

White Collar Crime: The Unseen Threat



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Introduction

White collar crime (WCC) is oftentimes mistaken for a victimless crime due to its nonviolent nature. However, that assumption could not be farther from the truth; every day, thousands of people become victims of WCC. In fact, WCC costs the United States an estimated \$300 billion annually.

WCC is committed for the sole purpose of financial gain, and today's technological world has provided a quick and convenient way for perpetrators to strike. Common white collar crimes include, but are not limited to: financial fraud, mail fraud, computer and internet fraud, counterfeiting, public corruption, money laundering, tax evasion, etc.



Research Questions

We wanted to assess the awareness of White Collar Crime (aka fraud) in Utah, and specifically students at UVU. Some of our main research questions include:

- Are you aware of what white collar crime is and how prevalent of a threat it is in today's society?
- Do you feel that WCC poses a significant threat to our society?
- Do you feel that WCC is committed equally as or more frequently as other crime, such as robbery, burglary, assault, etc.?
- Are the penalties for the commitment of WCC significant enough to deter people from committing it (in your personal opinion)?



Min	Max	Mean	Std Deviation	Variance	Count
1	4	2.38	0.96	0.93	95
1	4	1.58	0.73	0.54	95
1	5	1.86	0.97	0.94	95
1	3	2.27	0.53	0.28	94

Research Questions: Statistics

Literature Review: A Synthesis of Fraud-Related Research

Pre-fraud state of mind:

-The Fraud Triangle

- Post-fraud state of mind:

-The act

-Conversion

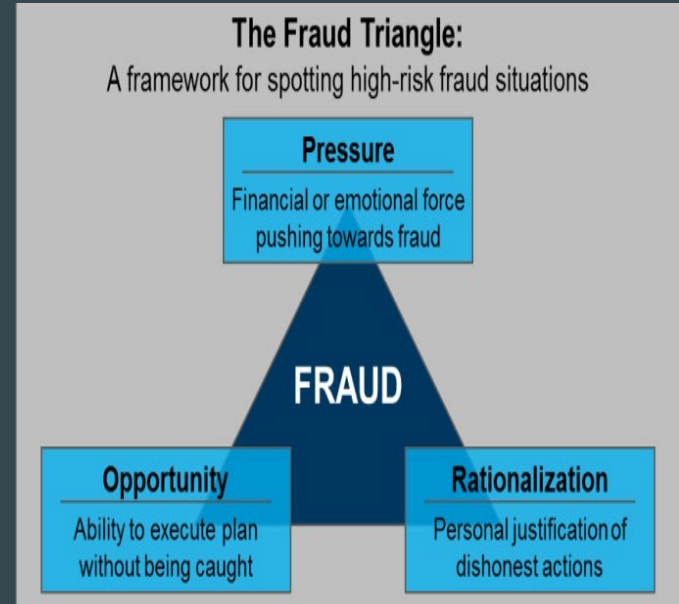
-Concealment

- Ways to avoid fraud in large companies:

