# White-collar Crimes - A Theoretical Model

By Noé Frey and Dulcie Hall

# What is 'white-collar' crime?

According to Sutherland (1939): "a crime committed by a person of **respectability** and **high social status** in the course of their **occupation**"

**White-collar crime**

**Organisational crime:**

- Crime done by and on behalf of organisations
- Committed to **enhance the interest of the company** itself
- Deceptive advertising, false claims, bank fraud, faulty manufacturing of dangerous products

**Occupational crime:**

- Committed by an individual in the course of their occupation
- **Motivated by personal gains**
- Embezzlement, money laundering, altering company records

# Why we chose this topic:

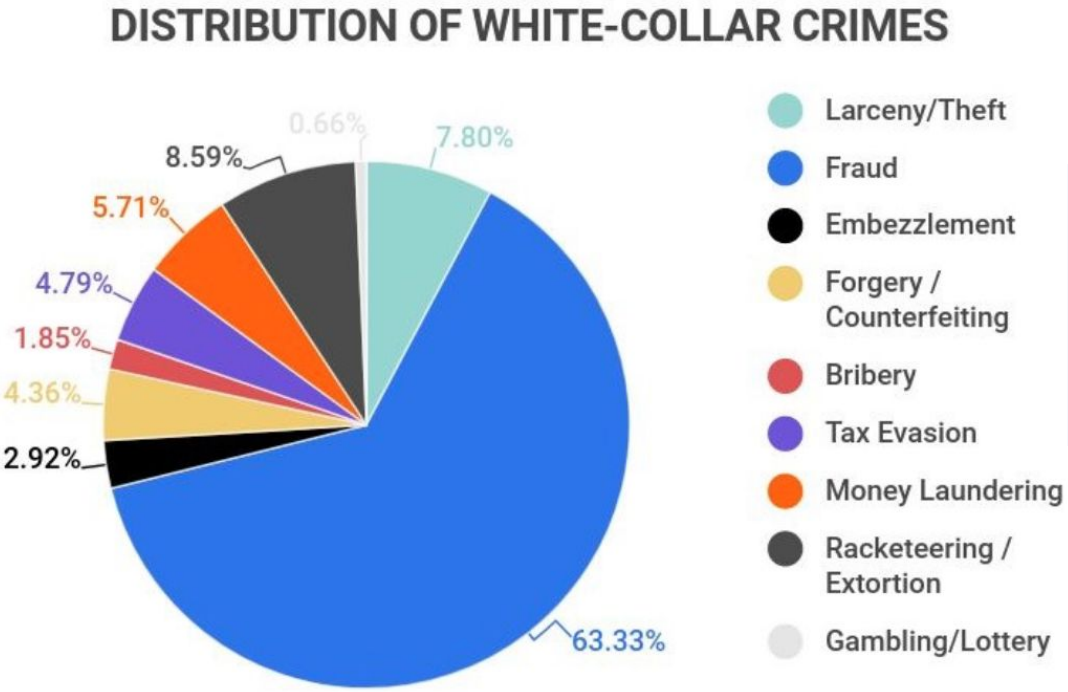







- White-collar crimes are **under-prioritized** by the media, policymakers, and officials in comparison to street crimes
- At first glance, it can appear ‘victimless’ despite causing **great economic loss and violence**
- Severely **under-criminalised** and more **socially accepted** than street crime
- Generally crimes of the upper-class **cannot easily be explained** by theories that use socio-economic status as an independent variable for deviance

# Types of white-collar crime:







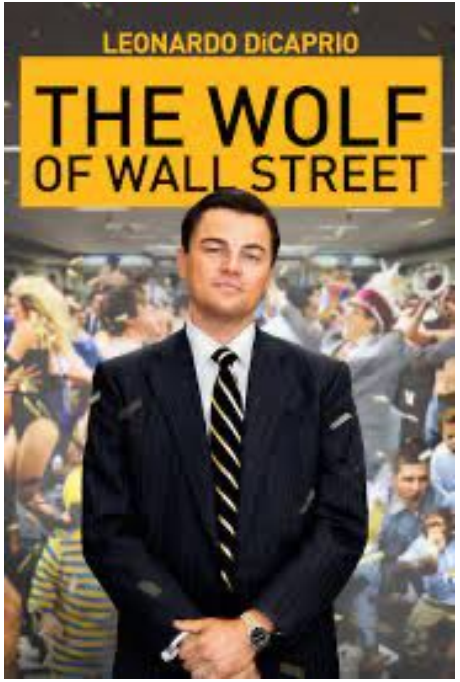
https://www.zippia.com/advice/white-collar-crime-statistics/.

