

## ABSTRACT

The Impact of the Great Recession on White-Collar Crime

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From December of 2007 until June of 2009, the United States suffered from the 'Great Recession'. Due to the recent Great Recession, the motivation to commit white-collar crime has increased. This thesis analyzes national economic and crime data from 2005 to 2012 in an attempt to find a correlation between the Great Recession and a rise in white-collar crime. Also, this thesis delves into the role of females in white-collar crime. Data primarily from the Federal Bureau of Investigation, Department of Justice, and Bureau of Justice Statistics were used in this thesis covering the fluctuations of fraud, embezzlement, forgery, and counterfeiting.

APPROVED BY DIRECTOR OF HONORS THESIS:

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The Impact of the Great Recession on White-Collar Crime

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By

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## DEDICATION

I would like to thank Dr. Wisely for his patience, kindness, and dedication. His guidance during this project and outside of it has been a true blessing.

I would also like to thank my family for the constant support and love you have given me during my time at Baylor. Words cannot express how much I appreciate and love all of you.

## CHAPTER ONE

*“The enemy is in front of us, the enemy is behind us, the enemy is to the right and to the left of us. They can’t get away this time!” – Douglas MacArthur*

### *Introduction*

General MacArthur’s enemies surrounded him, but for the most part he was aware of the troop strength he faced. White-collar crime, however, hides its insidious perpetrators and requires sophisticated techniques to combat it. Can “they” get away this time? It certainly appears so. ATM fraud, forgery, embezzlement, counterfeiting, cybercrime, Ponzi schemes, and telephone fraud have become everyday occurrences of great concern (Barnett 2000:7). Victims suffer serious consequences and often do not receive compensation for crimes suffered at the hands of faceless criminals. In July of 2013, one such criminal, a seventeen-year-old Russian, hacked into Target’s computer system to steal credit and debit card information, along with the PIN numbers, names, addresses, email addresses, and phone numbers of approximately seventy million Americans. All of this confidential information he then sold to more than sixty Eastern European cybercriminals and to cybercriminals outside of Eastern Europe (Newman 2014; Picchi 2014).

What is even more frightening is that the crime was not discovered until December of 2013. In that month, Mary Carmen Garcia and Daniel Guardiola

Dominguez were arrested while illegally attempting to cross the Texas-Mexico border. Ninety-six fraudulent credit cards from the Target theft were in their possession (Crimesider Staff 2014). To be sure, white-collar crime is not typically of this magnitude. However, it is still frightening that a seventeen-year-old was able to commit such devastating fraud from thousands of miles away. One might wonder how local, more experienced criminals might be able to scam unsuspecting citizens.

### *Significance of the Problem*

Taking into account the ambiguous nature of white-collar crime, it is therefore difficult to calculate the true financial cost of white-collar crime in the United States. The FBI estimates its cost to the United States as more than \$300 billion annually (DiMarino and Roberson 2013:4). Despite the concern of “blue-collar crimes” (violent crimes) exceeding the concern about white-collar crimes in the United States, white-collar crime costs 14 times more (Graham 2012:4). Even more disturbing is the estimate that over a third of the US population is victimized by white-collar criminals every year (DiMarino and Roberson 2013:4). These data suggest that most Americans will be victims of white-collar crimes more than once in their lifetime.

The cost of white-collar crime impacts individuals, families, banks, businesses, and the overall U.S. economy (DiMarino and Roberson 2013). After interviewing 1,605 adults in a 1990-2009 study of white-collar crime, Kane and Wall determined that approximately every other household was a victim of white-collar crime and that 36% of individuals were victims of white-collar crime within a year of the interview (Kane and Wall 2006:19). In addition, compared to blue-collar crime, white-collar crime is more

devastating financially. Estimates are that while white-collar crime costs the United States \$300-\$600 billion annually, blue-collar crime creates financial losses of around \$14 billion (Kane and Wall 2006; Graham 2012:3). Considering the prevalence and growth of white-collar crime, it is a wonder that the United States government does not allocate more resources to combat it (DiMarino and Roberson 2013:11).

### *White-Collar Crime Definition*

The term white-collar crime (WCC) was coined in 1939 by sociologist Edwin H. Sutherland at the American Sociological Society Meeting (Barnett 2000:1). Later, in 1949, Sutherland defined WCC as a "crime committed by a person of respectability and high social status in the course of his occupation" (Barnett 2000:1; Sutherland 1949:9). Since the 1940s, white-collar crime has evolved from Sutherland's offender-based definition to a more offense-based definition (DiMarino and Roberson 2013:6). The definition now encompasses individuals who may or may not be part of the upper class (DiMarino and Roberson 2013:4). Offense-based definitions are now currently in use by federal agencies such as the FBI and the United States Department of Justice (DOJ). These agencies do not offer their own definitions of white-collar crime, but instead list the types of crimes they consider white-collar (Friedrichs 2010:36). According to the FBI, those crimes include public corruption, corporate fraud/securities fraud, health care fraud, financial institution fraud (FIF), insurance fraud, money laundering, and mass marketing fraud (*Financial Crimes Report to the Public: Fiscal Years 2010-2011*). Unlike the violent and spur-of-the-moment nature of blue-collar crime, white-collar



crime, such as embezzlement, typically requires much more deliberation and scheming (DiMarino and Roberson 2013:68).

### *Economic and Historical Background*

The United States economy endured a significant recession between December of 2007 and June of 2009 (BLS Spotlight on Statistics 2012; Elsby, Hobijn, Sahin 2013). This recession, labeled the “Great Recession,” is considered to be the greatest United States economic downturn since the Great Depression (Elsby, Hobijn, Sahin 2013)—a major economic calamity that increased the rate of foreclosures, unemployment, and loss of wealth (Grusky, Western, and Wimer 2011: 21-55). Because of this, one would expect that such economic downturn would also increase the amount of crime. However, historically, this has not necessarily been the case. The Great Depression even offers an example of a drop in crime. Even though the unemployment rate was 25%, the overall crime rate still decreased (San Jose State University; Wilson 2011). As was the case with the Great Depression of the 1930s, the Great Recession of 2007-2009 also showed a diminution in overall crime. According to Christopher Uggen, overall crime rates have been consistently decreasing from 1990 to 2010. Uggen makes it clear that the years 2007 through 2009 were no exception and that the economic slump did not give rise to an increase in violent or property crime (Uggen n.d.). . The FBI confirms these results. In 2010, once the repercussions of the Great Recession were visible, the FBI reported that violent crime had reached a forty-year low (Wilson 2011).

Despite these statistics from Uggen and the FBI, there is evidence to support the claim that crimes of opportunity may increase during economic recessions and

depressions in the United States. In their article “The Overall Effect of the Business Cycle,” Bushway, Cook, and Phillips analyzed thirteen business cycles beginning in 1933 and concluded that there is typically a .2% drop in murder and a 3.7% decrease in auto theft during economic recessions and depressions. However, in every given business cycle, there was median increase of 9% in robbery and 5% in burglary during recessions and depressions compared to the previous business cycle (Bushway, Cook, and Phillips 2012). These data support that, with the exception of auto theft, crimes of opportunity increase during recessions and depressions.

#### *White-collar Crime and Gender*

The gender of individuals committing white-collar crime is of great importance. Typically, males commit 5-10 times more crime than females (Becker and McCorkel 2011:80). This drastic difference in the number of crimes committed by gender is referred to the “gender gap”. Recently, this gender gap has narrowed because more females are committing white-collar crimes such as fraud, forgery, and embezzlement (Wattanaporn and Holtfreter 2014:1910). In the 1970s, it was estimated that women would be committing more white-collar crimes as they obtained more male-dominated white-collar occupations (Becker and McCorkel 2011:82). Becker and McCorkel’s findings contradict the findings of Wattanaporn and Holtfreter: they argue that the increase in opportunities for females to commit white-collar crimes has not led to an increase in the number of women engaged in white-collar crime (Becker and McCorkel 2011:82).

While it is hotly contested whether or not more females are committing white-collar crime, it is agreed that females tend to commit more white-collar crimes when

under financial distress. This idea, called economic marginalization theory, states that as the economic condition of females worsens relative to males, their participation in crime increases ((Becker and McCorkel 2011:81). In a 2014 article, Islam, Banarjee, and Khatun also support economic marginalization theory, finding the theory to be empirically valid and supportive of the idea that women are motivated to commit crime as a reaction to poverty and economic insecurity (Islam, Banarjee, and Khatun 2014:7).

### *Hypotheses and Limits*

The motivation to commit white-collar crime such as fraud is increasing due to technological advances such as the Internet. The Internet also makes it nearly impossible to prosecute criminals overseas (*International Financial Scams, Avoiding Overseas Fraud*). Using data from Bushway, Cook, and Phillips' article "The Overall Effect of the Business Cycle," this thesis argues that white-collar crime increased during the Great Recession. The null hypothesis of this thesis is that white-collar crime decreased or remained stable during the Great Recession.