-Higher equity incentives

-Criminal records of CEOs and CFO's

-Whistleblowing

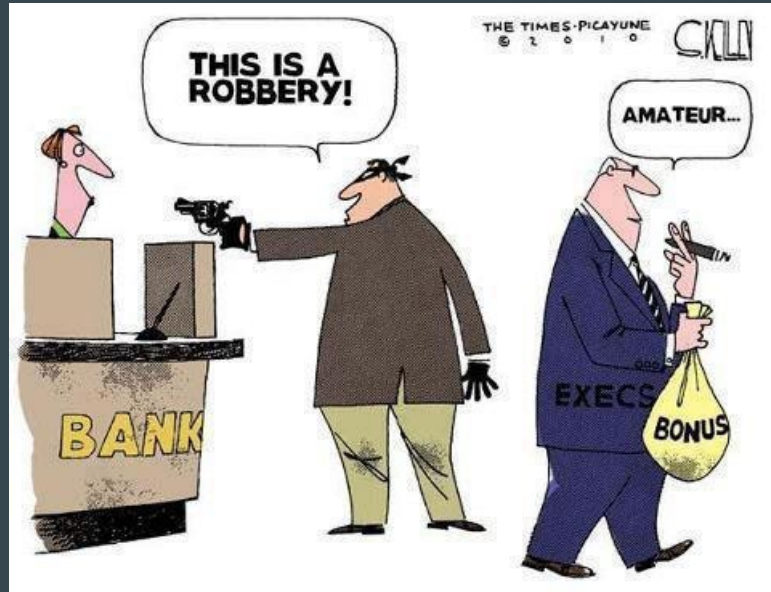


Literature Review: A Criminological Profile of White-Collar Crime

- White Collar Crime costs the United States about \$300 Billion annually; worldwide, 5% revenue is lost due to fraud, which equates to \$3.7 Trillion.
- Trust in companies has “eroded”.
- By understanding a fraudster’s profile it can help individuals know what to watch out for.
 - Traits
 - Authority
 - Cultural Hedonism
 - Narcissistic
 - Lack of Self-Control



Literature Review: Assessing the Perceived Seriousness of White-Collar and Street Crimes



- This study proved that the public underestimates white collar crime and criminals.
- It compares different crimes to white collar crimes and reflects the results.
 - The study concluded that despite the public's lack of acknowledgement of white collar crimes, some forms of WCC are ranked as more serious than other "street crimes" (Piquero, Carmichael, & Piquero, 2008).
- Overall, this study supports our topic of the lack of public knowledge on the subject of white collar crime.
 - Although the public may not see it, the research also shows that white collar crime is just as, and sometimes more, dangerous/serious as other street crimes.

Literature Review: White Collar Sentencing after the Sarbanes-Oxley Act

- The White Collar Crime Penalty Enhancement Act of 2002 (WCCPA)
 - Argues that the punishments for WCC are too relaxed; they do not deter future criminals from committing white collar crimes, and therefore, have increased the “injustices” in the community.
 - Suggests more strict standardized punishments for the offenders.
- Most WCC criminals walk away with little prison time and still benefit with financial gain, indicating that punishments for WCC are too weak to deter the commitment of it.
 - Ex: Bernie Madoff
- In the state of Utah, most penalties for fraud range from a class A misdemeanor to 2nd degree felony.
 - Maximum of 15 years prison time
- Most White collar criminals are first time offenders who have never been charged or convicted of WCC, making it harder to push for a harsher sentences.

“...fraud, con jobs, theft and embezzlement cost U.S. taxpayers between \$300 billion and \$600 billion annually - compared to the \$100 billion generated by the illegal drug trade.”

United States FBI

Data Collection

To gather our data, we created a survey through UVU's Qualtrics program. We then distributed it to a list of 500 UVU students through their student emails and shared an anonymous link to the survey on our personal social media sites.

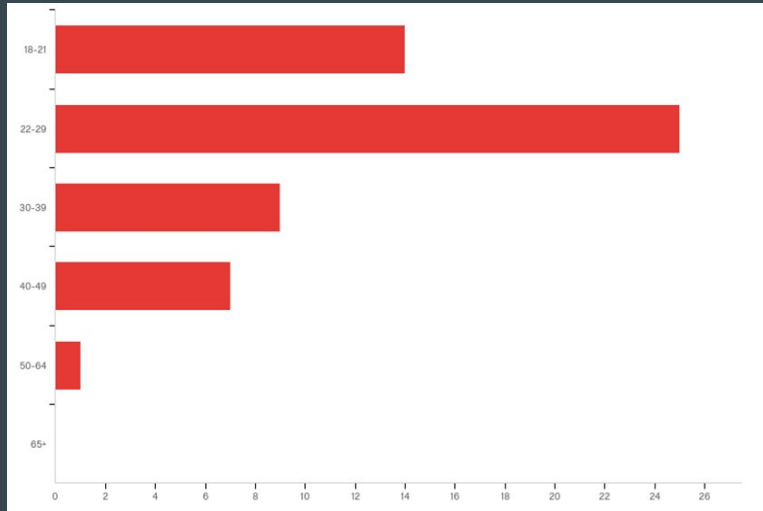
Problems?