# Definitions:

**Fraud:** 'an intentionally deceptive action designed to provide the perpetrator with an unlawful gain or to deny a right to a victim.'

**Example - Jordan Belfort - The Wolf of Wall Street**

**Money laundering:** 'the process of taking cash earned from illicit activities, such as drug trafficking, and making the cash appear to be earnings from legal business activity.'






**"Pump and dump" scheme** - inflate the prices of penny stocks and then sell them - swindled investors out of $200 million

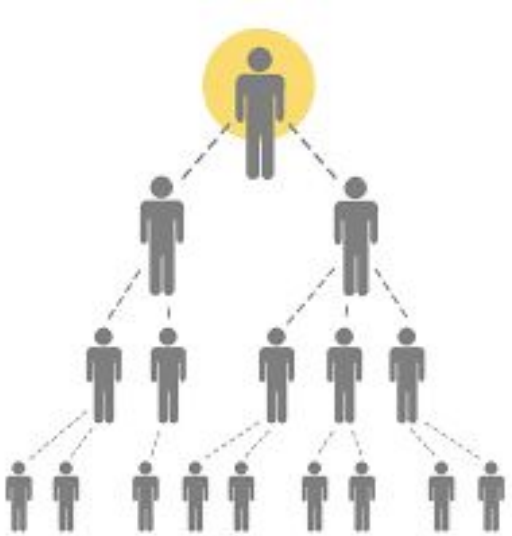
https://www.investopedia.com/terms/f/fraud.asp.

**Embezzlement:** 'a person or entity intentionally misappropriates the assets entrusted to them.'









## Bernard Madoff 'Ponzi Scheme' - Occupational Crime

- Bernie Madoff executed the **largest Ponzi scheme** in history over the course of at least 17 years
- He took money from investors to pay former investors, without ever actually investing in anything
- Madoff was trusted due to his **respectability**, his **returns were high** but not outlandish, and he claimed to use a **legitimate strategy**
- Convicted of fraud **costing investors $65 billion** in 2009
- Sentenced to 150 years in prison

# Corporate Crime:

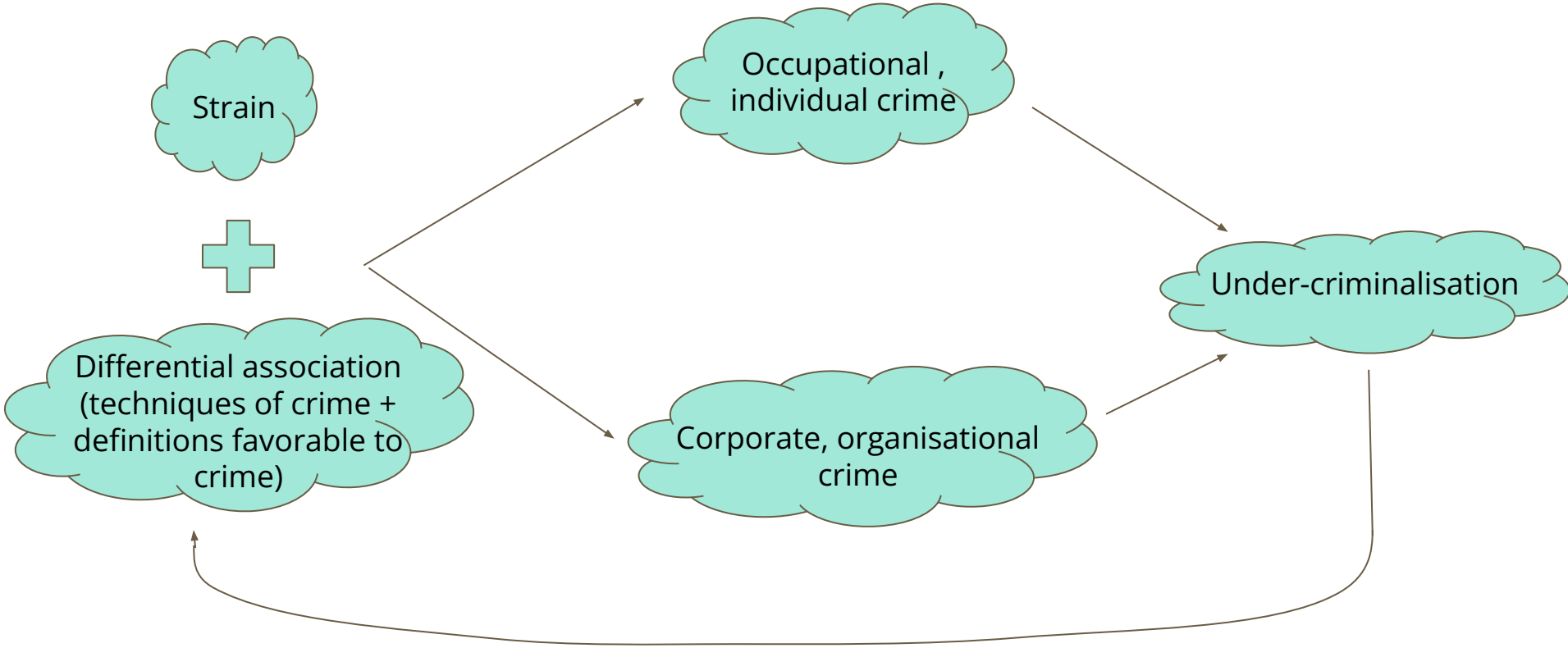
- **Deceptive advertising** - any advertising that is false or misleading
- **Faulty manufacturing of dangerous products -** can be a design defection, that caused an injury, a manufacturing defection, or a failure to warn the consumers about the safety hazards of the property.
- **Restraint of trade -** any activity that prevents another party from conducting a business as they normally would.
- **Environmental pollution -** includes the production of items that pollutes environment, air, water etc. It can also include illegal dumps of such products.
- **Bank fraud**
- US: 60% of large corporations had at least one legal action initiated against them.
    - 8% of corporations committed 52% of offenses.
    - Mostly oil, pharmaceutical and automobile industry