The study entailed examining data from U.S. Government agencies from 2005 until 2012 in order to focus on the time periods before, during, and immediately following the Great Recession. Currently little information exists on the relationship of white-collar crime and the economy—although, as noted, white-collar crime impacts more people and wreaks more havoc on the United States economy than does blue-collar crime. As stated, white-collar crime costs the United States economy over \$300 billion dollars annually (DiMarino and Roberson 2013:4). This is a minimum of fourteen times more than blue-collar crime (Graham 2012). The inability of experts to agree on a

definition adds to the difficulty of analyzing the data concerning white-collar crime. According to the FBI, white-collar crime is classified as “fraud, forgery/counterfeiting, embezzlement, and *all other offenses*” (Barnett 2000:2).

With that in mind, this thesis will fill in information gaps and clear up misconceptions about the impact of Great Recession on white-collar crime. By analyzing statistics, graphs, charts, articles, and reports from United States government agencies, this thesis will determine whether there was an increase in white-collar crime during the Great Recession.

In the upcoming chapters, the hypothesis will be tested using ex post facto data and crime statistics. Chapter two will specifically address the research methods for this thesis. The results of the data will be presented from governmental sources regarding labor and crime in chapter three. Ex post facto data will be explained and presented through tables and charts. Finally, chapter four will include a discussion of the results of the data and will present any observed trends, conclusions, or recommendations regarding the data.

## CHAPTER TWO

### *Research method and overview of the design appropriateness*

For this study, crime and economic statistics will be used from the Federal Bureau of Investigation, the Department of Justice, and the Bureau of Justice Statistics. Within a quantitative model, it is appropriate when specific variables are known and exact measurement can be assessed using numbers (Neuman 2003). In this quantitative study, ex post facto data will show the relationship between the two variables of crime and economics. The use of a quantitative method is appropriate when searching for a relationship between two variables (Simon 2006).

Crime statistics will be identified from the aggregate numbers instead of from an analysis of individual crimes committed. Existing data will be used from the Department of Justice and the FBI. No risk exists of compromising confidentiality, since the data derive from aggregate numbers and not from individual crimes. Hence no individual criminal data were identified by name in this study. The sampling frame includes national crime and economic data from 2005-2012. All data used in this study were available through the public record.

This study also contains data that compare crime and economic statistics using a quantitative ex post facto research design. All available data spanning 2005-2012 were used from the FBI, Department of Justice, and the Bureau of Justice Statistics.

### *Validity*

The information used in the study derives from existing governmental records. No additional data or individual crime reports were used, as threats to the *internal* validity may occur when using two governmental agencies as a data source. *External* validity can be challenged if governmental data are misinterpreted.

### *Data Analyses*

In this study the reported number of white-collar crimes is the unit of measurement. The independent variable is the economy, while the dependent variable is the reported white-collar crime rate. The independent variable will contain economic research that encompasses the national unemployment rate from 2005-2012. The dependent variable will contain research on white-collar crime rates from 2005-2012. This research will also be broken down to include the white-collar crime rates by sex.

In order to determine whether there was a dramatic increase of white-collar crime during the Great Recession, the data will be analyzed from 2005-2012. Comparing the white-collar crime rates during the Great Recession to the rates before and after will clarify whether there is a correlation between the Great Recession and white-collar crime.

The following two research questions will be reviewed:

- 1: Was there a correlation between the Great Recession and white-collar crime?
- 2: Was there a rise in females committing white-collar crime during the Great Recession?

The hypothesis in response to the first research question is that the latest recession did lead to a rise in white-collar crime. The null hypothesis is that the latest recession did not lead to a rise in white-collar crime.

The hypothesis in response to the second research question is that the number of females committing white-collar crime increased during the Great Recession. The null hypothesis is that the number of females committing white-collar crime decreased or remained stable during the Great Recession.

### *Organization and Clarity*

By using quantitative ex post facto data, crime and economic statistics will be analyzed. These statistics from the Federal Bureau of Investigation, the Department of Justice, and the Bureau of Justice Statistics will focus on national arrest data. Crime and economic data will be analyzed only between the years 2005-2012. Potential errors with the external and internal validity were also stated in this chapter.

### *Summary*

In this chapter, the population, design, external validity, internal validity, research questions, and statistical test were stated. Using the framework presented in chapter 2, chapter 3 will present the results of the data findings.

## CHAPTER THREE

### *Introduction*

The Great Recession created an increase in the unemployment rate (BLS Spotlight on Statistics 2012). This chapter will analyze the fluctuations of the unemployment rate during the Great Recession. In addition, this chapter will investigate whether there is a correlation between white-collar crime and the Great Recession. The arrest rates of women committing white-collar crime during the Great Recession will also be analyzed.

### *Data Collection Procedures*

In this section, the data shown is quantitative ex post facto. The data collected from the Bureau of Justice Statistics and Bureau of Labor Statistics covered the years 2005 to 2012. In this analysis, aggregate data for both white-collar crime and economics were used. By only using aggregate data, no consent to use personal data was needed.

### *Data Demographics*

For white-collar crime, data from the Department of Justice, FBI, and Bureau of Justice Statistics was used from Uniform Crime Reporting Data (UCR). These data measure the number of arrests per year by the type of crime committed. UCR also records the age, sex, and ethnicity of the individuals arrested (Barnett 2000:2). UCR limits white-



collar crime to fraud, forgery/counterfeiting, embezzlement, and all other offenses (Barnett 2000:1-2).

The Bureau of Justice Statistics defines fraud, forgery/counterfeiting, embezzlement, and all other offenses in the following ways:

Fraud: “The intentional perversion of the truth for the purpose of inducing another person or other entity in reliance upon it to part with something of value or to surrender a legal right. Fraudulent conversion and obtaining of money or property by false pretenses. Confidence games and bad checks, except forgeries and counterfeiting, are included.”

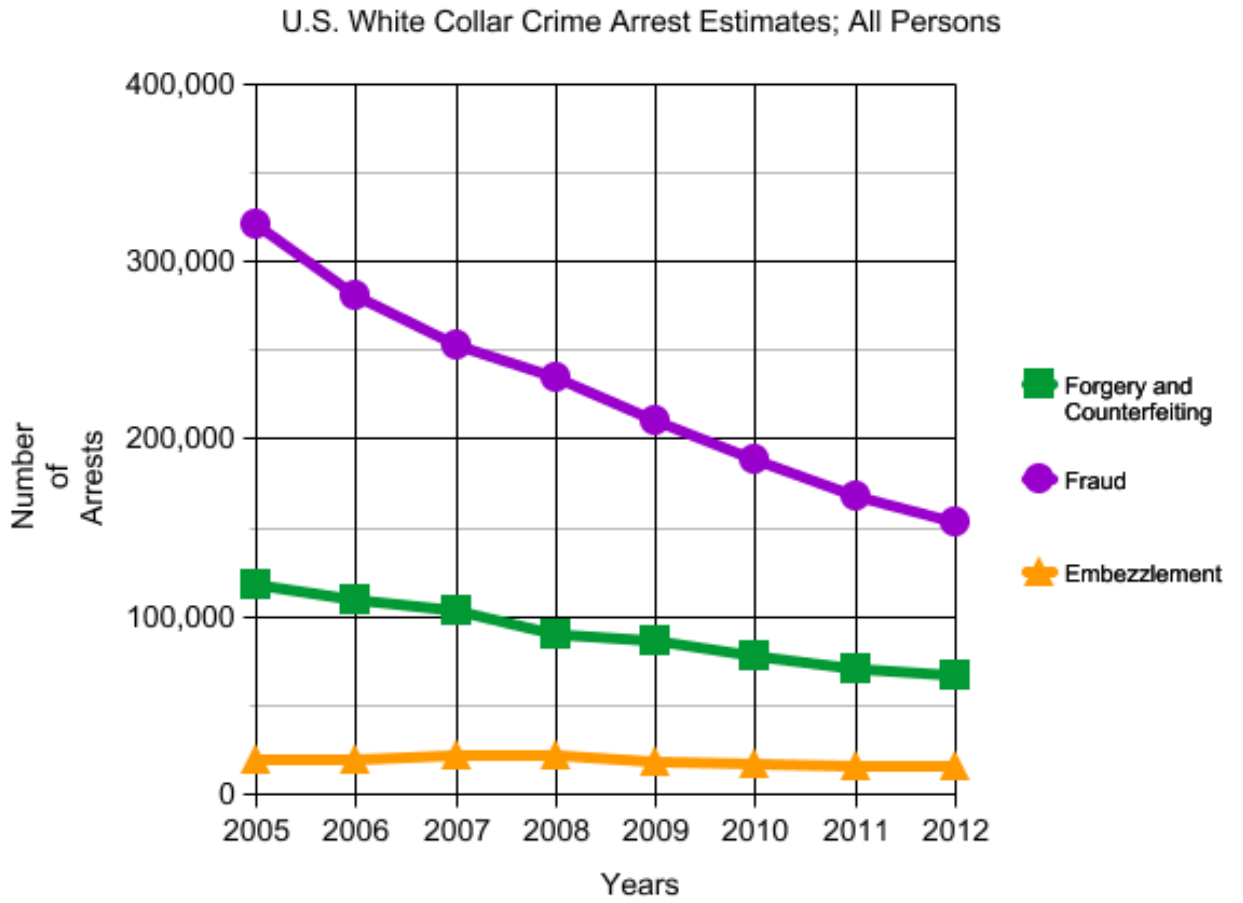
Forgery/counterfeiting: “The altering, copying, or imitating of something, without authority or right, with the intent to deceive or defraud by passing the copy or thing altered or imitated as that which is original or genuine; or the selling, buying, or possession of an altered, copied, or imitated thing with the intent to deceive or defraud. Attempts are included.”