- The biggest issue we encountered was building our response rate.
 - By sending out reminder emails, we were able to raise our original response rate by almost 25%.
 - Overall response rate: Almost 20% (101/550).
 - Completion rate: 80%
 - Confidence Interval: 95%

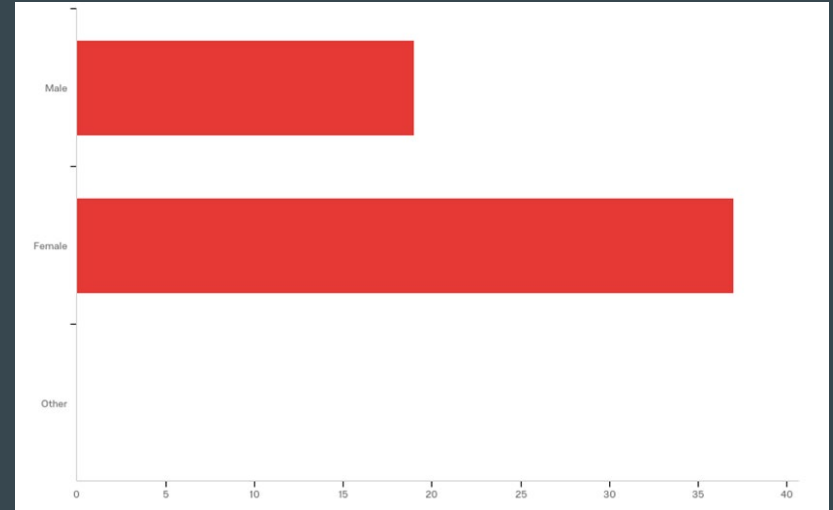


Data: General Demographics

Q1- What age group do you fit within?



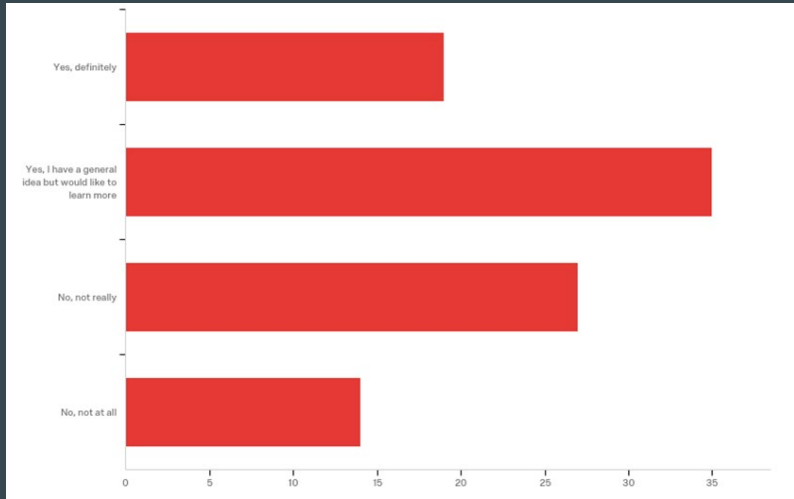
Q2- What gender are you?





Data: Background Knowledge

Q3 - Are you aware of what white collar crime is and how prevalent of a threat it is in today's society?

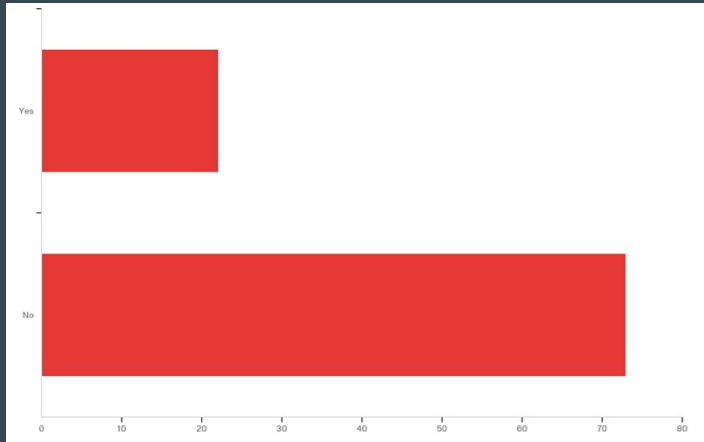


- 20% of respondents stated they knew exactly what WCC is and how big of a threat it poses
- 80% knew little or nothing about WCC and chose to learn more

