Alfio Cerami

THE RESPECTABLES

Les Entrepreneurs et les Entrepreneuses du Déshonneur: An Offer You Can't Refuse!


& (A Possible Movie Script)

Abstract: The purpose of this presentation is to provide a guide for law enforcement authorities, judicial authorities, policy- and decision-makers on White-Collar Crime. It offers a comprehensive description of White-Collar Crime typologies, White-Collar Criminals' motives, their profile, their collusive networks, their system of gifts, their main frauds, etc. It also explains why White-Collar Crime represents a threat to the capitalist system, to good governance, to business and to democracy. This presentation also briefly sketches the TaxMan Approach.

Keywords: TaxMan Approach, White-Collar Crime, illegal markets, frauds, good governance, democracy, gift system, FBI, The Yard, London Police.


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OBJECTIVES OF THIS STUDY

To increase the arrest rate and the time spent in prison of high social status criminals (White-Collar Criminals).

DEFINITION

The Respectables

Person of respectability and high social status (Sutherland 1983).

Persons of the upper socioeconomic class.

Have strong political and financial connections.

Escape arrest and conviction more than street criminals (Sutherland 1983, p. 6).

“Elite offenders” with a respectable appearance (Coleman 2006, p. 236).

[They] have the best legal representation;

[They] are not arrested by uniformed policemen;

[They] are not tried in criminal courts;

[They] are not committed to prisons;

[They] are subjected to administrative commissions and courts via civil or equity jurisdictions.

[Their] violations of law are not included in criminal statistics (Sutherland 1983, pp.6-7; Reurink 2016a, p. 388).

They are "élites délinquantes": delinquent elites (Lascoumes and Nagels 2014).

The Good, The Bad & The Ugly

The ‘Robber Barons’: "You don't suppose you can run a railroad in accordance with the statutes, do you?" (Colonel Vanderbilt).

Far West: Construction of US Railways by J.P. Morgan in 1890.

“Robber Barons represented by Krueger, Stavisky, Whitney, Mitchell, Foshay, Insull, the Van Sweringens, Musica-Coster, Fall, Sinclair, and many other merchant princes and captains of finance and industry, and by a host of lesser followers.” (Sutherland 1940, p. 2).

*Criminal investigations in:

- land offices;
- railways;
- insurance;
- munitions;
- banks;
- public utilities;
- stock exchanges;
- the oil industry;
- real estate;
- reorganization committies;
- receiverships [e.g. foundations, NGOs, etc.];
- bankruptcies; and
- politics” [& other sectors] (ibid.).

Self-fulfilling Prophecy: a sequential chain of several rational imitation mechanisms (Hedström 2008), the self-fulfilling prophecy occurs when an initial belief—whether false or true—culminates in a behavior that sooner or later makes the initial belief become a reality (Merton 1968).

Bank Withdrawals, Short-selling Companies and Gambling (Zbrog 2019).

Big Beetles: “Public enemies numbered one to six secured $130,000 by burglary and robbery in 1938, while the sum stolen by Krueger is estimated at $250,000,000, or nearly two thousand times as much.” (Sutherland 1940, p. 5).

The effects of business cycles on health (Tapia Granados and Diez Roux 2009):
- Mortality tended to peak during years of strong economic expansion (1923, 1926, 1929, and 1936–1937) because of accelerated economic activity, construction of highways, traffic and car accidents, bad food habits, alcohol consumption, cardiovascular diseases, cancer, industrial injuries, atmospheric pollution and respiratory diseases (ibid.).
- On the contrary, the recessions of 1921, 1930–1933, and 1938 brought [temporary] declines in mortality and gains in life expectancy (ibid.) because of decelerated growth's boom.
- From 1933 to 1934, John Dilinger's gang killed at least ten individuals. The number of dead people caused by White-Collar Criminals corresponded, instead, to 27,060 Americans who killed themselves each year during the Great Depression (Washington's Blog 2013).
- Main causes financial catastroph, unemployment, homelessness and/or family destruction.

The Profile of White-Collar Criminals

The “New” Robber Barons

Respected, socially accepted and approved, well-dressed, well-educated, with a high income (Sutherland 1940, p.4).

They do not perceive themselves as criminals. They perceive themselves as legitimate authorities.

About 80 percent of White-Collar Criminals are [curiously still] men, following an [old] general trend in the occupational division of [high] society (Alalehto 2015, p. 29, 30 emphasis added). This gender-biased trend increases in the board of directors in enterprises (Bolger 2016).

Women continue to be seen as “close to” the White-Collar man, but the sometimes the opposite is true (that is – men “close to” the White-Collar woman).

The mean age of White-Collar Criminals is around 40–45 years (Alalehto 2015, p. 29, 30).

More complex crimes (e.g. antitrust violations, security fraud, etc.): sex ratio still men-dominated (ibid.).

