White-collar crime

term coined by Edward Sutherland for nonviolent crimes committed by corporations or individuals such as office workers or sales personnel (see white-collar workers) in the course of their business activities. White-collar crimes include embezzlement, false advertising, bribery, unfair competition, tax evasion, and unfair labor practices.

White-collar crime encompasses overt and hidden misconduct and transgressions by corporations, professionals, and political officials who engage in a wide variety of regulatory, civil, and criminal wrongdoing. The broad categorization of white-collar crime may involve anti-trust conspiracies, insider trading, defective products, insurance fraud, dangerous medical devices, unwanted surgeries, or political bribery. In the late 1970s, for example, the Ford Motor Company released the Pinto, a car that the company knew might explode upon impact because of a defective part. Ultimately, company officials were charged with reckless homicide. The savings and loans scandal that erupted in the 1980s, a time period referred to the “decade of greed,” resulted in widespread fraud and embezzlement after the U.S. Congress deregulated the industry to promote a more competitive marketplace. Religious leader Jim Bakker created a Ponzi scheme under the auspices of Christianity and bilked followers of millions of dollars in bogus real estate deals. In 1995, a serious case of medical fraud emerged when doctors were accused of stealing eggs and embryos from patients at a fertility clinic in California. More recently, the implosion of Enron and WorldCom resulted in intense scrutiny over corporate crimes, with investigations and indictments pursued against chief executive officers who had played fast and loose in their business practices.

**Historical Perspectives**

Edwin H. Sutherland first called attention to “crime-in-the-suites” versus “crime-in-the-streets” in his 1939 presidential address at the then-named American Sociological Society meeting in Philadelphia. He followed up with the publication of the first scholarly book devoted to the subject, *White Collar Crime,* in 1949. Sutherland believed that scholars and officials had long overlooked crimes of the elite and that existing criminological theories on the nature and causes of such crimes were woefully inadequate to explain white-collar misconduct. His theory of differential association posited that the causes of crime were closely tied to involvement with deviant peer groups and the acceptance of an excess of definitions favorable to law-breaking. Sutherland’s early research examined criminal convictions, civil judgments, and regulatory violations against major corporations in the United States, finding that all 70 entities he researched had engaged in one or more illegal activity.

Other early influential scholars in the field include Marshall B. Clinard and Donald Cressey. Clinard’s 1980 book, *Corporate Crime,* revealed that the 582 largest corporations in the United States had engaged in 1,553 violations of federal law, averaging 4 per company. Cressey’s in-depth interviews with convicted embezzlers found that offenders tended to have a nonsharable financial problem and, when presented with the opportunity, rationalized their illegal behavior as borrowing. Current research shows that, like other varieties of criminal behavior, certain large companies could easily be labeled habitual.
Gilbert Geis, a prominent criminologist, has championed the continued exploration of white-collar crime in his extensive writings and research. His work “Heavy Electrical Equipment Antitrust Case of 1961” is heralded as a classic in the field. The case involved extensive violations of the Sherman Antitrust Act of 1890 that prohibited price-fixing. General Electric and Westinghouse Electric executives engaged in criminal offenses that restrained free trade by conspiring to fix prices that would undermine or eliminate competition. The case resulted in a 20-count grand jury indictment that included 45 individual actors and 29 corporations. A guilty plea resulted in fines of almost $2 million and 7 convictions with jail terms of 30 days with time off for good behavior. Some, however, viewed the punishment as extraordinarily lenient, as General Electric easily could consider a $500,000 loss as no more punitive than a man with an annual income of $175,000 might consider a $3 parking fine. Geis’s analysis thus offered many insights into the specific nature, techniques, and offender characteristics involved in corporate devian. 