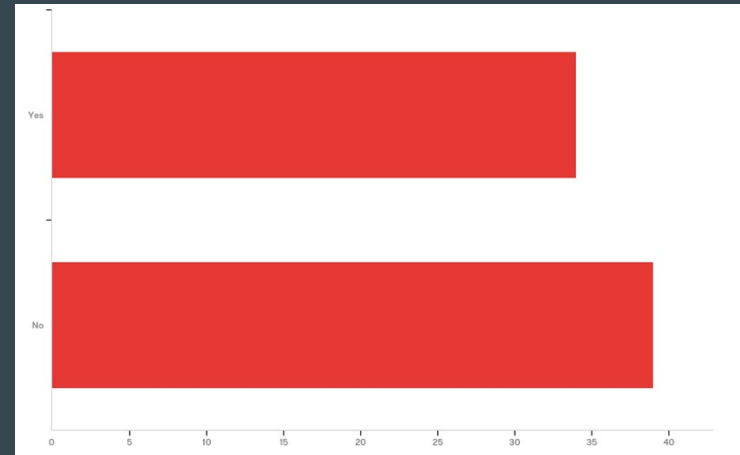


Data:

Q5 - With your current understanding of white collar crime (WCC), would you say that you have ever been a victim of any form of WCC?

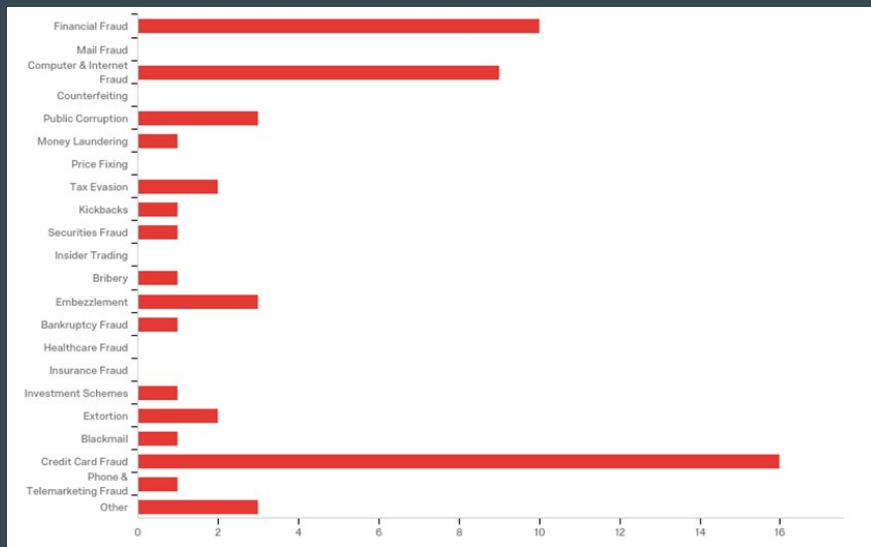


Q6 - Do you know anyone that has been a victim of WCC in the past?



Data

Q16- What type of WCC were you or someone you know a victim of?



#	Field	Choice Count
1	Financial Fraud	17.86% 10
2	Mail Fraud	0.00% 0
3	Computer & Internet Fraud	16.07% 9
4	Counterfeiting	0.00% 0
5	Public Corruption	5.36% 3
6	Money Laundering	1.79% 1
7	Price Fixing	0.00% 0
8	Tax Evasion	3.57% 2
9	Kickbacks	1.79% 1
10	Securities Fraud	1.79% 1
11	Insider Trading	0.00% 0
12	Bribery	1.79% 1
13	Embezzlement	5.36% 3
14	Bankruptcy Fraud	1.79% 1
15	Healthcare Fraud	0.00% 0
16	Insurance Fraud	0.00% 0
17	Investment Schemes	1.79% 1
18	Extortion	3.57% 2
19	Blackmail	1.79% 1
20	Credit Card Fraud	28.57% 16
21	Phone & Telemarketing Fraud	1.79% 1
22	Other	5.36% 3