Pink-collar crimes (e.g. embezzlement/asset misappropriations, corruption, fraudulent statements, etc.): sex ratio is more balanced (ibid.).

The majority of White-Collar Criminals belong to the ethnic majority in the country. They are married. And they have
higher divorce rates. (ibid.).

Female offenders: more overrepresented by divorce and family caretaking than male offenders (ibid.).

White-Collar Criminal: higher level of socioeconomic status in terms of prestige, income, and education than the general public (ibid., p.31).

Presence of socioeconomic status inheritance (offender’s father’s socioeconomic position as employer (ibid., p.31).

White Collar Criminals as “a homogenous group, who often infiltrate the academic community, the judicial system; and in some law enforcement authorities (including prosecutors of white-collar crimes) [and freemasons associations]” (Perri 2011, p.217).

Greed as a main motivational factor, BUT ALSO reasons related to the enhancement of their firm’s profits (Alalehto 2015, p.31).

Pattern of criminal thinking not because of a temporary moral lapse (“out of character” act) but common criminal behaviour and thinking (Perri 2011). They do not act out of impulse.

◦ cold and exploitative;
◦ disciplined;
◦ meticulous;
◦ organized planners.

In short, they are ‘particular kind of psychopathic criminals’ (Perri 2011, p. 233).

White-Collar Criminals suffer from at least one emotional, marital, or substance abuse problem over the course of their lives (Alalehto 2015, p. 31).

Health problems among White-Collar Criminals: tax evaders in Sweden have a slightly higher mortality rate than the general population. Female tax offenders have a 2 percent higher mortality rate than both the general population and male tax offenders (ibid.).

Self-control: antisocial conduct problems is rather small (no more than 15 percent). Almost 50 percent of street criminals have antisocial conduct problems.

Family reasons as a main motivational factor for female offenders.

◦ They are characterized by non-financial pressure and need-based justifications.
◦ They are influenced by their male spouse.
◦ They tend to occupy a strategic position within a company.
◦ They tend to be manipulated by men (ibid.).

White-Collar Criminals are “opportunity seekers” (Correia 2015).

White Collar Criminals have a narcissistic and psychopathic personality and behaviour (Statistical Manual of Mental Disorders-IV - DSM-IV) (Perri 2011; Arnulf and Gottschalk 2013; Correia 2015).

“Dog-Eat-Dog” Behaviour: A mix of unique personality traits and behaviours:

◦ sense of noble entitlement (sense of entitlement to
special privileges and resources);
- propensity to deceive;
- to cheat;
- to manipulate;
- lack of empathy and remorse;
- view others as merely resources to be exploited—callously and without regret;
- They deceive, exploit, and manipulate others for personal gain, such as money or power” (DSM-IV Task Force 1994; Barnard 2008; quoted in Perri 2011, p. 221, 224).

Predatory attitude:
- “superficial justifications”;
- “hurt others”;
- “blame victims for being ignorant or for deserving of their fate”;
- “minimize the harmful consequences of the fraud”; and

Pervasive Pattern of Grandiosity:
- White collar criminals exploit victims’
  - humanity;
  - ethics;
  - good intentions and weaknesses for their crimes.
- “Need for admiration;
- lack of empathy for others:
- belief that one is:
  - superior;
  - unique;
  - chosen.
- Ambitious;
- Obsessed with enhancing power and control”.

White collar criminals exploit hopes and dreams. They feed spins and lies (ibid.).
White Collar Criminals often use God for their crimes […] They enlist respected community or religious leaders’(ibid.).
They may not ‘fear being caught’ (ibid.).
They display the Arrongant Camaleons Syndrome: ability to change color to match their surroundings (Perri et al 2008).
They can establish emotional bonds with their victims (as psychopaths), but they do not form empathetic attachments with others (Carozza 2008, p. 42, quoted in Perri 2011, p. 226).
They do not held themselves responsible for the

1According to Perri (2011, p. 228), ‘Relying on group trust is often so powerful in overcoming people’s scepticism that the financially sophisticated fall victim to the scam. Vaughn Reeves defrauded thousands of church members of $120m by selling fraudulent securities, Abraham Kennard defrauded over 1,500 churches of $9m’. See also The Dangers of Affinity Fraud (Perri and Brody 2011).
consequences of their actions (Perri and Mieczkowska 2015; Perri et al 2016).

- They are self-centered individuals in the United States (Correia 2015).
- They are hetero-centered in collusive networks in the European Union (EU).
- Vendicative individuals.
- White-Collar Criminals often commit crimes whose amounts sum up to, at least, four mafia clans (anonymous sources).
- White-Collar Criminals tend to be Tax Offenders. And they offend the society.

White-collar codes of their underworld:
- a particular code of silence;
- the gift and the obligation to return it;
- easy hand-shaking (no matter whose hand must be shaken);
- greedy and fake smiles;
- hugs;
- power-representing bodily postures;
- threat-oriented.