Embezzlement: “The unlawful misappropriation or misapplication by an offender to his/her own use or purpose of money, property, or some other thing of value entrusted to his/her care, custody, or control.”

All other offenses: “All violations of state or local laws not specifically identified as Part I or Part II offenses, except traffic violations (*Arrest Data Analysis Tool*)”.

White-collar Crime Data

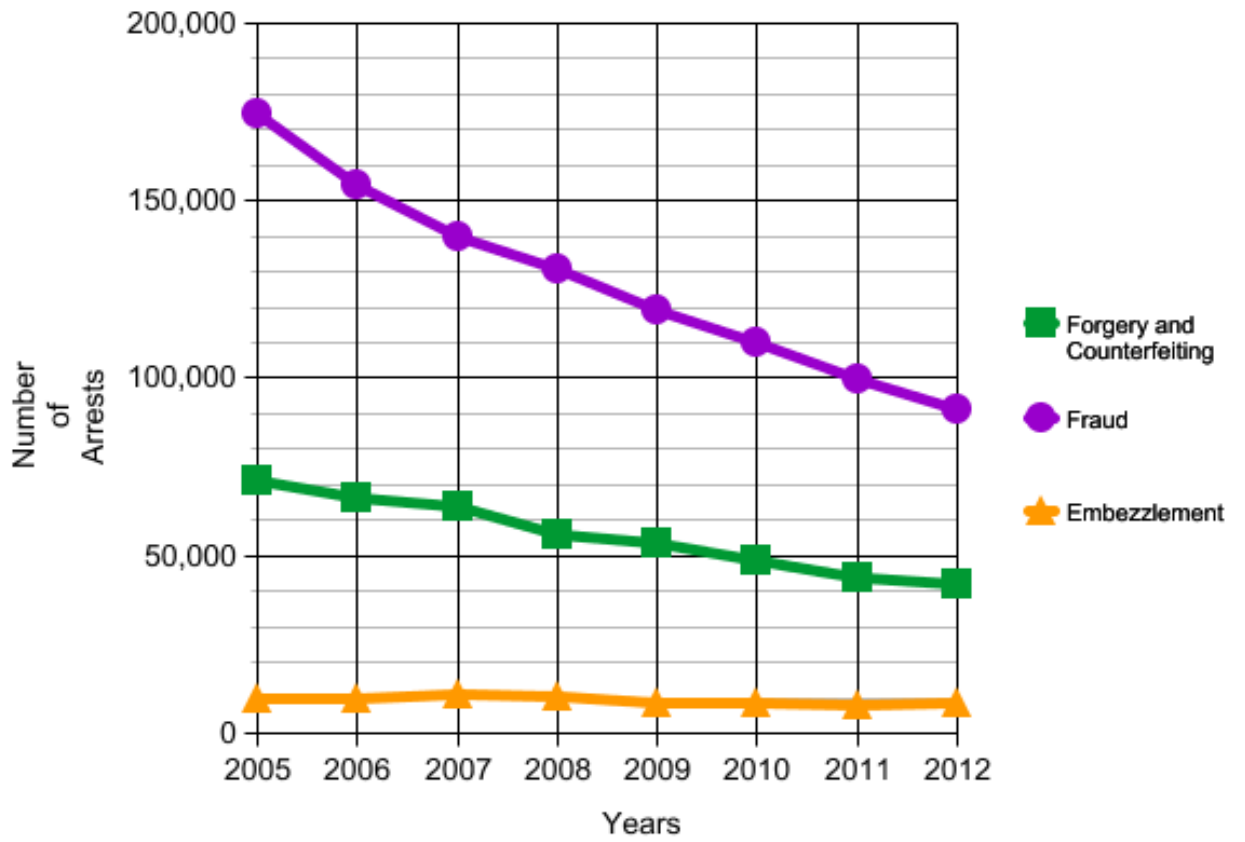
Figure 1



Bureau of Justice Statistics

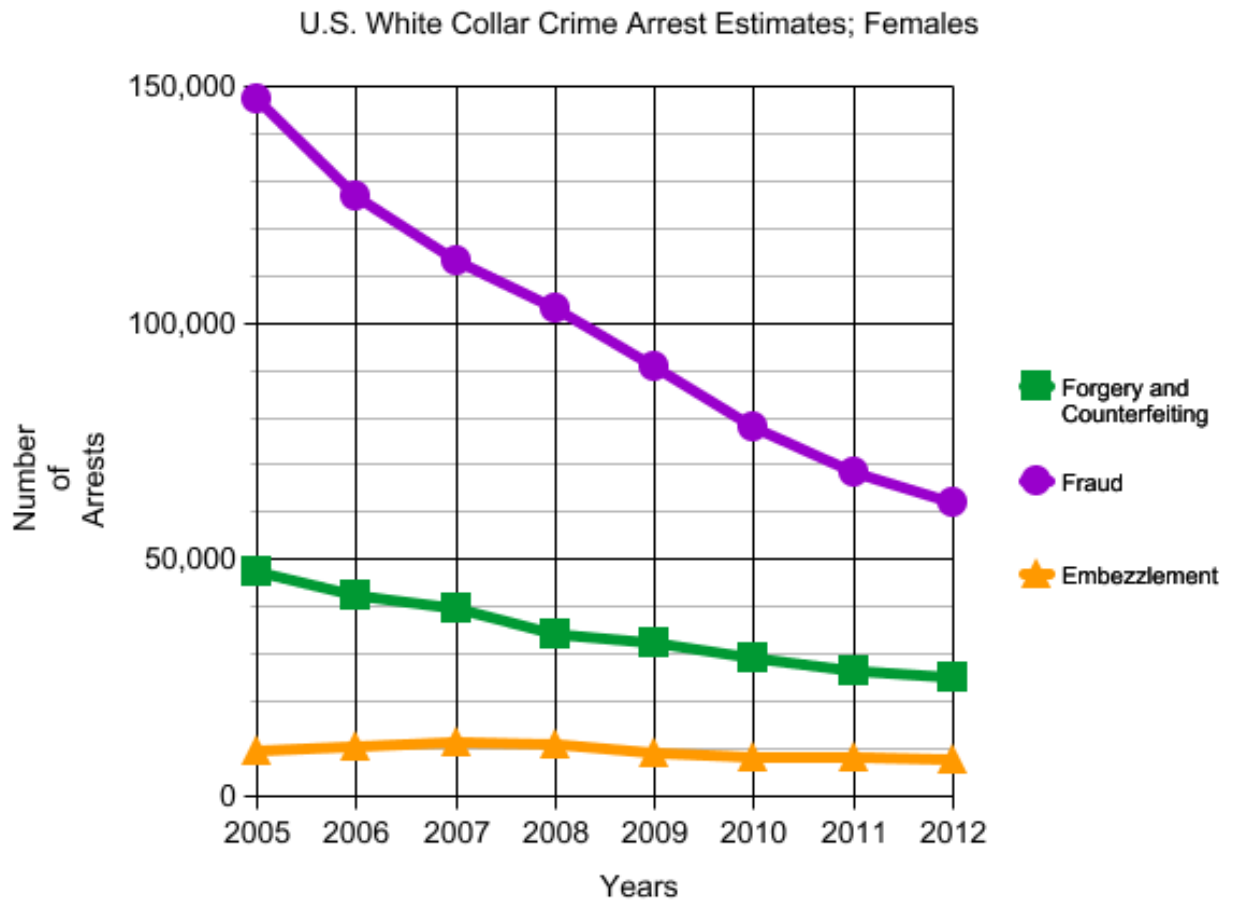
