

Cambridge University Press
052166554X - Choosing White-Collar Crime
Neal Shover and Andy Hochstetler
Frontmatter
[More information](#)

CHOOSING WHITE-COLLAR CRIME

For more than three decades, rational-choice theory has reigned as the dominant approach both for interpreting crime and as underpinning for crime-control programs. Although it has been applied to an array of street crimes, white-collar crime and those who commit it have thus far received less attention. *Choosing White-Collar Crime* is a systematic application of rational-choice theory to problems of explaining and controlling white-collar crime. It distinguishes ordinary and upperworld white-collar crime and presents reasons for believing that both have increased substantially in recent decades. Reasons for the increase include the growing supply of white-collar lure and noncredible oversight. *Choosing White-Collar Crime* also examines the generative world of white-collar criminals, their decision making, and their criminal careers. The book concludes with reasons for believing that problems of white-collar crime will continue unchecked in the increasingly global economy and calls for strengthened citizen movements to rein in the increases.

Neal Shover is Professor of Sociology at the University of Tennessee, Knoxville, where he teaches courses in criminology, white-collar crime, and criminal justice. He is author of *A Sociology of American Corrections* (1979), *Aging Criminals* (1985), *Enforcement or Negotiation? Constructing a Regulatory Bureaucracy* (with Donald A. Clelland and John P. Lynxwiler, 1986), *Analyzing American Corrections* (with Werner Einstadter, 1989), *Great Pretenders: Pursuits and Careers of Persistent Thieves* (1996), and co-editor (with John Paul Wright) of *Crimes of Privilege* (2000). His work has appeared in *Social Forces*; *Social Problems*; the *British Journal of Criminology*; *Criminology*; *Crime, Law and Social Change*, and numerous edited collections.

Andy Hochstetler is Associate Professor of Sociology at Iowa State University, where he teaches courses on crime at the graduate and undergraduate levels as well as a course on inequality and stratification. He writes on white-collar crime, prisoners, criminal decision making, and recidivism. His work has appeared in numerous edited collections and journals including *Criminology*; *Social Problems*; *Journal of Contemporary Ethnography*; *Crime and Delinquency*; *Justice Quarterly*; *Journal of Criminal Justice*; *Deviant Behavior*; and *Crime, Law and Social Change*.

Cambridge University Press
 052166554X - Choosing White-Collar Crime
 Neal Shover and Andy Hochstetler
 Frontmatter
[More information](#)

CAMBRIDGE STUDIES IN CRIMINOLOGY

Edited by

Alfred Blumstein, *H. John Heinz School of Public Policy and Management, Carnegie Mellon University*, and David Farrington, *Institute of Criminology, University of Cambridge*

Other books in the series:

Life in the Gang: Family, Friends, and Violence, by Scott H. Decker and Barrick Van Winkle

Delinquency and Crime: Current Theories, edited by J. David Hawkins

Recriminalizing Delinquency: Violent Juvenile Crime and Juvenile Justice Reform, by Simon I. Singer

Mean Streets: Youth Crime and Homelessness, by John Hagan and Bill McCarthy

The Framework of Judicial Sentencing: A Study in Legal Decision Making, by Austin Lovegrove

The Criminal Recidivism Process, by Edward Zamble and Vernon L. Quinsey

Violence and Childhood in the Inner City, by Joan McCord

Judicial Policy Making and the Modern State: How the Courts Reformed America's Prisons, by Malcolm M. Feeley and Edward L. Rubin

Schools and Delinquency, by Denise C. Gottfredson

The Crime Drop in America, edited by Alfred Blumstein and Joel Wallman

Delinquent-Prone Communities, by Don Weatherburn and Bronwyn Lind

White-Collar Crime and Criminal Careers, by David Weisburd and Elin Waring, with Ellen F. Chayet

Sex Differences in Antisocial Behavior: Conduct Disorder, Delinquency, and Violence in the Dunedin Longitudinal Study, by Terrie Moffitt, Avshalom Caspi, Michael Rutter, and Phil A. Silva

Delinquent Networks: Youth Co-Offending in Stockholm, by Jurzy Sarnecki

Criminality and Violence among the Mentally Disordered, by Sheilagh Hodgins and Carl-Gunnar Janson

Corporate Crime, Law, and Social Control, by Sally S. Simpson

Companions in Crime: The Social Aspects of Criminal Conduct, by Mark Warr

Situational Prison Control, by Richard Wortley

The Criminal Career: The Danish Longitudinal Study, by Britta Kyvsgaard

Violent Crime: Assessing Race and Ethnic Differences, edited by Darnell Hawkins

Gangs and Delinquency in Developmental Perspective, by Terence P. Thornberry, Marvin D. Krohn, Alan J. Lizotte, Carolyn A. Smith, and Kimberly Tobin

Early Prevention of Adult Anti-Social Behavior, edited by David Farrington and Jeremy Coide