Male Respectables show women for power referential and as power referentials (please see Signaling Theory by Gambetta 2009a).

White Collar Criminals 'resort to violence, namely homicide, to prevent their fraud schemes from being discovered and revealed' (Perri 2011, p.217).

Not rarely, they eliminate witnesses (ibid.).

The Inherited Advantage

The Inherited Advantage: The Importance of Inheritance for Private Wealth Accumulation.

- Wealth gap between households who received lifetime gifts and bequests and those who did not (poor households) (Korom 2016, p. 9).
- In the US, this called “The Old Money Problem”.
- Inherited status and educational prestige: “Elite and highly selective institutions foster cohesion among [and promote] high status groups […] into lucrative careers” (Bolger 2016, p. 53).

Question (English for Beginners): What is the inherited advantage? In the US, it is called “The Old Money Problem”.

The Enduring Importance of Family Wealth

- The Enduring Importance of Family Wealth
- Evidence from the Forbes 400, 1982 to 2013
- Superstar or winner-take-all mechanisms: over-power of new self-made billionaires increased since 1982; and
- Mechanisms focusing on inherited advantages: enduring importance of old family fortunes.

- But “Old Money” families are more likely to remain listed in the Forbes 400 roster than self-made entrepreneurs’ (main cause: reproduction mechanisms, speculation, gift system, creation of bubbles) (Korom et al. 2015, p. iii).
**WHITE-COLLAR CRIME**

**White-Collar Crime Definition**

- White-Collar Crime as ‘a crime committed by a person of respectability and high social status in the course of his occupation’ (Sutherland 1983, p.7). OR
- For State Prosecutors to be used in trials: “A generic term for the whole range of illegal, prohibited, and demonstrably harmful activities involving a violation of a private or public trust, committed by institutions and individuals occupying a legitimate, respectable status, and directed toward financial advantage or the maintenance and extension of power and privilege” (Friedrichs 2010, p. 8, quoted in Reurink 2016a, p.392).
- “Elite deviance” (Simon and Eitzen 1990);
- “Occupational deviance” (Quinney 1964);
- “White-collar illegality” (Shapiro 1980);
- “White-collar lawbreaking” (Reiss and Biderman 1980); and

**State-Corporate Crime**

“To refer to those forms of organizational crime that occur when one or more institutions of political governance pursue a goal in direct cooperation with one or more institutions of economic production and distribution (Kramer et al. 2002, quoted in Reurink 2016a, p.392)”.

**Street Crime**

- A gross violation of law, a grave offense especially against morality, something reprehensible, foolish, or disgraceful committed by under-privileged individuals located at the street level (adapted from Merriam-Webster https://www.merriam-webster.com/dictionary/crime).
- So far, the focus of criminologists and law-enforcement authorities has been on lower-class “street crime” (Reurink 2016a, p.387).
- Against common theories that every man/woman in the lower social class is a criminal.
- Against common theories that “in business, the 'rules of the game' conflict with the legal rules” (Sutherland 1940, p.11).
- White-Collar crimes and personality are not less important than street- crimes and street-criminal personality (Perri 2011, 2016).
- White Collar Crimes may also include homicide (e.g. contract killings) (ibid.).

**White-Collar Crime as a Variant of Organized Crime**

- “White-Collar and Corporate Crime are variants of organized crime” (Ruggiero 1996, p.21).
- Entrepreneurs/Entrepreneuses of dishonor (see Gambetta 2009b; Rosoff 2014; especially Arlacchi 1988, 1993).
- Difference in the self-perception and in the public perception of offenders:
  - “Thieves perceive themselves as thieves. Also the public perceives them as such.

Primary goal of corporate crime is corporate and individual interests. Primary goal of organized crime is the organization and personal/clan interests (Calavita and Pontell 1993, p.527). Enterprise crime (Passas and Nelken 1993; Passas 2002) (Reurink 2016a, p.404, 408). Corporate/clan/family resemblances (Green 2007).

Typologies of White-Collar Crime

Occupational crime: “offenses committed by individuals for themselves in the course of their occupations” (Clinard, Quinney, and Wildeman 1994, p.173 quoted in Reurink 2016a, p.399).

Corporate crime: “offenses committed by corporate officials on behalf of their corporations and the offenses of the corporations themselves” (ibid.).

Organizational crime: “offenses committed on behalf of non-corporate organizations e.g. governmental agencies, international institutions of governance, and non-governmental organizations” (ibid.).

ILLEGAL MARKETS

Criminality in Financial Markets

“Financial markets have now become a “criminal playground” (Michel 2008).”

Illegal Markets


Boundaries and Interfaces between Legality and Illegality:

Illegal markets as illegal social systems[2] (ibid., p.5). Legal or semi-legal market transactions (ibid., p.2). Illegal markets connected to organized crime, mafia and even terrorist organizations (ibid., pp. 4-6). Interactions with legal markets and the forces of state order (ibid., p.iii).