**Figure 2**

U.S. White Collar Crime Arrest Estimates; Males



Bureau of Justice Statistics

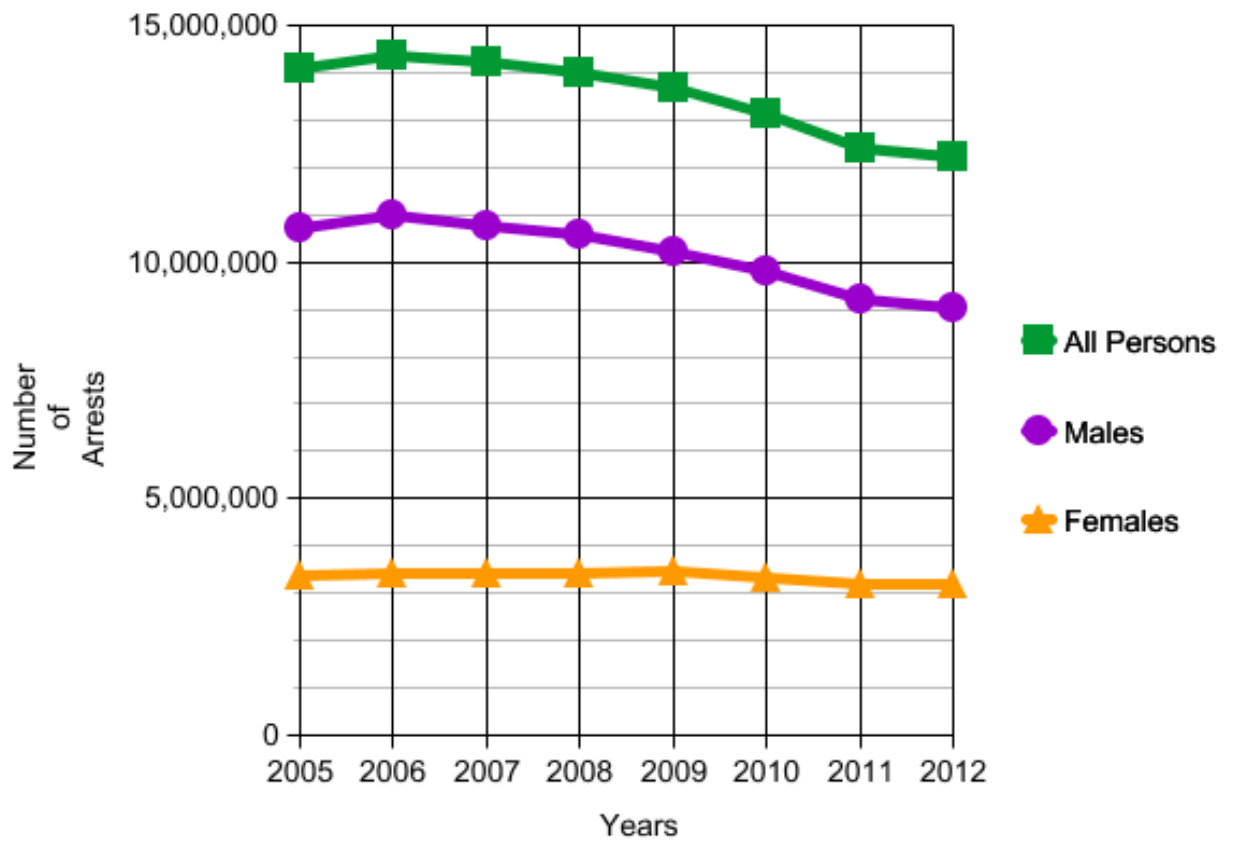
**Figure 3**



Bureau of Justice Statistics

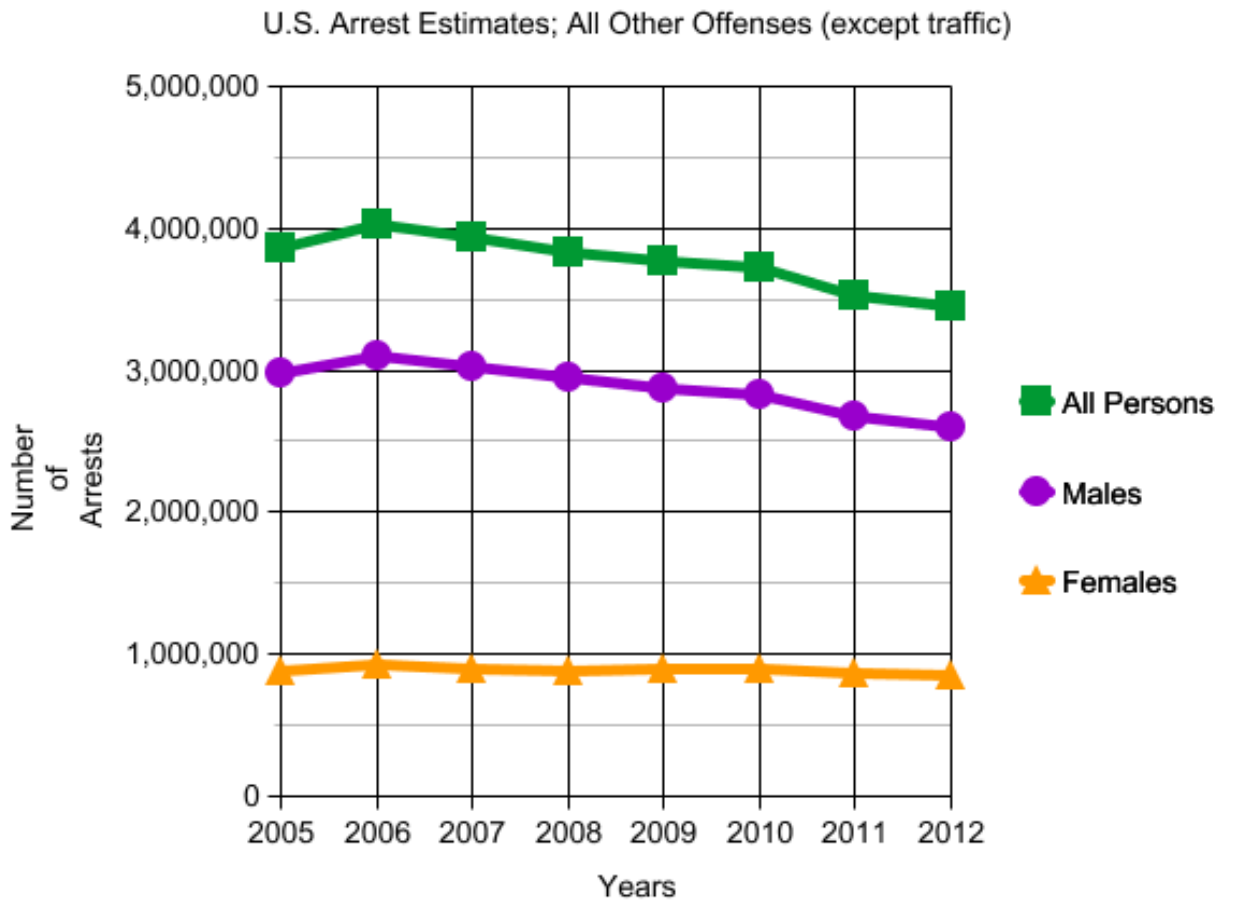
**Figure 4**

U.S. Arrest Estimates; All Offenses



Bureau of Justice Statistics

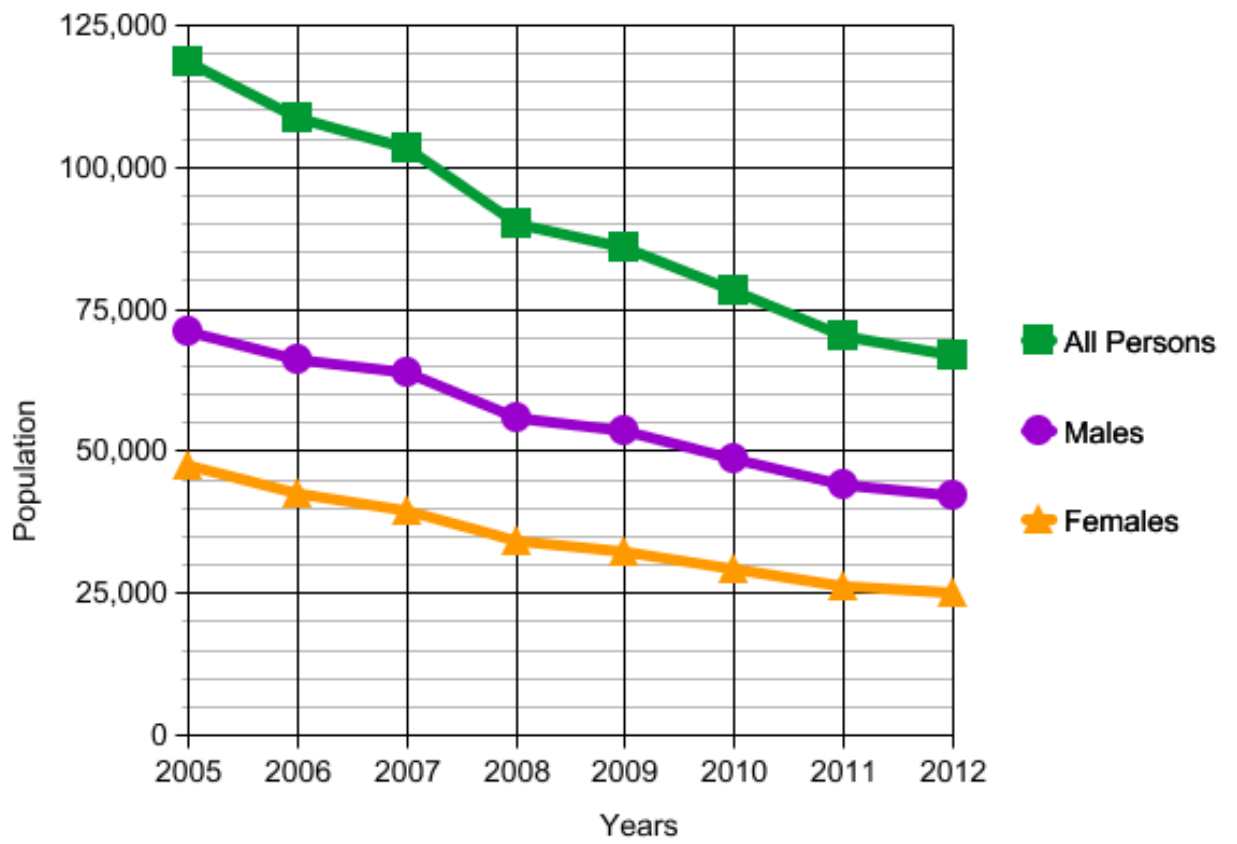
**Figure 5**



Bureau of Justice Statistics

**Figure 6**

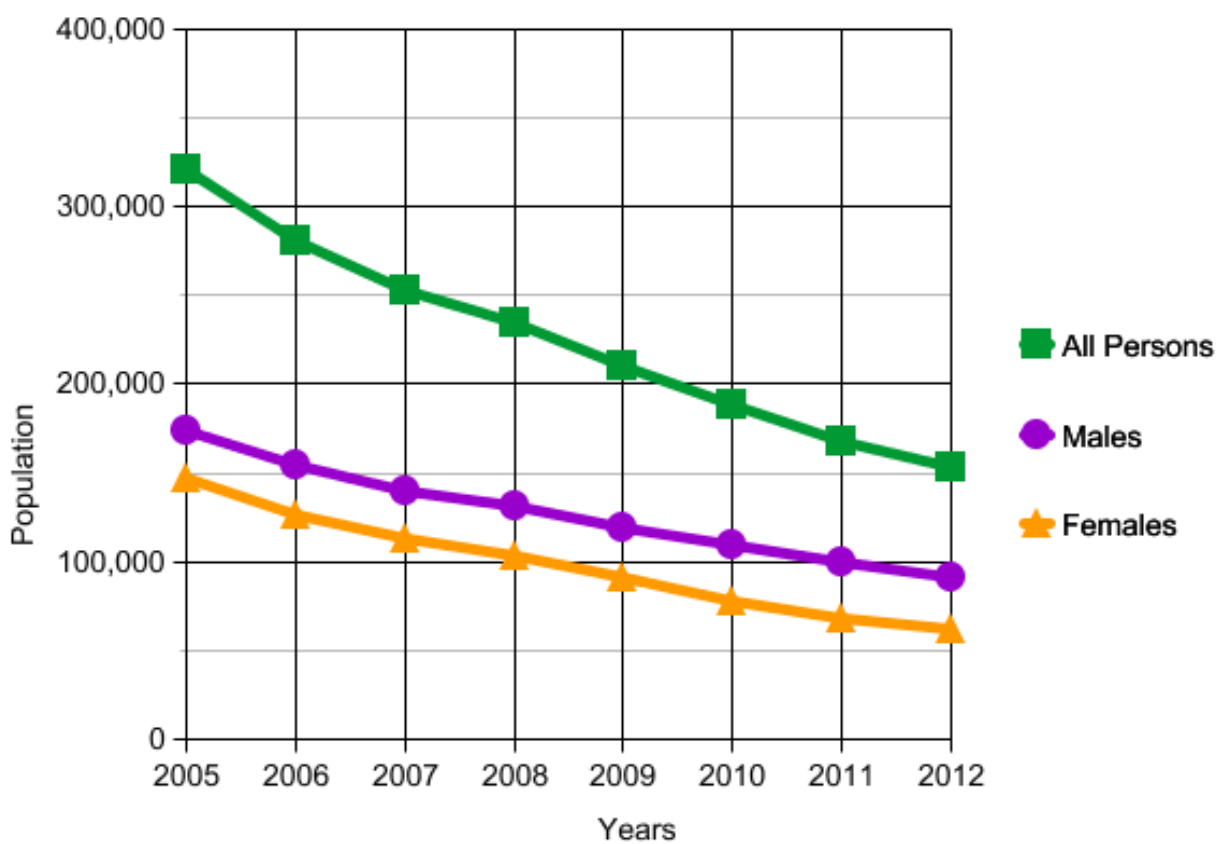
U.S. Arrest Estimates; Forgery and Counterfeiting