# Monsanto Corporate Crime

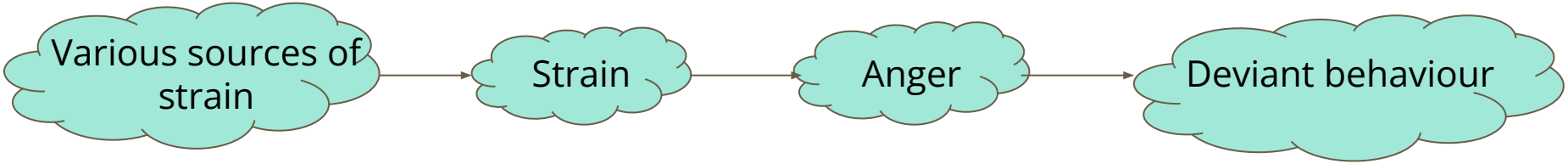



- **Agrochemical company** - most famous for its product **‘Roundup’** - a glyphosate-based herbicide
- Dewayne Johnson won a trial claiming **Roundup weedkiller caused his cancer**, and that the **corporation failed to warn him** of health hazards
- Monsanto repeatedly **ignored experts** warnings and sought favourable scientists to help **“ghostwrite” research** that continued usage
- Ordered to **pay $289 million**
- The company subject to many other allegations - including **the dumping of thousands of tons of contaminated waste** into a stream

# Our theoretical model:



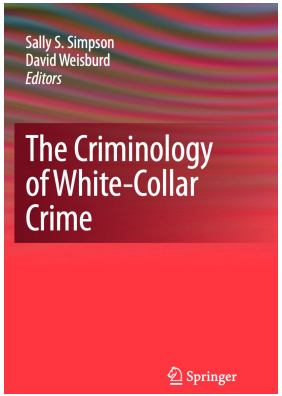
# Agnew's General Strain Theory:




- **How are strain theories relevant to white-collar crimes?**
- Strain from various sources - **no need to be tied to class or race differences**
- Economic strain is an important cause of white-collar crimes committed strictly for personal gain
- Strain on 3 dimensions lead to deviance: **failure to achieve positively valued goals**, **removal of positively valued stimuli**, and **confrontation with negative stimuli**.
- Not all individuals respond to strains with crime, it depends on their **coping mechanisms** and other **conditioning factors**