2According to Parsons (1949, 1951, 1985), a ‘social system consists in a plurality of individual actors interacting with each other in a situation which has at least a physical or environmental aspect, actors who are motivated in terms of a tendency to the “optimization of gratification” and whose relation to their situations, including each other, is defined and mediated in terms of a system of culturally structured and shared symbols’ (Parsons 1951, pp. 5-6).
Illegal Markets Interfaces: “Where legal and illegal action systems are not separated by clear social boundaries, they are connected by what has come to be called “interfaces”: actors moving between a legal and an illegal world, actions that are illegal but perceived as legitimate or the other way around, and a gray zone of actions that are neither clearly legal nor illegal, and neither clearly legitimate nor illegitimate” (ibid., p. iii).

Interfaces facilitate interaction between legal and illegal action systems, but they are also sources of tension and can lead to institutional change (ibid., p.iii).

Not all illegal acts are violations of criminal law and can thus be classified as crimes; illegal market exchange is often in violation of trade law, not criminal law (ibid., p.6).

A fluid boundary between the activities of lobbyists and corruption (ibid., p.5).

The Oxford Handbook of Organized Crime treats mafia organizations as one kind of organized crime among others (ibid., p.6).

“Interface” as boundary-spanning institutions: notaries, brokers and attorneys; these actors mediate between two parties or systems, belonging to neither of them (ibid., p.7).

White-Collar Criminals might fund terrorism (ibid.):

- Illegal markets can be conceptually distinguished clearly from terrorist organizations. They can be distinguished less clearly from organized crime and mafia organizations (ibid., p.6).
- Illegal markets differ from terrorist organizations in the main driving motive (economic rather than political), in the type of social order or governance, and in the role of physical violence (ibid., p.6).

In illegal markets, the concept of interface closer to “interpenetration” between legality and illegality (Münch 1991 quoted in ibid., p.7).

The boundaries between legal/illegal and legitimate/illegitimate are not stable (ibid., p.9).

Markets as social structures

Markets (including illegal markets) should be seen as social structures, where the activities of actors are embedded in a set of social, cultural, political and economic interactions and relationships (Beckert et al. 2007).

ILLICIT CONDUCT

Rational Decision-Makers

White-Collar Criminals are rational decision-makers who choose to commit their crimes after carefully weighing the potential gains and losses (Reurink 2016, p.407).
Illegality and Violation of Norms

- regulatory laws;
- civil laws;
- criminal laws;
- statutory laws;
- private law (particular law);
- tax laws; and
- trade laws.

Illicit Conduct in Financial Markets

- financial fraud;
- insider trading;
- market manipulation;
- bribery (commercial bribery for individual or corporate gains, bribery of public officials and politicians for favorable contracts and legislation);
- self-dealing;
- facilitation of illegal financial flows (money laundering, terrorist financing, tax evasion, and corruption);
- violation of delegated or implied trust;
- duplicity in the manipulation of power (referee corruption or a coach permitted to referee a game in which his/her team is playing (Sutherland 1940, p. 3) (e.g. Moggi Case Juventus or corporate similar behaviour).

WHITE-COLLAR CRIME INVESTIGATIVE AUTHORITIES

**Federal Bureau of Investigation (FBI)**

Mainly for US and Anglo-Saxon regulatory laws, civil laws, criminal laws, statutory laws, private law (particular law), tax laws and trade laws.

Al Capone's called the following FBI offenses 'The Legitimate Rackets' (Sutherland 1940, p. 3):

**Financial fraud:**

- accounting fraud;
- advertisement fraud (misrepresentation in advertising and salesmanship);
- bank fraud (e.g. derivatives, interest rate swaps, interest-rate hedging products, Foreign Exchange (FX) hedging products, collateralized debt obligation (CDOs), etc.);
- broker embezzlement;
- brokerage fraud;
- commodities fraud (misgrading commodities);
- corporate fraud;
- insider trading (trading based on material, non-public information);
- kickbacks (bribes, under-table payments);
- misuse of corporate property for personal gain; and
- individual tax violations related to “self-dealing” (“engagement in a transaction for the benefit of oneself rather than for the benefits of someone to whom one owes a fiduciary duty” from Merriam-Webster).
- embezzlement and misappropriation of funds;
- fiduciary fraud;
financial institution/mortgage fraud
fraud for profit
fraud for housing
financial statement fraud;
false accounting entries and/or misrepresentations of financial condition;
fraudulent trades designed to inflate profits or hide losses; and
Illicit transactions designed to evade regulatory oversight;
homicide\(^3\) and fraud-detection homicide\(^4\) (e.g. sexual homicides, parricides, contract killings, domestic homicides, etc. So-called Red-Collar Crime or Blood on White Collar\(^5\);
health care\(^6\)/pension frauds and other social services frauds (e.g. in some cases with the involvement of non-religious and religious non-state actors);
identity theft, identity borrow/identity lending (Footnote: as 'legitimate racket', Al Capone would have probably preferred 'kidnapping for ransom' to identity theft);
insurance fraud;
intellectual property theft/piracy (e.g. Johnny Depp);
investment fraud
ponzi schemes;
pyramid schemes;
prime bank investment fraud/trading program fraud;
advance fee fraud;
market manipulation and stock exchange manipulation;
money laundering and transnational money laundering;
online frauds and cyber space frauds;
phishing;
promissory note fraud;
securities fraud;
tax and VAT frauds;
fraude au télémarketing\(^7\);
vol de secrets commerciaux\(^8\);
wrong advice.