Bureau of Justice Statistics

**Figure 7**

U.S. Arrest Estimates; Fraud

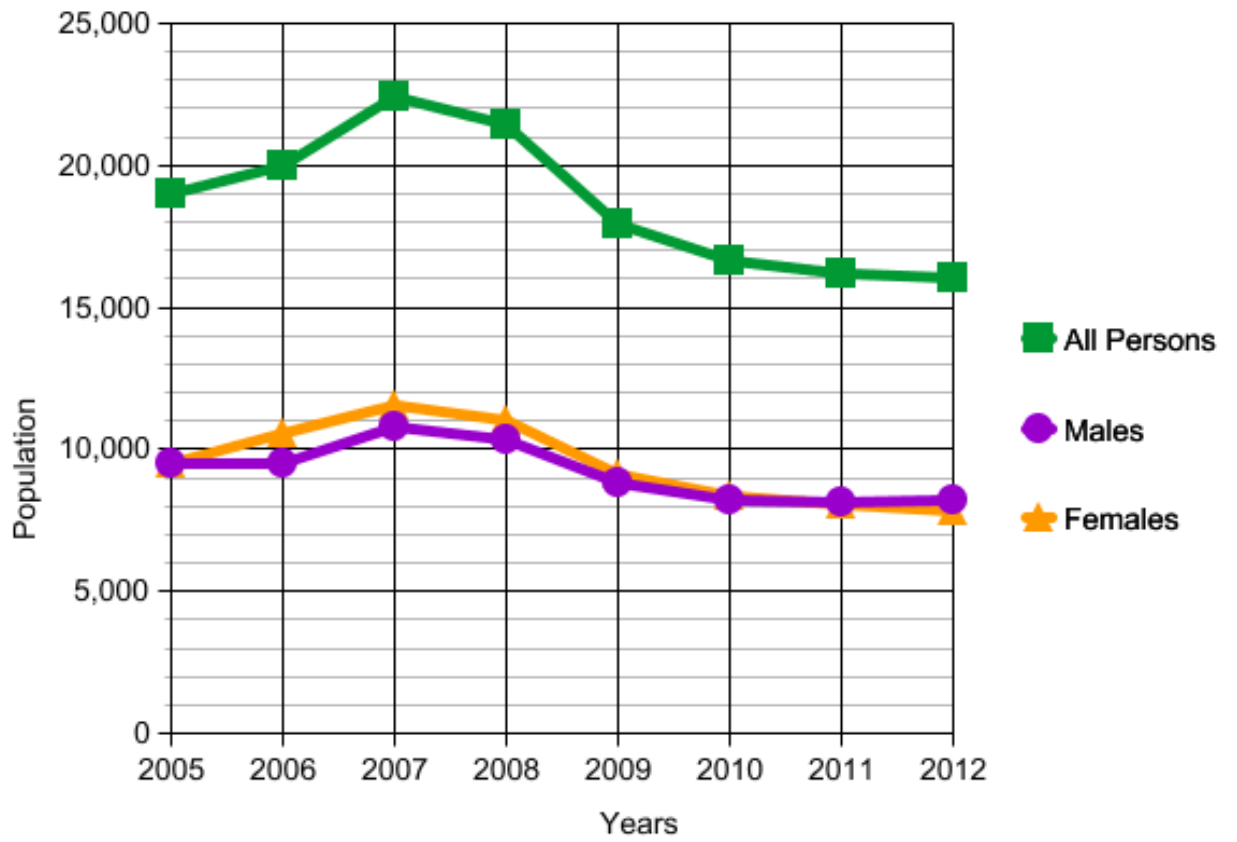


Bureau of Justice Statistics



**Figure 8**

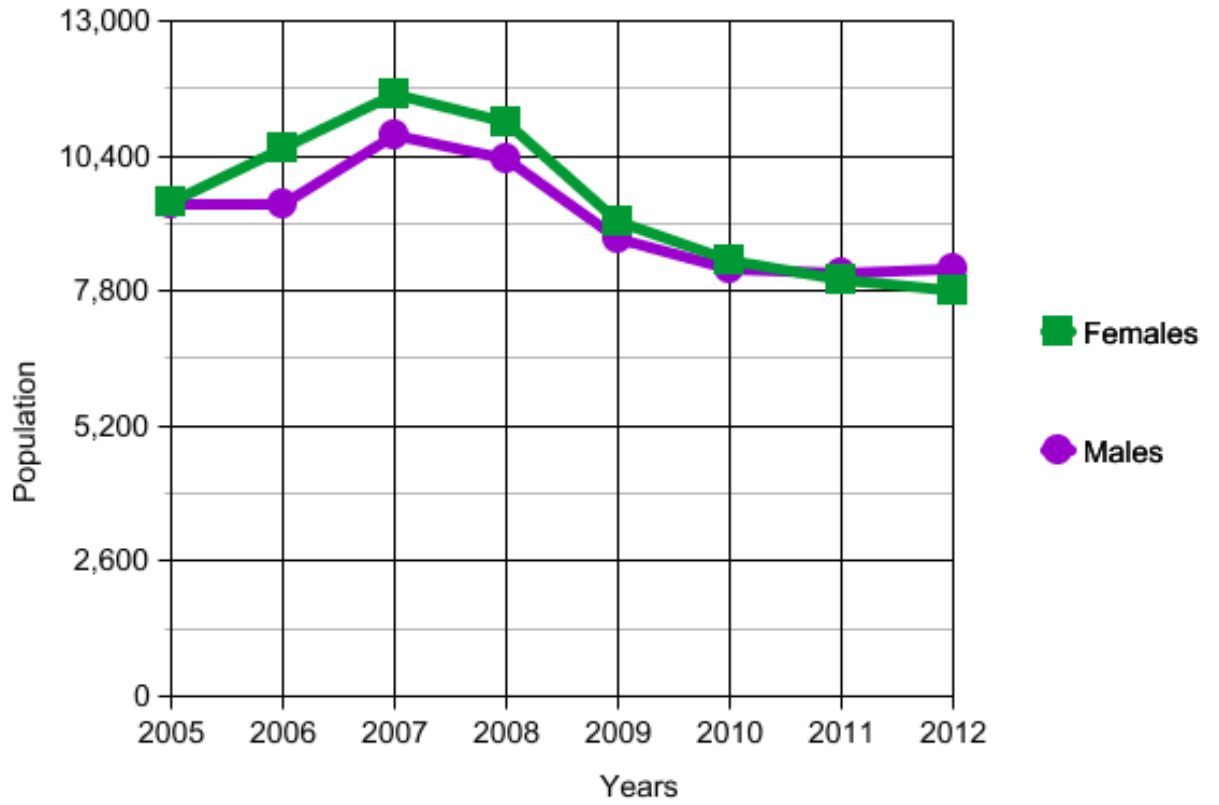
U.S. Arrest Estimates; Embezzlement



Bureau of Justice Statistics

**Figure 9**

U.S. Arrest Estimates; Comparing Embezzlement Arrests between Males and Females



Bureau of Justice Statistics

**Figure 10**

U.S. Arrest Estimates; Comparing Embezzlement Arrests between Males and Females



Bureau of Justice Statistics

Figures 1, 2, and 3 show that fraud is the most common white-collar crime committed, followed by forgery/counterfeiting and embezzlement, respectively. The data are consistent regardless of the sex of the arrested. It should also be noted that the number of fraud and forgery/counterfeiting arrests has been decreasing steadily since 2005. Embezzlement arrests appear to be consistent.

Figure 4 demonstrates the discrepancy in males and females committing “all offenses.” “All offenses” combines the total national number of arrests per year from all areas of crime. In this graph, the total number of arrests is broken down into two categories: male and female. According to this graph, the number of males arrested seems to be on the decline, whereas the number of females arrested has stayed consistent.

In Figure 5, all other offenses for all persons appear to decrease from the years 2005-2012. The number of males arrested for all other offenses also follows this trend. The number of females arrested for all other offenses appears to have remained consistent.

For forgery/counterfeiting, Figure 6 demonstrates that the number of arrests decreased for all persons, males, and females from the years 2005-2012.

Figure 7 shows a decrease in the number of arrests for fraud. This decrease is seen in all persons, males, and females for the years 2005-2012.

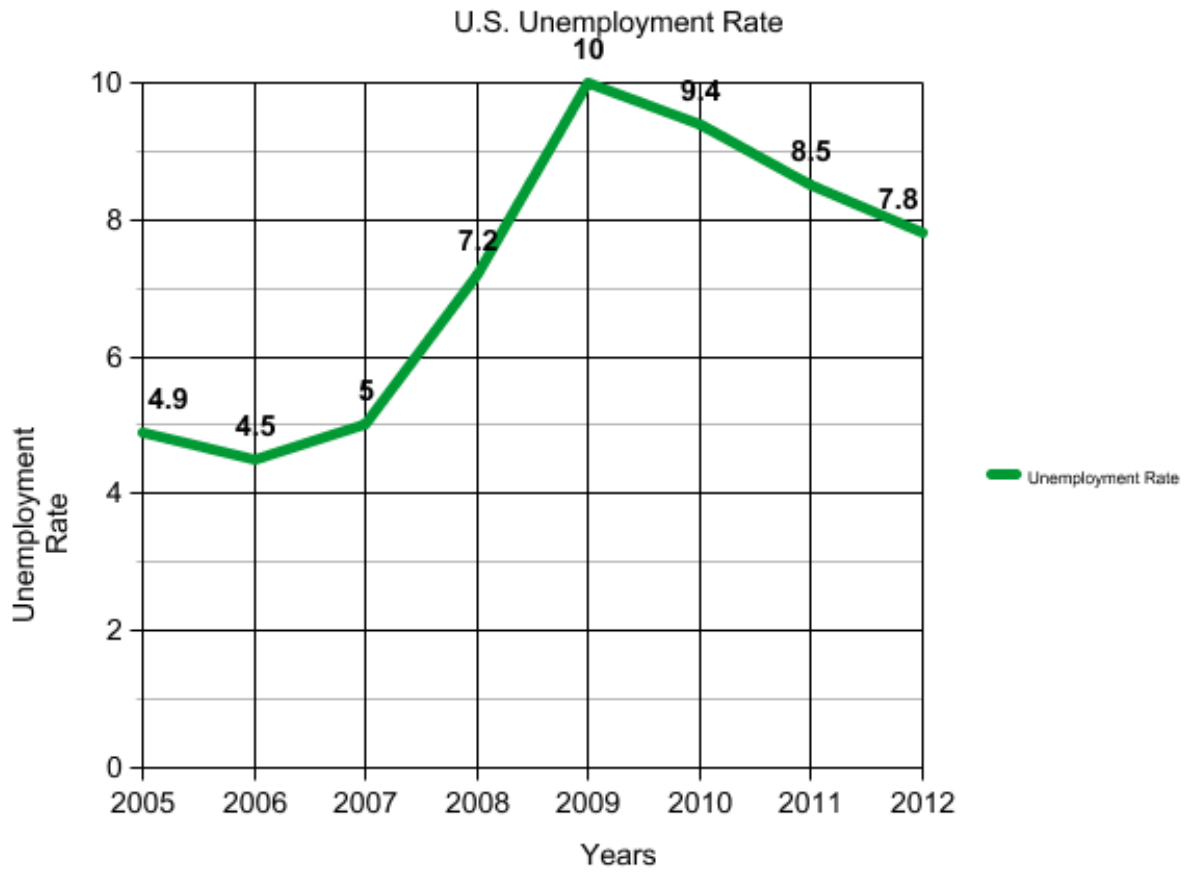