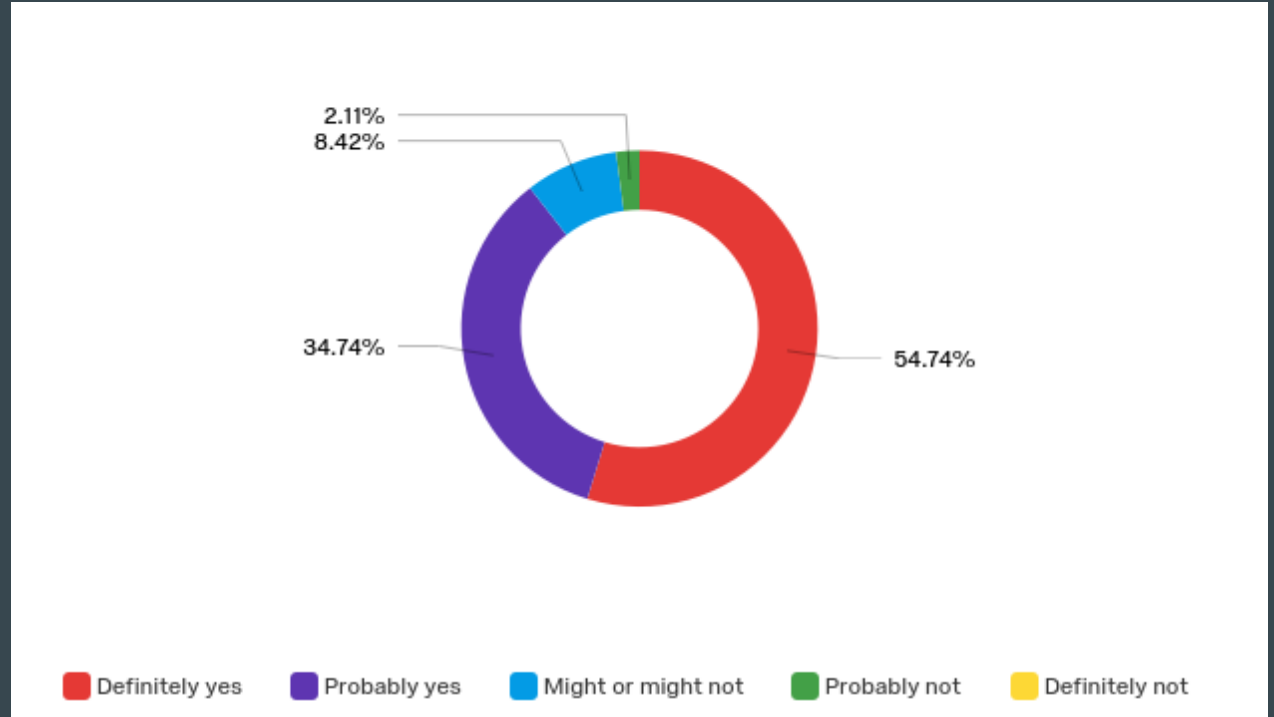
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Showing Rows: 1 - 23 Of 23



Data

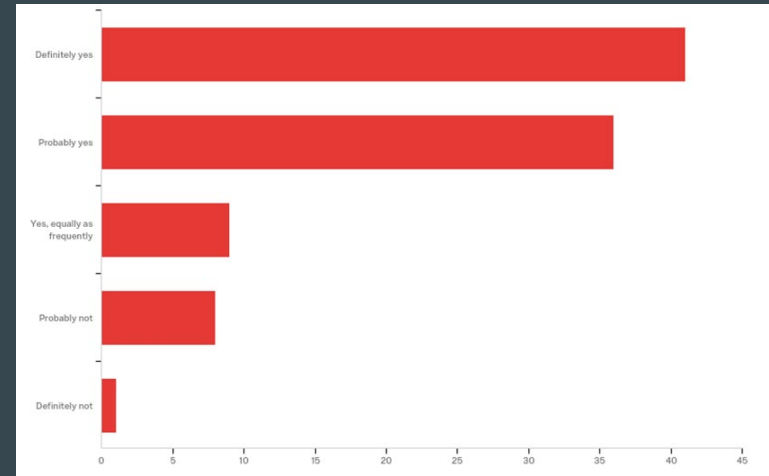
Q7 - Do you feel that WCC poses a significant threat to our society?