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3 Grabosky (2009).
4 Perri (2007).
5 Perri (2011, 2016); Perri et al. (2014).
6 In the medical profession, close to health care funds and health care insurance frauds, illegal sale of narcotics, health care fraud, drugs and medicines, illegal services, fraudulent reports and testimony, unnecessary treatment, fake specialists, restriction of competition and fee-splitting (sending patients to colleagues who pay to the largest fees instead of providing the best treatment) remain the common frauds (see Sutherland 1940, p.3)
7 Perri (2011).
8 Perri (2011).
There are trillions of pounds of daily financial transactions at stake in the City of London: a key global financial centre. The Metropolitan Police Service (or Yard), The City of London Police and the UK National Crime Agency are the leading law enforcement authorities against economic and financial organized crime.

These law enforcement authorities still have a major focus on “Small Insects White-Collar Fraudsters”. These are the White-Collars' little friends, who engage in financial criminal transactions, either for themselves or for their more elegant hidden bosses (Big Beetles White-Collar Criminals), for millions of pounds daily.

In 2018, the Metropolitan Police Service (or Yard) succeeded to seize “more assets from criminals than ever before with a record total of £94 million reclaimed in the past financial year”. The City of London Police succeeded in forfeiting the sum of £3.2M.

• Though the excellent work of these law enforcement authorities, billions of White-Collar illicit gains still have to be fully captured.


Mainly for European regulatory laws, civil laws, criminal laws, statutory laws, private law (particular law), tax laws and trade laws

- Theft;
- Fraud;
- Deception (e.g. obtaining property or favors by deception, circumvention, treachery, cheating, and prevarication);
- Blackmail (threat and extortion);
- Corruption;
- Money-laundering and transnational money-laundering.


### EXAMPLES OF FRAUDS

**Common Mortgage Fraud Schemes**

- Foreclosure rescue schemes
  - Loan modification scheme
  - Illegal property flipping
  - Builder bailout/condo conversion
  - Equity skimming
  - Silent second
  - Home equity conversion mortgage (HECM)
  - Commercial real estate loans
  - Air loans

Examples of Corporation's Financial Frauds


Cyber Crime

- Because of Information Communication Technology (ICT) advancements, cyber crime now involves almost all financial transactions (Jung and Lee 2017, p.93).
- Difficulties for local agencies to freeze the money before the international transfer (ibid.).
- Cyber security crime threat. Cyber crime does not necessarily mean hacker crimes. It simply means crimes in the cyber space, such as illicit remittances and money laundering/transfers through online tools (ibid.).
- Industrial espionage (Grabosky 2009)
- price fixing (ibid.)
- global illicit financial flows.

Fraud Case Study

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| False Invoices | False Report | False Reporting | False Sales Invoices | False Travel Claim | False Vendors | Falsified Hours | Fictitious Refunds | Forged Signatures | Fraud-Detection Homicide | Ghost Employee | Hacking (Computer) | Identity Theft | Improper Disclosures | Intellectual property rights theft | Inventory Fraud | Inventory Theft | Invoice Altering | Journal Entry Fraud | Kickbacks | Lying | Mail Fraud | Misrepresentation | Moving Money to Inactive Accounts | N - intentionally left blank | Overstated Refunds | Overtime Authorization | Payables Fraud | Paying Personal Expenses | Payment of Credit Card | Payroll Fraud | Performance Fraud | Personal Purchases | Phony Contract Bids | Plagiarism | Policy Violation | Q - Intentionally left blank | Record Destruction (Improperly) | Reimbursement Refund Scheme | Skimming | Software Piracy | Stealing | Swindling | Technology Theft | Theft of Assets | Theft of Checks | Timecard Tampering | Unauthorized Disbursements | Unauthorized Withdrawals | Violation of Oath | Wire Transfer Fraud | Workers' Compensation Fraud | Write-off Schemes | X-Y-Z Intentionally left blank |
The 50 Cent Detail (DEVIL IN THE DETAIL): e.g. False travel claim: one should pay attention to the difference between minimum average travel cost paid in reality and the maximum travel expenses falsely claimed to be paid. This is often a small amount of money, but this White-Collar Crime is repeated several times over the year.

