

One of the wisest positions on the definitional issue was p**ut forth by the leading criminologist**, **John Braithwaite.**

» Years ago, he argued in a major review piece that *it is probably best to stick with Sutherland's original definition, and use the corporate vs. occupational dichotomy in examining various white-collar crimes.*

He and other scholars believe that if the notion of high status is removed, white-collar crime would lose much of its critical value in examining ***"upper-world" crime.***

»

That is, it would include **acts committed by lower-class offenders,** and dilute what was originally intended as a vehicle for studying the crimes of the powerful.

Finally, he claims that the truly important aspect of the term — regardless of an exact definition — is that **it can lead to the study of *specific acts* by which to inform theory.**

»

As we will see later, this is precisely what has occurred in studies of medical crimes, and financial institution fraud, among others.

What exactly were the *characteristics of* white-collar crime as noted by Sutherland?

Perhaps the most important one was that ***corporate crimes*** *are not mere technical violations, but represent* ***deliberate acts.***

In an attempt to **"normalize"** white-collar crime, and make it more understandable in conventional terms, Sutherland compared white-collar crime to professional theft, and noted their similarities and differences. Here it was his intent to show that **white-collar crime was indeed "crime," and that its perpetrators shared similar patterns with common crooks.**

Sutherland notes these ***five similarities:***

1. Both groups show persistence of behaviors over time. That is, a large proportion of violators are repeaters.
2. Violators generally do not lose status among their associates.
3. Both kinds of crime are underrepresented in official statistics and convictions.
4. That is, they are more widespread than statistics indicate.
5. Both groups of violators often express contempt for the law and for government regulations which impede business practices. Both kinds of crime can be organized and deliberate in nature.

Sutherland also notes ***two major differences*** between the thief and the white-collar criminal:

1. Their self-conceptions: White-collar criminals do not take pride in their status as criminals, unlike professional thieves.
2. The public's perception of them: The general population do not readily label "pillars of the community" as crooks.

Sutherland also noted a few ***other characteristics*** of white-collar crime.

- It can have identifiable victims, as in common crime, but is often characterized by diffuse victimization. That is, a specific person or group frequently does not exist to report white-collar crime.

- In diffuse victimization, the victim can be a government, the public, another country, or the local community. Sometimes when identifiable victims exist, they may never know that they've been victimized until a much later time, if ever.

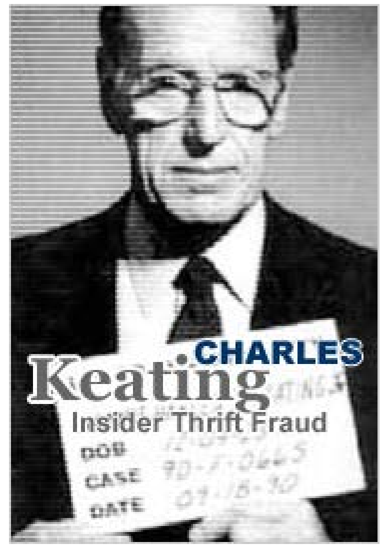
Victimization is not likely to be reported for a number of other reasons.

» A person, group, or organization **may not know they've been victimized.**

» If the victimization is diffuse, **there is no person or group that can immediately report it** (the crime remains hidden).

» Or a person may simply be too embarrassed to admit to their victimization.

» **Companies** that have been victimized may not report known cases because they **fear stockholder reprisals against management** — for allowing the crime in the first place, through what they may characterize as mismanagement of the company.



Forum *discussion*

"to post your reply, select OUTLINE from the TOOLS menu and enter the FORUMS area"

What issues that are raised in the piece by Shichor, Sechrest, and Doocy appear to be ***the most salient to you?*** ***Why?***

» Write two paragraphs on this topic.

Forum *discussion*

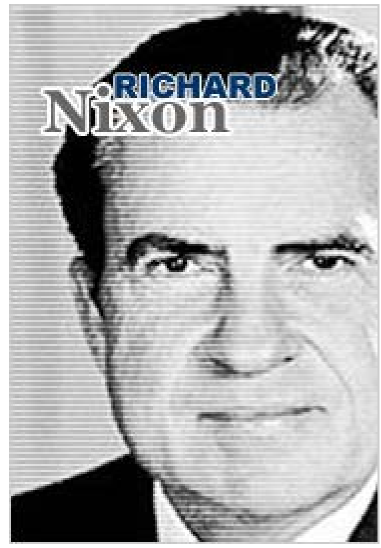
"to post your reply, select OUTLINE from the TOOLS menu and enter the FORUMS area"

Discuss diffuse victimization as it relates to Levi's piece.

According to the author, ***what problems does it present regarding control?***

» Write two or three paragraphs on this topic.

We typically become aware of **major white-collar crimes and scandals** through precipitous and lucky events, and not through law enforcement work. This is an interesting phenomenon, as we will see later in this course.



»

The Watergate scandal that brought down **President Richard Nixon** was brought to us not by the FBI, but by a night custodian who noticed tape over the lock on the door of the Democratic campaign headquarters at the Watergate Hotel. **The story unfolded through the efforts of journalists.**

Charles Keating's role in the S&L crisis, and the role of white-collar crime in creating **the largest government bailout in history,** were also first written about by investigative journalists.

»

Fortuitous events and whistleblowers — not the reporting of such events by victims — play an important part in our discovering major cases of white-collar crimes. Unfortunately, as we will see, by the time we learn of such events, the damage has already been done. And on an extremely large scale.

» White-collar crime also has important relationships to **deviance theory.** The inclusion of white-collar crime in the realm of social deviance has been rather recent. Textbooks — if they mention the term at all —have only just begun to do so.

Forum *discussion*

"to post your reply, select OUTLINE from the TOOLS menu and enter the FORUMS area"

From what you've learned regarding the labeling of behavior and individuals as deviant, *does white-collar crime always* ***denote social deviance?***

Why or why not?

- » Give a couple of examples.
- » Write one or two paragraphs on this topic.

Summary

a brief overview of what you learned

» White-collar crime is a **slippery and ill-defined concept,** and connotes various behaviors to different observers. Attempts at other definitions include such terms as corporate crime, occupational crime, organizational crime, and elite deviance.

» Criminologist **John Braithwaite** argues that it is probably best to stick with Sutherland's original definition, and **use the corporate vs. occupational dichotomy in examining various white-collar crimes.**

» According to Sutherland, **corporate crimes are not merely technical violations,** but deliberate acts, and that perpetrators share similar patterns with common criminals.

» White-collar crimes are often **characterized by diffuse victimization,** which makes these crimes difficult and sometimes impossible to report to authorities.