# ‘Strain’ Contributing to White-collar Crimes

1. An extreme desire for more money
2. The **blockage of economic goals** - economic goals beyond reach as a result of the **American Dream**. Merton: “In the American Dream there is no final stopping point”. **Inability** to achieve economic goals through **legitimate means.**

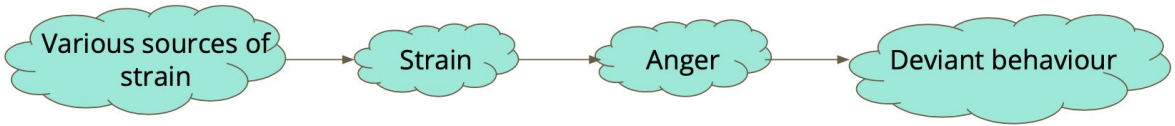



**General Strain Theory and White-Collar Crime**

Robert Agnew, Nicole Leeper Piquero, and Francis T. Cullen

**Abstract** This paper applies general strain theory (GST) to the explanation of white-collar crime, including (a) occupational crimes committed by higher class individuals, (b) economic offenses such as fraud and embezzlement, which are committed by lower as well as higher class individuals, and (c) corporate crimes. Several strains or stressors are said to be especially relevant to the explanation of such crimes, including the blockage of economic goals, the experience of a range of other economic problems, the inability of achieve status goals, and a variety of work-related stressors. Whether these strains result in white-collar crime, however, is said to be influenced by such things as coping skills and resources, social support, opportunities for white-collar crime, social control, the perceived costs and benefits of white-collar crime, and association with criminal others.



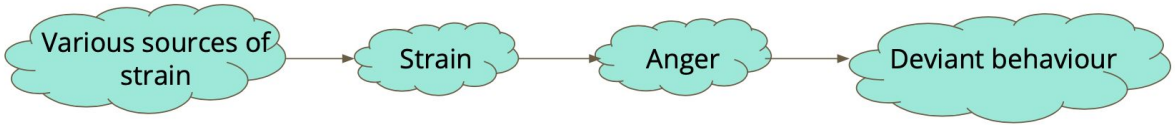
3. Corporations face pressure from shareholders and major creditors

4. Actual or threatened **loss** of money/possessions/services

5. Actual or threatened **presentation of negative stimuli** related to economic problems - e.g. pressure from creditors

6. **Blockage** of **status goals**

Study by Daly (1989) found that financial need for themselves or their families was the most common motive for offending among a sample of convicted white-collar criminals.

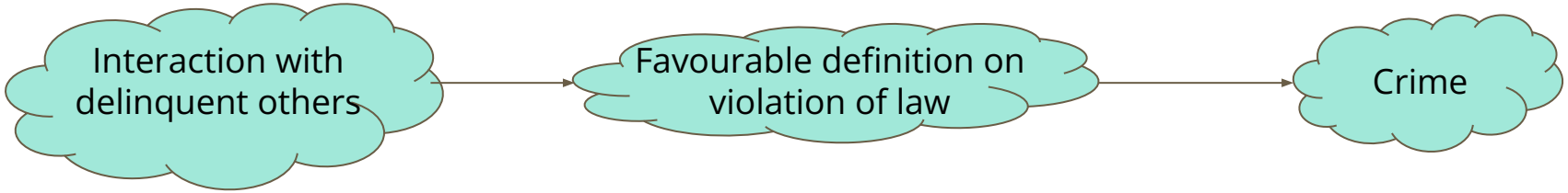


# Coping Mechanisms and Conditioning Factors:

1. Poor conventional coping skills and resources
2. Low conventional social support
3. Opportunity
4. **Association with others**

—-> Differential Association Theory

# Differential Association Theory:




- Criminal behaviour is **learned** overtime
- Criminal behaviour is **learned in interaction** with other persons, in a **process of communication**
- Occurs within **intimate groups**
- The learning includes both: **techniques** of committing the crime, and the **specific direction of motives, drives, rationalisation, and attitudes**
- A person becomes delinquent when they have an **excess of definitions favorable to violation of law** over definitions unfavorable to violation of law