Embezzlement arrests are shown in Figures 8, 9, and 10. Figure 8 demonstrates a spike in embezzlement arrests during the years 2007 and 2008 for both males and females. This increase occurred prior to and during the Great Recession (December 2007-June 2009). Figures 9 and 10 compare the number of embezzlement arrests between

males and females. Unlike the rest of the arrest data, the number of females arrested for embezzlement from 2005-2010 is higher than the number of males arrested.

### *Economic Data*

According to Elsby, Hobijn, Sahin and the U.S. Bureau of Labor Statistics, the unemployment rate increased dramatically during the Great Recession (Elsby, Hobijn, and Sahin; BLS Spotlight on Statistics 2012). The following graphs use data from the U.S. Bureau of Labor Statistics to demonstrate the dramatic increase in the unemployment rate during the Great Recession. Figure 11 demonstrates the fluctuations of the recorded December unemployment rate from 2005-2012. Figure 12 shows the monthly oscillations of the unemployment rate during the Great Recession (December 2007-June 2009).

**Figure 11**



U.S. Bureau of Labor Statistics

Figure 12



U.S. Bureau of Labor Statistics

### *Research Questions*

In the previous chapter, two research questions were stated:

- 1: Was there a correlation between the ‘Great Recession’ and white-collar crime?
- 2: Was there a rise in females committing white-collar crime during the ‘Great Recession’?

White-collar crime encompasses “all other offenses,” forgery/counterfeiting, fraud, and embezzlement. “All other offenses,” forgery/counterfeiting, and fraud (Figures 5, 6, and 7, respectively) demonstrate that there was not a correlation between the Great Recession and white-collar crime. From the years 2005-2012, “all other offenses,” forgery/counterfeiting, and fraud decreased, with the exception of the number of females arrested for “all other offenses.”

