

White Collar Crimes

Definition

White-collar crime is a non-violent crime where the primary motive is typically financial in nature. White-collar criminals usually occupy a professional position of power and/or prestige, and one that commands well above average compensation.

The concept of white-collar crime found its place in criminology for the first time in 1939 when Edwin H. Sutherland first published his research paper on white-collar criminality in the American sociological review. Sutherland defined white collar crime as a crime committed by persons of high social status in course of their occupation. e.g. - misrepresentation through fraudulent advertisement, infringement of patents, copyrights, and trade-marks, a publication of fabricated balance sheets and profit and loss account of business, etc.

White collar crimes are committed by persons of status, not for need but for greed, Sir Walter reckless Sutherland further pointed out that white-collar crime is more harmful to society than ordinary crimes because the financial loss to the society from white-collar crime is far greater than the financial loss from burglaries, robberies, larcenies, etc.

"White collar crime" can describe a wide variety of crimes, but they all typically involve crime committed through deceit and motivated by financial gain. The most common white collar crimes are various types of fraud, embezzlement, tax evasion and money laundering. Many types of scams and frauds fall into the bucket of white collar crime, including Ponzi schemes and securities fraud such as insider trading. More common crimes, like insurance fraud and tax evasion, also constitute white collar crimes.

Types of White Collar Crime:-

- Securities Fraud
- Embezzlement
- Tax Evasion
- Money Laundering
- Fraud
- Insider Trading
- Ponzi Scheme
- Identity theft and other cybercrimes
- Counterfeiting
- Espionage

1. Fraud

Fraud is a broad term that encompasses several different schemes used to defraud people of their money. One of the most common and simplest is the offer to send someone a lot of money (say, \$10,000) if they will simply send the fraudster a little money (say, \$300 – the fraudster may represent the smaller sum as being a processing or finder's fee). Of course, the fraudster gets the money that is sent to him but never sends out the money he promised to send.

2. Insider Trading

Insider trading is trading done with the benefit of the trader possessing material, non-public information that gives him or her an advantage in the financial markets. For example, an employee at an investment bank may know that Company A is preparing to acquire Company B. The employee can buy stock in Company B with the expectation that the company's stock will rise significantly in price once the acquisition becomes public knowledge.

3. Ponzi Scheme

Named after Charles Ponzi, the original perpetrator of such a scheme, a Ponzi scheme is an investment scam that offers investors extremely high returns. It pays such returns to the initial investors with the newly deposited funds of new investors.

When the scammer is no longer able to attract a sufficient number of new clients to pay off the old ones, the scheme collapses like a house of cards, leaving many investors with huge losses.

4. Identity theft and other cybercrimes

Identity theft and computer system "hacking" are two of the most widespread computer crimes. It's estimated that losses from identity theft in the United States alone totaled nearly \$2 billion in 2019. California, with over 73,000 cases of identity theft reported, was the state whose citizens suffered the most from the crime – Florida was a very distant second with 37,000 reported cases.

5. Embezzlement

Embezzlement is a crime of theft, or larceny that can range from an employee taking a few dollars out of a cash drawer to a complex scheme to transfer millions from a company's accounts to the embezzler's accounts.

6. Counterfeiting

Our money has become more colorful and expanded in detail because it had to in order to combat counterfeiting. With today's computers and advanced laser printers, the old currency was just too easy to copy. However, it's questionable how successful the government's efforts in this area have been. Rumor has it that very high-quality copies of the new \$100 bill were available within 24 hours of the new bill first being issued.

7. Money laundering

Money laundering is a service essential to the needs of criminals who deal with large amounts of cash. It involves funneling the cash through several accounts and eventually into legitimate businesses, where it becomes intermingled with the genuine revenues of the legitimate business and is no longer identifiable as having originally come from the commission of a crime.

8. Espionage

Espionage, or spying, is typically a white-collar crime. For example, an agent of a foreign government that wants to obtain part of Apple Inc. technology might approach an employee at Apple and offer to pay them \$10,000 if they will provide a copy of the desired technology.

White Collar Crimes in certain professions:-

- Medical Profession

- Engineering
- Legal Profession
- Educational Institutions, etc

Acts against White Collar Crimes in India

- Indian Penal Code, 1860
- Companies Act, 1961
- Customs Act, 1962
- Prevention of Corruption Act, 1988
- Income Tax Act, 1961
- Commodities Act, 1955
- Imports and Exports Control Act, 1950
- Information Technology Act, 2005
- Prevention of money laundering Act, 2002
- Lokpal Act, 2014 etc...