# Differential Association Theory and White-Collar Crime:

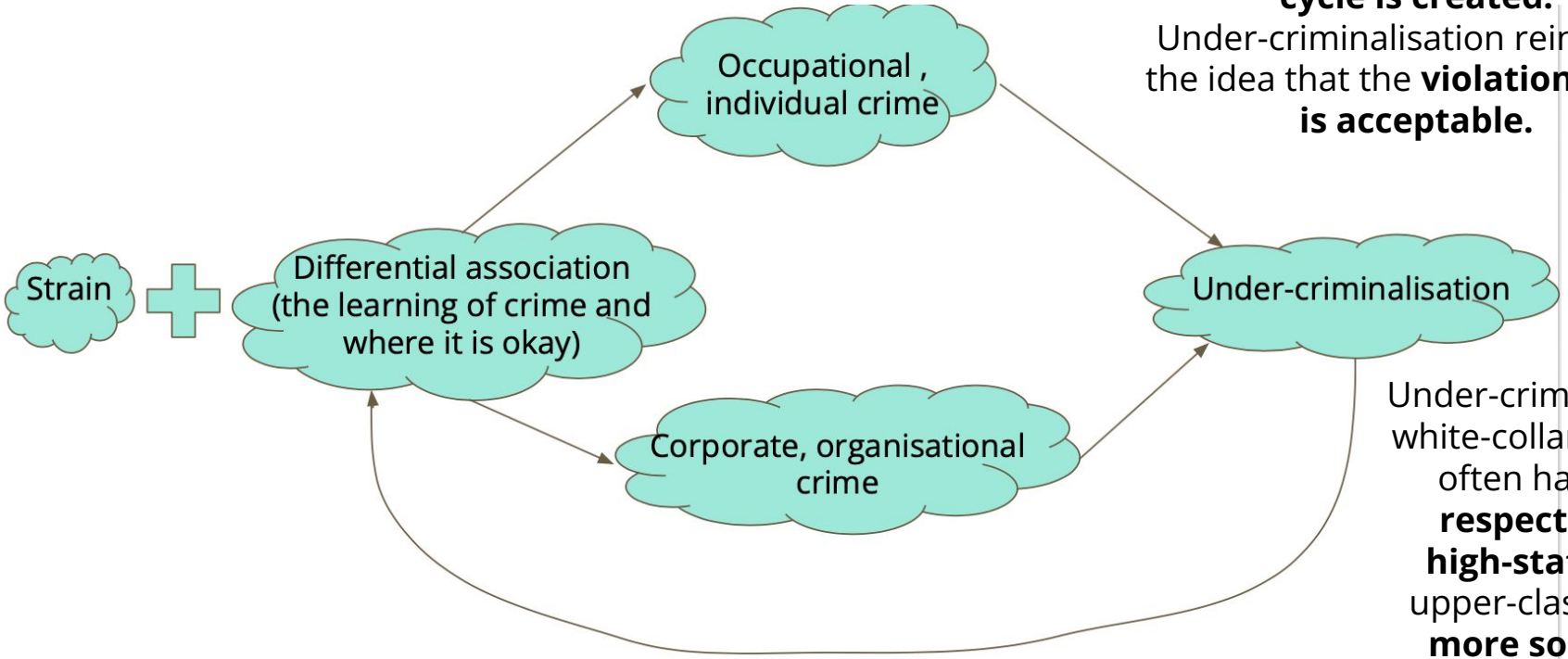



- Individuals in some corporations are **over-exposed** to a **'criminogenic corporate subculture'**
- A **culture of law breaking** which is learned like other business practices
- Explains why **some companies more deviant than others -** different definitions and understandings of what makes violation of law favourable
- Differential association also explains individual white collar crimes -> Bernie Madoff was a part of the 'big four' - "I just allowed myself to be talked into something"
- The culture of these institutions reinforce the idea that this crime is acceptable

# Under-criminalization of white-collar crime

- White-collar criminals : high **respectability** and **status**
- This type of crime can be seen as **victimless**
- Justice systems have **less power against upper-class** people :
  - Afford good defense, lawyers
  - Can influence researches, medias...
- Under-criminalization reinforces the definitions favorable to violation of law: crime is justified, seen as okay

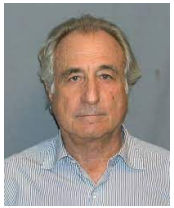
# Our theoretical model:

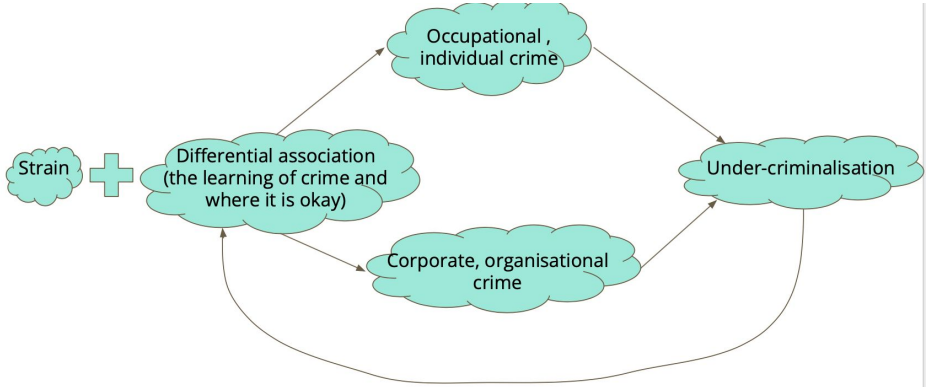



As white-collar crimes are significantly under-criminalised, **a cycle is created.** Under-criminalisation reinforces the idea that the **violation of law is acceptable.**

Under-criminalised as white-collar criminals often have high **respectability, high-status**, and upper-classes have **more social** and **cultural capital**

# Bernie Madoff applied:






1. Various **sources of strain**: an extreme desire for more money, inability to achieve huge goals by legitimate means
2. **Learned criminal behaviour and justifications** in a **criminal environment**. Bernie Madoff associated with the 'big four' - Carl Shapiro, Jeffry Picower, Stanley Chais, and Norm Levy. "I just allowed myself to be talked into something and that's my fault"
3. **Crime**
4. **No repercussions or criminalisation** for over 17 years, high status and respectability meant that he felt safe and untouchable
5. The **cycle continues**

# References


Michelle de Haas, *Punishing White-Collar Crime in Canada: Issues With the Economic Model of Crime and Punishment*, 2021 CanLIIDocs 2389
https://www.canlii.org/en/commentary/doc/2021CanLIIDocs2389#!fragment/zoupio-_Tocpdf_bk_1/BQCwhgziBcwMYgK4DsDWszIQewE4BUBTADwBdoAvbRABwEtsBaAfX2zhoBMAzZgI1TMAjAEoANMmylCEAIqJCuAJ7QA5KrERCYXAnmKV6zdt0gAynIlAhFQCUAogBl7ANQCCAOQDC9saTB80KTsIiJAA

Apel, R., Paternoster, R. (2009). Understanding “Criminogenic” Corporate Culture: What White-Collar Crime Researchers Can Learn from Studies of the Adolescent Employment–Crime Relationship. In: Simpson, S.S., Weisburd, D. (eds) The Criminology of White-Collar Crime. Springer, New York, NY. https://doi.org/10.1007/978-0-387-09502-8_2

David Whyte, *Victims of corporate crime*, 2007, in Handbook of Victims and Victimology
https://www.researchgate.net/publication/311485284_Victims_of_Corporate_Crime

Agnew, R., Piquero, N.L., and Cullen, F.T. 2003. General Strain Theory and White-Collar Crime. In: Simpson, S., and Weisburd [eds]. *The Criminology of White-Collar Crime.* [Online].

https://www.theguardian.com/environment/2020/mar/12/revealed-monsantos-secret-funding-for-weedkiller-studies-roundup

https://www.investopedia.com/terms/b/bernard-madoff.asp

https://www.lemonde.fr/planete/article/2012/02/16/monsanto-un-demi-siecle-de-scandales-sanitaires_1643081_3244.html

https://www.theguardian.com/business/2018/aug/10/monsanto-trial-cancer-dewayne-johnson-ruling

https://www.sciencedirect.com/science/article/abs/pii/S0047235206001395.

# Discussion Questions:

The Wolf of Wall Street fraudster Jordan Belfort was sentenced to 22 months in prison, despite swindling investors out of over $200 million. After serving his prison sentence he continued to succeed in making money by writing a book about his life as a white-collar criminal, which later got made into the film - The Wolf of Wall Street. He is now a motivational speaker with a net worth of around $115 million. This representation of white-collar crime presents Belfort as somebody who continues to be respected, continues to profit from his deviant behaviour, and someone who is almost admirable. Our questions to you are:

**Do you think these representations are a problem? Do you have any solutions if so?**

**Why do you think white-collar crimes are viewed as more socially acceptable than other crimes?**

**What could be some effects of the high social acceptability of white-collar crimes?**