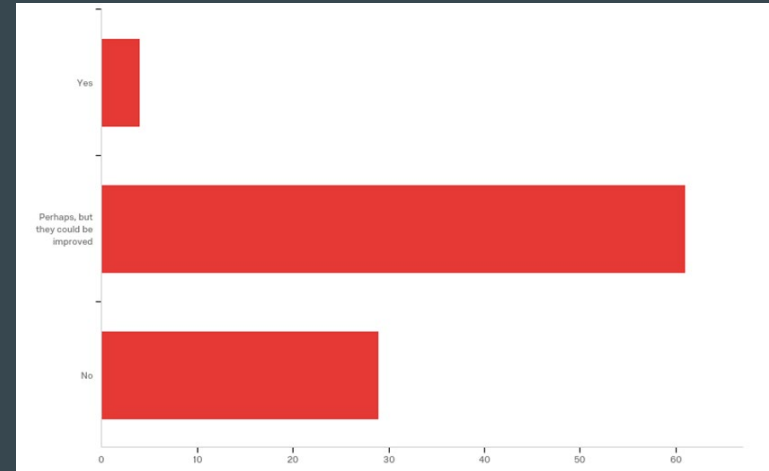


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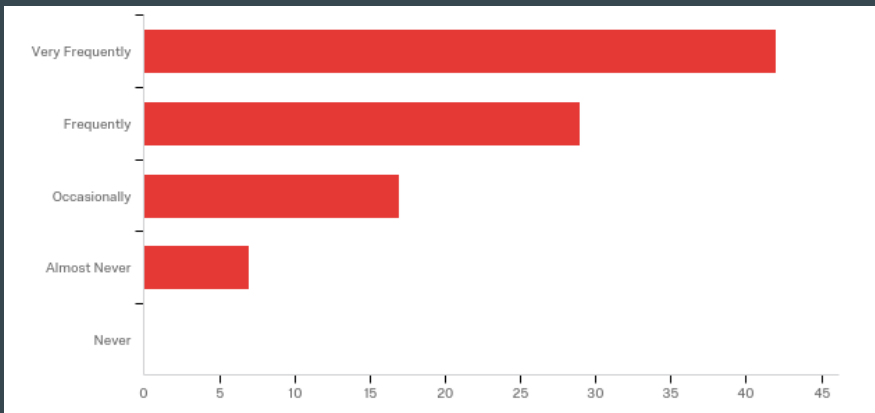
Q8 - Do you feel that WCC is committed equally as or more frequently as other crime, such as robbery, burglary, assault, etc.?



Q9 - In your opinion, are the penalties for the commitment of WCC significant enough to deter people from committing it?



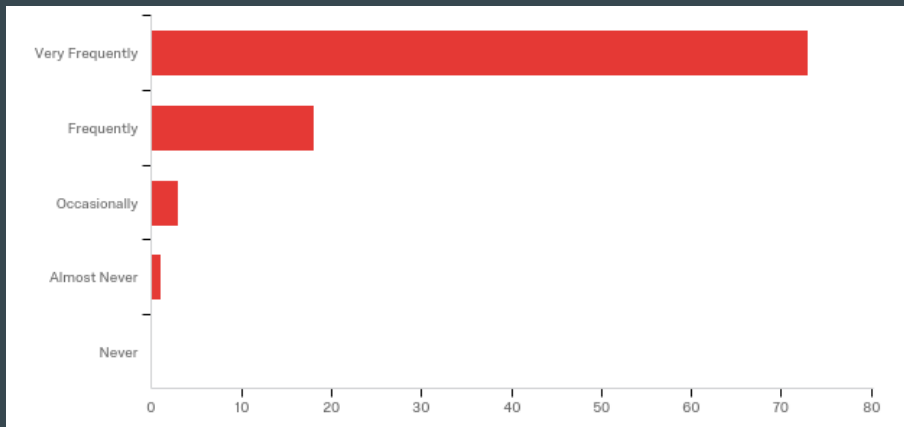
Q10- How often do you make online purchases?



- Most victims of WCC are victims of either credit card fraud or computer/internet fraud!