Classification of White Collar Crimes

Theoretically, various white-collar crimes may broadly be classified into four major categories as follows:-

1. Ad hoc crimes: they are also known as personal crimes because in this category of white-collar crimes, the offender pursues his own individual objective having no face to face contact with the victim hacking on computers, credit card frauds tax evasion, etc. are common forms of ad hoc white-collar crimes.
2. White Collar Crimes involving a breach of trust or breach of faith bestowed by an individual or institution on the perpetrator, insider trading, financial embezzlements, misuse of funds fictitious payrolls, etc. are common illustrations of this type of white-collar crimes.
3. Individuals occupying high positions or status who commit crime incidental to, and in furtherance of their organizational operations constitute this category of white-collar crimes, people occupying high position commit such crime, not because it is their central purpose, but because they individually find an opportunity in the course of their employment to earn quick money or gain undue advantages by using their power or influence. Example of such crimes is fraudulent medical bill claims, fake educational institutions, issuance of fake mark sheet/certificates, etc.
4. White Collar Crimes may also be committed as a part of the business itself, violation of trademarks or copyrights, patent law or competition law, etc. the violation of domain name and other corporate crimes are also white-collar crimes of this type.

Classifying White Collar Crime

1. Individual Crimes
2. Corporate Crimes

Individual Crimes – “Individual crimes are financial crimes committed by an individual or a group of individuals. An example of an individual white-collar crime is a Ponzi scheme, such

as the one run by Bernie Madoff. Other individual crimes in this category include identity theft, hacking, counterfeiting, and any of dozens of fraud schemes”.

Corporate Crimes – “Some white-collar crime occurs on a corporate level. For example, a brokerage firm may let its trading desk employees engage in an insider trading scheme. Money laundering may also be conducted on a corporate level.”

White Collar Crimes in India

White collar crimes are to be considered as a global phenomenon to which India is no exception. White collar crimes emerged in India with the advent of the British colonisation during the period of industrial capitalism. Prior to that, instances of men working with the District treasury embezzling with the money kept under his safe custody or bribing practiced among the officials were found. Therefore, the white collar crimes were confined to this limit. Thus, the people indulging in the white collar crimes then can be said to be mere grass eaters‘ the people in the modern times have reached the stage of ‘meat-eaters‘.

The street crime, especially snatching and motor vehicle theft, relatively down compared to 2010, the year 2011 truly belonged to the faceless white-collar criminals. The numbers of such criminals arrested by the crime branch this year saw a massive increase — 108 per cent — as 148 people were arrested for dabbling in white-collar crime as opposed to just 71 in 2010. —In all, around 20 organised white-collar rackets were busted last year and cash and valuables, amounting to R4.5 crore, thousands of mobile phones used in the commission of criminal activity and three dozen vehicles were recovered, I said a senior police officer. The list includes perpetrators of lottery fraud, fake recruitment racketeers, ATM fraudsters, travel agents, property dealers, agents promising fake court affidavits and death certificates as well as both men and women operating fake friendship clubs. Meanwhile, the Economic Offences Wing (EoW) of the Delhi Police arrested more than 163 criminals in 1,358 cases ranging from those of land grabbing to fake job rackets and attached property valued at amounts estimated to be between Rs. 350 to Rs. 500 crore. —This year, we focused more on individual cases as opposed to those in which several persons were victimised. We got more manpower, I said Vivek Gogia, joint CP (EoW).

Conclusion

White Collar Crimes is a types of non-violent crime that is profit motivated.

White-collar crimes may be perpetrated by individuals or at a corporate level. Due to the sophisticated technology now available, however, even white-collar crimes committed by an individual may result in tens of millions in losses for the victims.

A sociologist and criminologist, Edwin Sutherland, invented the phrase “white-collar crime” in 1939. Prior to his writings on the subject, many people resisted believing that members of the “upper class” engaged in criminal activity.

India to maintain its growth story needs to reduce fraud and corruption in government and private sector. As previously mentioned corruption and fraud stop multinationals from investing in the country. The decrease in foreign direct investment in 2011 and the international financial institutions outflow of funds from stock markets are clear indicators of the negative impact of fraud and corruption.

Therefore, Indian government must improve governance and take strict action against the offenders. Comptroller Auditor General is showing the way forward, the need of the hour is for political parties to have the spirit to clean up the mess. The private sector must implement fraud prevention measures and focus on ethics to reduce frauds. Both sectors have to collaborate to minimize fraud risks in India. The reasons of justifications are there for the methods used for the control of white collar crimes, the ambivalence of the social response to this sort is so related to wider social factors which have both objective and subjective dimensions. As has been so mentioned a more subjective source of ambivalence in the social response to white collar crimes is the assumption that there is less public concern about these behaviours so termed as white collar crimes, and therefore there is a less support for severe sanctions than in the cases of crimes which are traditional street crimes. But even if there was greater public ambivalence towards white collar crimes in comparison to the traditional crimes, writers such as Box has regarded this as a further challenge to sensitize people to not seeing processes in which they are victimised disasters or accidents.

Therefore, the motto should always be prevention is better than cure. Since the acts involved defrauding public faith and belief, public as a whole mass should come forward to protect the whole society from these greedy people who are destroying the ethics and morality of the society slowly and slowly for their sole aim of pursuing narrow self.