Unlike the other white-collar crimes, the number of embezzlement arrests for men and women spiked in 2006 to 2008. This may suggest that embezzlement was correlated to the Great Recession.

The second research question focuses specifically on the number of women arrested for white-collar crime. For “all other offenses,” forgery/counterfeiting, and fraud, there did not seem to be a correlation between the number of female arrests and the Great Recession. However, from the years 2005-2010, women surpassed men in the number of embezzlement arrests. There was also a spike in the number of female embezzlement arrests from 2006 to 2008. This spike was before and during the Great Recession. This finding points to a correlation between the increase in female embezzlement arrests and the Great Recession.

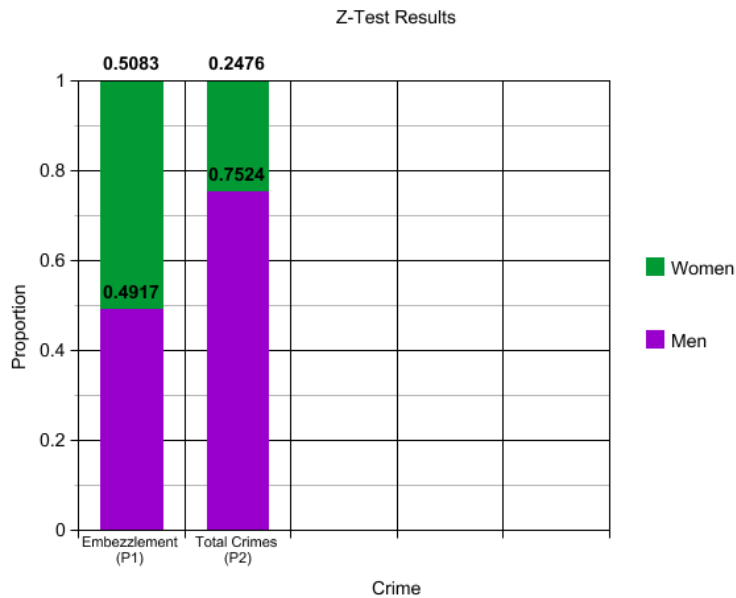


### Chi-squared Analysis and Z-Tests

In order to discover whether the number of female embezzlement arrests from 2005-2012 was significant, a chi-squared and Z-test was run. After running the chi-squared analysis comparing the number of embezzlement and total arrests in males and females, it was determined that there was an association between gender and crime. The chi-squared value was 54,387 with a p-value of  $<0.0001$ . However, because the sample sizes were so large, a chi-squared analysis would be able to demonstrate an association when one does not actually exist.

In order to address the ambiguity of the chi-squared analysis, a Z-test was run. The result of the Z-test was 233.26 with a p-value of  $<0.0001$ . Like the results of the chi-squared analysis, the Z-test also demonstrated that the proportion of females committing embezzlement was significant compared to the proportion of females in total crime arrests.

**Figure 13**



### *Summary*

In this chapter, white-collar crime data were used from UCR. The categories that include white-collar crime are forgery/counterfeiting, fraud, embezzlement, and all other offenses. The unemployment rate from 2005-2012 and during the Great Recession was also analyzed. The research questions were also discussed. The hypothesis for RQ1 was rejected for “all other offenses,” forgery/counterfeiting, and fraud. However, there was a spike in embezzlement arrests prior to and during the Great Recession. The hypothesis for RQ2 was also rejected for “all other offenses,” forgery/counterfeiting, and fraud. From the years 2005-2010, there were more female embezzlement arrests than male embezzlement arrests.

Chapter four will discuss the findings in more detail, draw conclusions, and make recommendations regarding the data.

## CHAPTER FOUR

### *Discussion, Caveats, and Conclusion*

#### *Discussion*

In the previous chapter, data were analyzed to find a correlation between the Great Recession and white-collar crime. Also, data from the Bureau of Justice Statistics were used to search for an increase in the number of female white-collar arrests during the Great Recession. After analyzing the data, it was discovered that forgery/counterfeiting, fraud, and “all other offenses” demonstrate no correlation between the Great Recession and white-collar crime or the number of females committing white-collar crime during the Great Recession. Although inapplicable to the other white-collar crimes, there seems to be a correlation between an increase in embezzlement arrests and the Great Recession. From the years 2006 to 2008, the number of embezzlement arrests spiked for both males and females. Though the Great Recession did not start until December of 2007 (BLS Spotlight on Statistics 2012; Elsby, Hobijn, Sahin 2013), there seems to be a correlation between the number of embezzlement arrests and the time leading up to and including the Great Recession.

*Observations.* Though it is not completely clear why embezzlement arrests increased while other types of white-collar crime decreased, the most likely explanation is the opportunity and the increased lure to embezzle during the Great Recession. Unlike fraud and forgery/counterfeiting, embezzlement requires a financial trust between an

employee and an employer and the ability to cover up wrongdoing (DiMarino and Roberson 2013:70). While embezzlement does require scheming, it is also quite simple for the embezzler to steal, provided his or her familiarity with the company's procedures (DiMarino and Roberson 2013:70; Roberson 2010:12) Most embezzlers violate this financial trust because they are in financial difficulty (DiMarino and Roberson 2013:71; Roberson 2010:14). A study of 97 embezzlers showed that most of them considered their income insufficient and 75 of them were in financial complications (DiMarino and Roberson 2013:71; Roberson 2010:14). That 99% of embezzlers spend the money immediately instead of saving or investing it demonstrates that part of the financial difficulty may entail the embezzler's need to support a certain living standard (DiMarino and Roberson 2013:72; Roberson 2010:15).

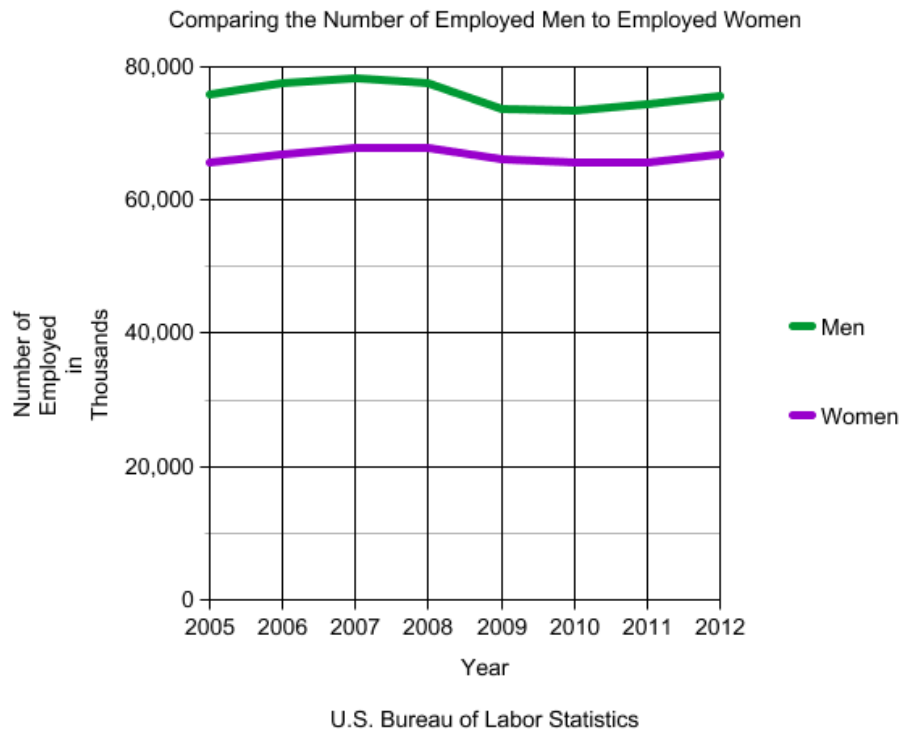
Embezzlement has been called the crime that occurs when desire and opportunity meet (DiMarino and Roberson 2013:70; Roberson 2010:12). Because of the doubling of the unemployment rate, the increased loss of wealth, and the increased rate of foreclosures during the Great Recession (U.S. Bureau of Labor Statistics, Grusky, Western, and Wimer 2011: 21-55), the desire to embezzle money increased. As Shover and Brabosky argue, "Tempted individuals possess qualities or experiences that make them more likely than peers who lack these distinctions to weigh illicit exploitation of lure. The size of the pool of the predisposed and tempted waxes and wanes depending upon a variety of other conditions in their worlds" (2010:431). Indeed, as the authors point out, if an individual is undergoing stressful situations outside of the workplace, the individual is less likely to demonstrate self-restraint and is therefore much more likely to commit a white-collar crime (Shover and Grabosky 2010:431).