Data

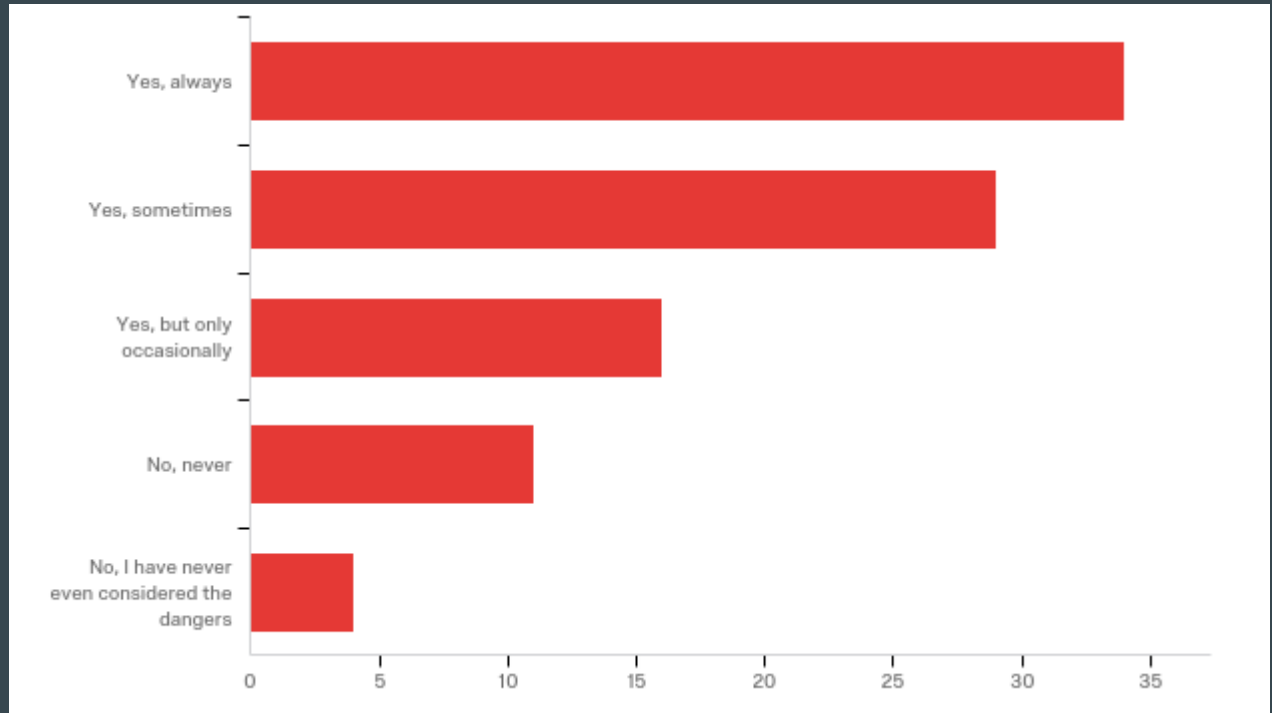
Q11- How often do you use credit or debit cards?