**Definitions: Offense or Offender?**

Initial debates between Sutherland and legal scholar Paul Tappan set the stage for controversies over definitions of white-collar crime that remain unresolved. Sutherland’s definition of white-collar crime emphasized the respectability and social status of the offender who, abetted by occupational position, engaged in illegal or unethical acts. In contrast, Tappan argued that conviction of a crime denoted the real criminal. Offense-based definitions emphasize the criminal act or specific regulatory violation, leading to the development of numerous typologies delineating elite crime. A primary distinction is the difference between corporate and occupational crime. Corporate crimes include illegal acts committed on behalf of the organization, whereas occupational crimes denote an individual level involvement, such as doctors or lawyers who engage in fraud for personal gain or embezzlers who take advantage of their employers.

Gendered varieties of white-collar crime have emerged as an increasing number of women move into positions that afford them the opportunity to engage in large-scale embezzlement and fraud. Martha Stewart, for example, became enmeshed in a stock trading scandal that included accusations of insider trading and, ultimately, her imprisonment for lying to federal investigators, engaging in a conspiracy, and obstructing justice. The Stewart case called attention to the misdeeds of women in the corporate and professional realms who have moved from pink-collar crimes, such as check kiting, shoplifting, and small-scale embezzlement, to major acts of fraud. Historically, their limited opportunity resulted in fewer women involved in white-collar crime, but, with the elimination of the traditional boundaries between the private and public spheres, gendered varieties of white-collar have become more common.

**Motive and Opportunity**

White-collar crimes often go undetected and, if they are detected, offenders are likely to have enough financial and political clout to circumvent arrest, conviction, and punishment. The difficulties of detecting and investigating often relate to the complexity of the accounting schemes, the lack of a substantial paper trail, and the victim’s reluctance to step forward. In many cases, a whistle-blower is responsible for calling attention to the wrongdoing and providing evidence against an organization or individual, despite the serious reprisals and labels such as “tattle-tale” or “ratfink.” Frank Serpico, a former New York police detective, reported deep-seated corruption in the agency and became an enemy among
his peers because of his role as a whistle-blower. In contrast, Sherron Watkins, Cynthia Cooper, and Coleen Rowley were named *Time* magazine persons of the year in 2002 for their roles in reporting accounting problems and cover-ups by Enron, WorldCom, and the Federal Bureau of Investigation.

One reason why trusted, well-paid employees jeopardize their livelihoods and reputation by committing white-collar crime, more often than not, develops from the need or desire for money. In many known cases, gambling, extravagant living, and costly personal problems or the mere desire for more money and material possessions serve as strong motivators. The pursuit of the American Dream (the acquisition of success, wealth, and material goods) and the “culture of competition” (win at all costs) play important roles in helping explain why prominent companies and executives engage in wrongdoing.

**Costs and Consequences**

Estimates of the costs of white-collar crime exceed those of street crime and, though difficult to determine, reach as much as $250 billion annually. Taxpayers suffer many of the losses and pay hundreds of billions of dollars to cover the costs of white-collar crimes. The estimated bailout for the savings and loan scandal cost taxpayers hundreds of billions of dollars. The cost of insurance fraud against private and government providers is estimated to be $100 billion a year. In addition to the financial costs, white-collar crime presents physical dangers that result from toxic chemical dumping, unsafe products, or workplace hazards. Unsafe working conditions at a North Carolina chicken processing plant killed 25 employees after a fire erupted because managers ignored government safety regulations. So widespread is this form of white-collar crime that experts place the number of deaths above the number of actual homicides.

Past convictions resulted in lenient treatment of offenders, often hindered by the inability to incarcerate a corporation. In fact, executives once viewed fines for misconduct as just another cost of doing business. In the 21st century, however, greater public awareness has resulted in increased concern, less tolerance for white-collar crime, and more vigorous state and federal prosecution of elite deviance, leading to more convictions, larger fines, and imprisonment.

**See also**

American Dream; Corporate Crime; Corruption; Deregulation; Differential Association; Environmental Crime; Medical Malpractice; Monopolies; Occupational Safety and Health; Pink-Collar Occupations

**Further Readings**


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