See also frauds mentioned above and below.


MONEY LAUNDERING

Money laundering crime sources
- Complex financial crimes
- Health Care/Pension Frauds other Social Services Frauds (e.g. non-religious and religious non-state actors)
- Human trafficking
- International and domestic public corruption
- Narcotics trafficking
- Terrorism

see also discussion above


Methods to launder money
- Financial institutions
- International trade
- Precious metals
- Real estate
- Third party service providers
- Virtual currency
- Various online transactions

see also discussion above

INTEGRATED CRIMINAL SYSTEMS

**Integrated Criminal Connections**
- White-Collar Crime and its connections with political-mafia networks (including freemasons mafia-like brotherhoods), which constitute an *integrated criminal system.* (Scarpinato 2008)

**Collusive Networks**
- conflicts of interest with and within collusive networks of financial intermediaries (Reurink 2016a,b).
- establishment by both legal and extra-legal actors of new hybrid social orders (Dewey, Míguez and Sain 2017).
- Distribution of groups and Rate of collusion (Coherence) (Wachs and Kertész 2019)

**White-Collar Brotherhoods**
- Strong “code of silence” (Gambetta 2009b).

**Creative Success and Network Embeddedness**
- “Winner-take-all” phenomenon (Lutter 2014)
- Creating Success thanks to Collusive Network Embeddedness (ibid.)
- “a structure in a labor market in which most actors face precarious and uncertain career situations” (ibid., p.1) which is resolved by the collusive network embeddedness of respectable White-Collar Criminals.

**Symbiotic Relationships & the Selection Bias**
- Out-sourcing;
- collaboration;
- co-optation;
- reciprocity;
- systemic synergy;
- funding;
- legal interactions; and
- legal actors committing organized crimes (Reurink 2016, p. 404; Reurink 2016b, p. 11); and
- The Selection Bias (Simpson & Weisburd 2009), assortative mating (Apel and Paternoster 2009, p.15), *homophily* (love for the alikes) and the *focused organization of ties* (Feld and Grofman 2009).

**Societal Interactions**
- Search for interactions among dimensions and between the multiple components related to crime and societal reaction to crime (Reurink 2016, p. 408).
- trust and confidence crucial to market exchanges. see also *Interfaces* above

**Veto Players**
- Definition of Veto: “an official power or right to refuse to accept or allow something” (Cambridge Dictionary https://dictionary.cambridge.org/dictionary/english/veto)
- Veto players and veto player systems (Tsbelis 2002).
- Veto collusive networks in political, economic and business institutions.
- White-Collar Criminals as Veto Business/Political Networks.
THE GIFT

Ko Maru kai atu
Ko maru kai mai
ka ngohe ngohe.
‘Give as much as you take,
all shall be very well.’
(Maori Proverb)

North American Indian Chinooks' word (from Vancouver to Alaska):
“Potlatch”, meaning Gift in the sense of “Total Services” (in tribes/clans).

Brahmin law (Hindu): “O king, to receive from kings is at first honey, at the end, poison” (verse 445 and reading 93, verse 34). king Çaivyā Vṛṣadarbha (Mauss 2000, p. 76).

- The gift system and the gift cycle (Mauss 2000).
- The Gift: The Form and Reason for Exchange in Archaic Societies (ibid.).
- THE GIFT, AND ESPECIALLY THE OBLIGATION TO RETURN IT (ibid.).
- The Obligation to Reciprocate (ibid.).
- No free gifts: When Santa Claus steps by before the Christmas Eve for extortion.
- 'Bribery is the offering of a gift to influence the actions of a public official' (Noonan 1984 quoted in Grabosky 2009 p.135)
- Creation of collusive networks through gifts (the gift system) and cycles of repeated illegal interactions (the gift cycle).
- Les entrepreneurs et les entrepreneuses du déshonneur: compulsory gifts, repugnant transactions, girls and An Offer You Can't Refuse, highest degrees of dis/honour (see also Arlacchi’s 1993 Men of Dishonor).
- Economy, exchange, contract (do ut des - I give so that you may give), raising the stakes, sacrifice, gift and countergift (Jacques Derrida) (ibid.).
- Things still have sentimental as well as venal value, assuming values merely of this kind exist (ibid., p. 83).
- Hospitality, gifts and promotional expenditure could also be seen as bribe (NCA 2019).
- the role of collusive social norms in shaping collusive individual intentions, actions and networks.
- Illicit transfers: dues and gifts.
- In such a tribal community, White-Collar Criminals obtain their prosperity and, in case, carry out clans-like and tribes-like vendettas. Sometimes, they commit crimes whose amounts sum up to the money raised by four original
Sicilian clans.