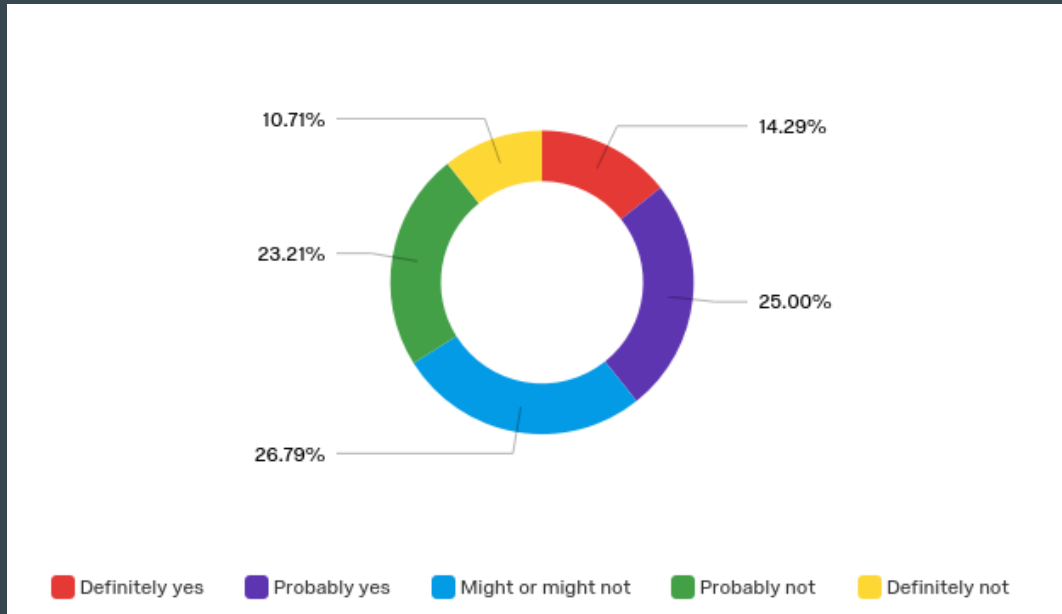
Data

Q12- Do you take proper precautions, such as verifying that an online source is trustworthy or that there are no credit/debit card skimmers in place, before online shopping or using a credit/debit card?





Data



Q17- Do you feel that the crime committed against you or someone you know could have been prevented if you/they would have known more about WCC beforehand?

- 60.71% of respondents remain indifferent or do not believe that the crime committed against them/someone they know could have been prevented



How to Prevent WCC

“A person will only commit a crime if he or she believes that the benefits outweigh the risks,”

-IFPO, 2004

- Know the profile of a WCC criminal
- Target hardening
- Situational prevention
- PAY ATTENTION: BE MORE AWARE!
 - Overall, it is important to be aware of your surroundings and the potential of WCC itself.
- Utah’s White Collar Crime Registry



Of our survey participants had no knowledge of the White Collar Crime Registry.

Utah's White Collar Crime Registry

- Utah is the first state to create a white collar registry.
- It works similar to a sexoffender registry, where the convicted felons will have their information posted on the website and what type of fraud they committed.
- First time offenders will be on the list for a decade, second time will add another decade, and third time they will be listed for life.
- [White Collar Crime Registry](#)

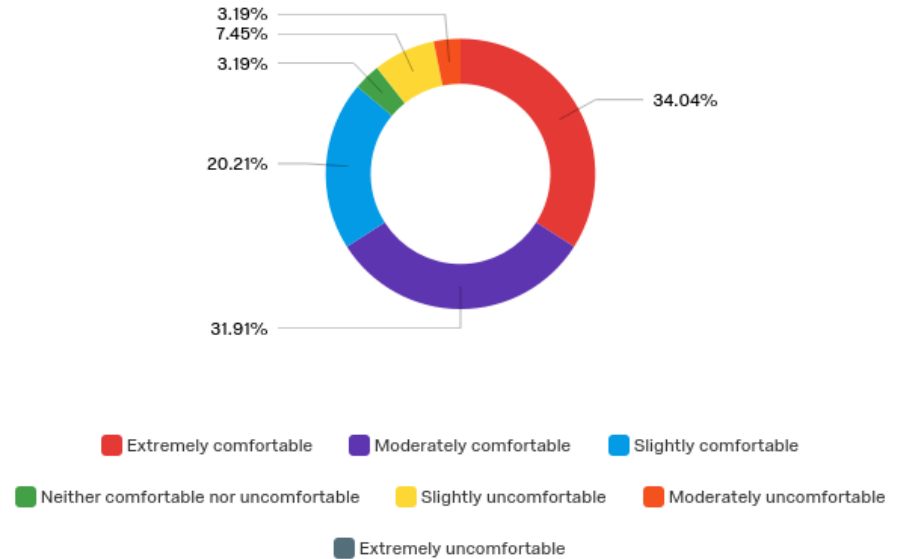




WCC Registry

After informing participants of Utah's WCC Registry, we found that the majority of people were at least moderately comfortable reporting to the Registry.

[Internet Crime Complaint Center](#)



Conclusio

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- Through our research, we wanted to see how aware the average UVU student and Utah resident is of white collar crime. After studying the results, we concluded that the majority of people began the survey with little to no knowledge of WCC. The average response was that they were “somewhat” aware and they take a some precautions; however, very few initially found fraud as serious threat. However, the statistics by the end of our survey suggest that they became more informed throughout the process and realized how large of a threat it has become.
- Once the participants were informed of the general information about WCC, the majority agreed that the punishments for WCC are not serious enough to effectively deter people from committing it in the future.
- We believe that knowledge and spreading awareness to the community is the best way to prevent becoming a victim of white collar crime. We hope that through this study, we have helped at least a small percentage of our population to understand that!

References

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