Female involvement in embezzlement compared to other crimes is also of great interest. As stated already, the opportunity to embezzle money is simple and the lure is great when there are financial pressures. Economic downturns such as the Great Recession increase the financial pressures on women to the point that they commit white-collar crimes. For example, Islam, Banarjee, and Khatun shed light on the reasons why females commit crimes by addressing women's economic marginalization. Marginalization theory attributes the main causes of female crime to unemployment, poorly paid employment, inadequate welfare payments, and the rise in female heads of households with many children. Females commit more crime in response to an economic need (Islam, Banarjee, and Khatun 2014:7).

During the Great Recession, more men became unemployed than women. Figure 13 (next page) shows that the dramatic loss of male employment from 2008 to 2009 marked an increase in the number of female breadwinners. According to economic marginalization theory, the rise in female heads of households with children would have led to an increase in white-collar crime. However, the number of females arrested for embezzlement decreased dramatically compared to the arrest rates in 2007 and 2008. Though the years do not match up exactly, it appears that the unemployment rate of men may influence the number of females arrested for embezzlement.

It should also be noted that the gradual increase of employment of males from 2010 to 2012 (Figure 14) is inversely related to the steady decrease in female embezzlement arrests from 2010-2012 (Figure 10).

**Figure 14**



Islam, Banarjee, and Khatun argue that female offenders receive more lenient treatment than male offenders by criminal justice personnel (Islam, Banarjee, and Khatun 2014:7). Such leniency may also be a cause for the narrowing of the gender gap in white-collar crime (Wattanaporn and Holtfreter 2014:191). Opportunity to steal money in the workplace and leniency at the hands of criminal justice personnel increased the lure for women to commit embezzlement during the Great Recession.

The lack of increased arrest rates for fraud and forgery/counterfeiting seems to indicate a lack of lure during the Great Recession. Unlike embezzlement, whose success

depends upon a preexisting financial trust between an employer and employee that it breaks, fraud and forgery/counterfeiting require no preexistent trust.

The advent of the Internet in the 1990s has encouraged a fraud that is borderless and can victimize individuals anywhere in the world (*International Financial Scams, Avoiding Overseas Fraud*). Given this reality, many of the victims in the United States are victimized by criminals residing in other countries. Because of the increased international opportunities to commit fraud without being prosecuted, the decline in fraud arrests shown by the data from the UCR may not reflect accurate fraud trends.

In addition, fraudulent activity can take longer to discover than embezzlement. Embezzlement requires a financial trust between an employer and employee (DiMarino and Roberson 2013:70). Considering this, it would be easier to apprehend an embezzler because of the required proximity an employer has to his or her employee.

Forgery/counterfeiting also experienced a decline in the number of arrests from 2005-2012. One explanation may be the increasing complexity that exists for counterfeiters to replicate U.S. currency. The U.S. Department of the Treasury has taken steps to educate the public to identify counterfeit bills and report suspected counterfeiters (U.S. Department of the Treasury, n.d.). It should also be noted that because many of the financial transactions made today are electronic, one may expect a decreased motivation to commit forgery/counterfeiting. Because of the increasing complexity of U.S. currency, electronic transactions, and public awareness, the lure to produce counterfeit bills may not be as significant as before.

*Recommendations.* Some complications arose when attempting to analyze the white-collar crime data from federal agencies such as the FBI, Department of Justice, and Bureau of Justice Statistics. As discussed in chapter one, white-collar crime has evolved from an offender-based to an offense-based crime (Barnett 2000:1). Because of this evolution and the fact that there is no agreeable definition of white-collar crime, the Federal Bureau of Investigation lists the types of crimes that fit under white-collar crime as fraud, embezzlement, forgery/counterfeiting, and all other offenses (Barnett 2000:1-2).

This listing has created issues in trying to determine how much of an impact white-collar crime has on the United States economy. Because there are only three definitive categories that white-collar crime can fit under, many crimes that fit the nature of white-collar crime are not classified as such and are therefore relegated to the “all other offenses” group (Barnett 2000:2). This is of great concern, for there is little to no documentation for, or way to analyze types of white-collar crime that do not fit under fraud, embezzlement, or forgery/counterfeiting (Barnett 2000:2). In order to monitor the national trends of white-collar crime more productively, as the results from the study indicate, there should be more categorizations for white-collar crime.

Another complication in analyzing white-collar crime statistics is that the number of white-collar crime arrests does not represent the true number of occurrences or individuals arrested for white-collar crime. Some individuals will often commit the same crime multiple times in a year (*Arrest Data Analysis Tool, n.d.*). These individuals would contribute to the overestimation of the number of individuals who committed a white-collar crime. There is also an underestimation of the number of white-collar crimes



committed. Because many individuals who committed white-collar crime were not caught, they were not arrested.

Compared to blue-collar crime, white-collar crime also has no local arrest data published. An attempt to find local white-collar crime data in the Houston Metropolitan Area revealed that *only* national white-collar crime statistics are published by the FBI. The Uniform Crime Reporting Statistics (*UCR Offense Definitions, n.d.*), which are published by the FBI (under the jurisdiction of the Department of Justice), only record the following eight crimes from local police stations: criminal homicide, forcible rape, robbery, aggravated assault, burglary, larceny-theft, motor vehicle theft, and arson (*UCR Offense Definitions*). As stated by the FBI, “These offenses were chosen because they are serious crimes, they occur with regularity in all areas of the country, and they are likely to be reported to police” (*UCR Offense Definitions*). However, these reasons for choosing only eight crimes to monitor are unreasonable and contradictory. Also, given the FBI’s reasoning, white-collar crime should also be recorded.

The statement “serious crimes” from the aforementioned quotation requires clarification on the part of the FBI. While it can be agreed that blue-collar crime is “serious” because of the violence involved, there is no other indication as to what makes a blue-collar crime more “serious” than a white-collar crime. The following example is a reason why white-collar crime should be taken into more serious consideration. Robbery and burglary are both crimes that are recorded under the UCR. The average robbery nets the criminal under \$4,000 and the average burglary nets the criminal under \$500. Compared to these crimes recorded by the UCR, the average embezzlement nets the criminal over \$50,000 (DiMarino and Roberson 2013:70). These statistics would seem to

make apparent which of the three crimes is more serious. However, the FBI does not deem white-collar crimes such as embezzlement serious enough to be recorded locally.

Not only is it ineffectual for the FBI to pick and choose its local arrest data, but the statement, “These offenses were chosen because... they occur with regularity in all areas of the country” (*UCR Offense Definitions*) is also contradictory. Because the FBI does not monitor local arrest records of white-collar crimes, there is no way to tell whether or not white-collar crime occurs “with regularity in all areas of the country” (*UCR Offense Definitions*).

Indeed, it could be argued that with white-collar crimes such as fraud no longer require a locus. If this is the case with white-collar crime, then there may be any need to record the local arrest records for white-collar crime.

As stated previously, there need to be better white-collar crime reporting mechanisms through federal agencies such as the FBI. Given the dilemma, the national arrest records are the only records (albeit inaccurate) that indicate white-collar crime rates. For further research on the topic of white-collar crime, one should look into U.S. fraud victimization rates. The victimization data may provide a clearer picture of the overall fraud trends in the United States and the world. Because of the Internet, fraud is a global phenomenon that now victimizes individuals from any nation.

This study required the use of arrest data. As mentioned above, arrest records do not capture the actual incident rate of white-collar crime. Even though victimization data may provide better statistics with regard to fraud, white-collar crime arrest data may have fewer limitations. The National Incident-Based Reporting System is an incident-based reporting system that collects data on each crime occurrence (National Incident-Based

Reporting System (NIBRS), n.d.). While this may seem to be more accurate than arrest data, victimization data is dependent on the white-collar crime victim's interpretation of the incident. This could lead to an inaccurate classification of a white-collar crime. Also, victimization data may underrepresent the number of white-collar crimes committed, because victims may not report a white-collar crime or even know that they are its victims. In addition, the National Incident-Based Reporting System gleans information from the records of local, state, and federal automated records systems (National Incident-Based Reporting System (NIBRS), n.d.). However, the accuracy of the victimization data is based on the amount of data that local, state, and federal authorities *want* to distribute.

### *Conclusion*

Quantitative ex post facto data from the FBI, Department of Justice, Bureau of Justice Statistics, and Bureau of Labor Statistics were used to find a correlation between the Great Recession and white-collar crime. This thesis also analyzed the correlation between the Great Recession and the role of females committing white-collar crime. After analyzing national arrest data, it was discovered that there was no correlation between the Great Recession and fraud, forgery/counterfeiting, and "all other offenses." However, for both males and females, there was a noticeable spike in the number of embezzlement arrests prior to and during the Great Recession. The data also demonstrated that more females committed embezzlement than males during this spike. Because of the economic pressures that the Great Recession placed on females, judicial leniency on females, and the opportunity to steal money in the workplace, women had

enough motivation to commit embezzlement (Islam, Banarjee, and Khatun 2014:7).

Further research in the field of white-collar crime is crucial due to the large strain white-collar crime places on the economy and because of the increasing opportunities for committing white-collar crime through technological advances such as the Internet.

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