The Gentlemen's Agreement

- an agreement secured only by the honor of the participants (Merriam-Webster [https://www.merriam-webster.com/dictionary/gentleman's%20agreement])
- an agreement to control or to inflate prices.
- a non-binding agreement, which, if not respected, requires “changes” at a higher value of the commodity/service/profit.
- Extortion practices.

Very Elegant Persons (VEPs) for Very Elegant Dinners (VEDs)

- Very Elegant Persons (VEPs) for Very Elegant Dinners (VEDs).
- Establishment of symbiotic relationships.
- Creation/reinforcement of collusive business networks.
- Possibilities of illegal activities/exchanges.
- The devil often lies in the detail (of the practices and mechanisms of selection/replication/awards of VEPs).
- Possibilities of establishment of mafia-like brotherwoods and networks.

THE RESPECTABLES, INTEGRATED CRIMINAL SYSTEMS AND DEMOCRACY

Social, Economic and Political Consequences

- The above mentioned frauds have important social and economic costs, as well as consequences (e.g. they help the materialization of Global Financial Crises).

White-Collar Crime & Financial Exclusion

- Financial exclusion:
  - “lack of access or limited access to formal financial services and products” (House of Lords).
  - devastating impact on individual lives, the business community, and society.
  - Exclusion from the formal financial system increases inequality for marginalized groups.
  - Lack of access to basic financial products (bank accounts, credit cards, online payment systems, and low-interest loans etc.) makes life of low-income people more difficult.
  - Exclusion from the formal financial system leads people to the illegal cash economy.
  - Need for de-risking the economy from White-Collar Crime whilst tackling financial exclusion of people.

Fisher et al. (2018, pp.1-2)
Economization and Moral Change

The above mentioned frauds contribute to an illegal "economization" and marketization of the economy, political, business and social exchanges (Akyel 2014).

Framing Moral Markets

The above mentioned frauds contribute to framing markets towards immorality in business, economic, political and social relations (please see Schiller-Merkens 2013).

Order and fragility of society

The above mentioned frauds contribute to disorder and fragility of society (please see Leendertz and Schimank 2019).

Wrong Values

The above mentioned frauds contribute to wrong ethical, moral, economic, political and social values (Wehinger 2014).

Transmission Mechanisms of Economic and Fiscal Crisis

(i) trade shocks; (ii) oil prices and oil price cycles shocks; (iii) exchange rate shocks; (iv) banking sector risks; (v) foreign direct investments shocks; and (vi) debt refinancing squeeze (that is - dependency on foreign financial markets for debt refinancing), (vii) market manipulation and speculation; (viii) white collar crimes. In addition, (ix) corruption, (x) state-capture, regulatory-capture, and policy capture\textsuperscript{10} (see also Cerami 2018).

Public Debt

White-Collar Crimes influence the expansion of public debt by creating market and financial bubbles, as well as corporate and state budget deficits.

Neo-Liberal Capitalist Ethic

White-Collar Crime fosters a negative neo-liberal capitalistic ethic based on unpunished illegality.

Neoliberalism without Neoliberals\textsuperscript{11}. Capitalism without Real Capitalists, since “the spirit of entrepreneurship is being eroded inside corporations” (Eyal et al. 1998; Erixon and Weigel 2017, p.1).

Capitalist Dynamics: Fictional Expectations and the Openness of the Future

White-Collar Crime alters capitalist dynamics.

It creates fictional expectations on an il/legal future.

(see Beckert 2014)

\textsuperscript{10}On regulatory-capture, and policy capture, see OECD (2017a,b).

\textsuperscript{11} The term Neoliberalism without Neoliberals is borrowed by McCarthy (2014) and Olsen (2019).
The Respectables: Quality of Business and Government


Victims of “The Respectables” range from individuals to institutions and corporations, thus affecting all levels of society (Gottschalk 2010).

- property and job losses;
- physical and mental health;
- emotional distress and damage (Perri 2011);
- destruction of family, of community values, etc. (Jung and Lee 2017).
- harm individuals, organizations, and consumers (Perri 2011).

Though in some circumstances corruption maybe be justified, such as in the Oscar Schindler's list to save 1,000 Jewish people, most of White-Collar Criminals' corruptive activities do not fit into these justifications (Berghoff and Spiekermann 2018, p.93).

Therefore, “the abuse of entrusted power for private gain” contributes to worsen the quality of of a business and of government.

Quality of Democracy and the Respectables


Causes Affecting Minds and Characters: White-Collar Crime negatively influences the talents and destinies of different people (see Montesquieu).

Voltaire Essai sur les Moeurs: White-Collar Crime negatively influences the characters and practices of different people, by mixing illicit dreams and licit reality.

White-Collar Crime, therefore, contributes to worsen the quality of democracy of a country.

The Respectables: emerging threat to capitalism and democracy (Summary)

The Respectables represent an emerging threat to capitalism and democracy:
- The Respectables engage in a variety of illicit market and financial transactions;
- The Respectables represent a form of organized crime;
- The Respectables establish symbiotic and collusive criminal networks;
- The Respectables form White-Collar Brotherwoods;
- The Respectables actively engage in business and political corruption;
- The Respectables are not arrested and do not serve sufficient time in prison;
- The Respectables represent les entrepreneurs et les entrepreneuses du déshonneur;
- The Respectables are “élites délinquantes” (delinquent elites);
- The Respectables negatively alter market, capitalist and social dynamics;
The Respectables may cause bubbles and global financial crises;
The Respectables might foster terrorism and cyber insecurity;
The Respectables establish and reinforce integrated criminal systems;
The Respectables foster a “certain” reciprocity of favors;
The Respectables promote strong “codes of silence”;
The Respectables promote an exclusive “winner-take-all” mentality;
The Respectables tend to prefer offers that you can’t refuse!
The Respectables foster the obligation to reciprocate “gifts”;
The Respectables harm trust and confidence crucial for market exchanges;
The Respectables contribute to social and financial exclusion;
The Respectables contribute to disorder and fragility of society;
The Respectables promote wrong ethical, moral, economic, political and social values;
The Respectables often use God for their crimes;
The Respectables contribute to the expansion of public debt;
The Respectables foster a negative neo-liberal capitalistic ethic based on unpunished illegality;
The Respectables contribute to framing markets towards immorality in business, economic, political and social relations;
The Respectables contribute to an illegal “economization” and marketization of the economy, political, business and social exchanges;
The Respectables negatively influence the talents, practices and destinies of different people;
The Respectables represent a crucial transmission mechanism of economic, fiscal and other crises;
The Respectables negatively influence the quality of business and of government of a nation;
The Respectables negatively influence the quality of democracy of a nation.
POSSIBLE WAYS TO TACKLE WHITE-COLLAR CRIMES

Stated Objective of this Guide

To increase the arrest rate and the time spent in prison of high social status criminals.

“Kidnapping” the Bookkeeper (from Brian De Palma “The Untouchables”)

Discovery of new financial instruments and innovative accounting techniques; and

TaxMan Approach (3+1 parts to be discussed in due time)

◦ (Make no Mistake about it!)
◦ You give me all the money back (and until the very last cent) (that is to say – you return the proceeds of crime to victims);
◦ You pay the fine;
◦ You end up in jail\(^{12}\); and
◦ You must be thankful, if I don't .......

Asset forfeiture (FBI)
Creation of “Forfeited Funds” (FBI)

---

\(^{12}\)After the exhaustion of the entire sentence spent in prison, the White Collar Criminal should undergo a Probation Period of Involvement in rehabilitative AFLMPs (Active Forced Labour Market Policies).
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ANNEX

State Prosecutor's Check list

For State Prosecutors to be used in trials: “

- Presence of Collusive Network [ ] ✓
- Donation of Gifts [ ]
- Range of illegal, prohibited, and demonstrably harmful activities [ ]
- Violation of a private or public trust, [ ]
- Commissioner of illegal activity: [ ]
  - Institutions and/or [ ]
  - Individuals [ ]
- Position of legitimate, respectable status [ ]
- For financial advantage or [ ]
- Maintenance and/or [ ]
- Extension of power and/or [ ]
- Privilege [ ]
- Family/clan resemblances [ ]

See also frauds mentioned above and below.


SMU (2019b). https://www.smu.edu/ExecutiveAffairs/Fraud/Awareness

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<thead>
<tr>
<th>Fraud Check List</th>
<th>Fraud Tick Box</th>
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<tbody>
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- False Report
- False Reporting
- False Sales Invoices
- False Travel Claim
- False Vendors
- Falsified Hours
- Fictitious Refunds
- Forged Signatures
- Fraud-Detection Homicide
- Ghost Employee
- Hacking (Computer)
- Identity Theft
- Improper Disclosures
- Intellectual property rights theft
- Inventory Fraud
- Inventory Theft
- Invoice Altering
- Journal Entry Fraud
- Kickbacks
- Lying
- Mail Fraud
- Misrepresentation
- Moving Money to Inactive Accounts
- N- intentionally left blank
- Overstated Refunds
- Overtime Authorization
- Payables Fraud
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<td>Phony Contract Bids</td>
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<td>Plagiarism</td>
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<td>Skimming</td>
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<td>Theft of Assets</td>
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<td>Unauthorized Disbursements</td>
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(e.g. crimes such as Kidnapping for Ransom)

**Simple Formula:** \[ \text{Sum} \sum (\text{offenses} + \text{years to be spent in prison}) \]

**The 50 Cent Detail (DEVIL IN THE DETAIL):** e.g. False travel claim: one should pay attention to the difference between minimum average travel cost paid in reality and the maximum travel expenses falsely claimed to be paid. This is often a small amount of money, but *this white collar crime* is repeated several times over the year.

See also frauds mentioned above and below.


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