Errors of Justice, by Brian Forst

Rethinking Homicide, by Terance D. Miethe and Wendy C. Regoeczi

Understanding Police Use of Force, by Geoffrey P. Alpert and Roger G. Dunham

Economic Espionage and Industrial Spying, by Hedieh Naseri

Marking Time in the Golden State, by Candace Kruttschnitt and Rosemary Gartner

The Virtual Prison, by Julian V. Roberts

Prisoner Reentry and Crime in American, Edited by Jeremy Travis and Christy Visser

Cambridge University Press
052166554X - Choosing White-Collar Crime
Neal Shover and Andy Hochstetler
Frontmatter
[More information](#)

Choosing White-Collar Crime

Neal Shover

University of Tennessee, Knoxville

Andy Hochstetler

Iowa State University



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press
 052166554X - Choosing White-Collar Crime
 Neal Shover and Andy Hochstetler
 Frontmatter
[More information](#)

CAMBRIDGE UNIVERSITY PRESS
 Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press
 40 West 20th Street, New York, NY 10011-4211, USA
www.cambridge.org
 Information on this title: www.cambridge.org/9780521662178

© Neal Shover and Andy Hochstetler 2006

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2006

Printed in the United States of America

A catalog record for this publication is available from the British Library.

Library of Congress Cataloging in Publication Data

Shover, Neal.
 Choosing white-collar crime / Neal Shover, Andy Hochstetler
 p. cm. – (Cambridge studies in criminology)
 Includes bibliographical references and index.
 ISBN-13: 978-0-521-66217-8 (hardback)
 ISBN-10: 0-521-66217-6 (hardback)
 ISBN-13: 978-0-521-66554-4 (pbk.)
 ISBN-10: 0-521-66554-x (pbk.)
 1. White collar crimes. 2. Commercial criminals. 3. Criminal behavior – Decision making. 4. Rational choice theory. I. Hochstetler, Andrew. II. Title. III. Series: Cambridge studies in criminology (Cambridge University Press)
 HV6768.s55 2005
 364.16'8 – dc22 2005017961

ISBN-13 978-0-521-66217-8 hardback
 ISBN-10 0-521-66217-6 hardback

ISBN-13 978-0-521-66554-4 paperback
 ISBN-10 0-521-66554-x paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party Internet Web sites referred to in this publication and does not guarantee that any content on such Web sites is, or will remain, accurate or appropriate.

Cambridge University Press
052166554X - Choosing White-Collar Crime
Neal Shover and Andy Hochstetler
Frontmatter
[More information](#)

For Riley Marie Shover

N.S.

For Nell Hochstetler

A.H.

Contents

<i>List of Figures and Tables</i>	<i>page xi</i>
<i>Preface</i>	xiii
<i>Acknowledgments</i>	xvii
1 White-Collar Crime	1
2 Lure	27
3 The Predisposed and Tempted	51
4 Self-Restraint and Oversight	76
5 Decision Making	109
6 Criminal Careers and Career Criminals	130
7 Beyond the Law?	150
<i>References</i>	175
<i>Index</i>	205

List of Figures and Tables

FIGURES

2.1	The World Insurance Market: Direct Premiums Written (in U.S. Millions), 1992–2002	<i>page</i> 33
2.2	Total Consumer Credit Outstanding Per Capita (1980\$), United States, 1945–2000	34
2.3	Percent of U.S. Households Invested in Taxable Equities by Year	36
4.1	Rate of Referral for and Prosecution of Federal White-Collar Crimes, United States, 1986–2003 (Per 100 Million Persons)	94
4.2	Number of Social and Economic Regulators Per 100 Tax-Filing Corporations, United States, 1975–2000	100
4.3	Federal Investment in Social and Economic Regulation (1996\$) Per Tax-Filing Corporation, United States, 1975–2000	101

TABLES

3.1	Characteristics of Individuals Sentenced for Federal Street Crimes and White-Collar Crimes, United States, 1995–2002	53
4.1	Sentences Imposed on Individuals Convicted of Federal White-Collar Crimes and Street Crimes, United States, 1995–2002	90
4.2	Numbers of and Sentences Imposed on Organizations Convicted of Federal Crimes, United States, 1995–2002	91

Cambridge University Press
052166554X - Choosing White-Collar Crime
Neal Shover and Andy Hochstetler
Frontmatter
[More information](#)

Preface

In November 2001, both the world's largest newspapers and electronic media were filled with stories about the collapse of Enron Corporation and speculation about likely criminal charges for some of its officers. That crime was committed there was little doubt, and, largely because of it, some 20,000 Enron employees eventually lost entirely or saw a severe reduction in their retirement financial accounts. Criminal proceedings against and negotiated guilty pleas by some of Enron's former top managers began soon afterward. Andrew Fastow, the Enron chief financial officer who contrived many of the deals that enabled his employer to hide from investors and shareholders the enormity of its debt, was one of the first. On January 12, 2005, he pleaded guilty to federal charges and later was sentenced to ten years imprisonment. Like him, Kenneth Lay, Jeffrey Skilling, and other high-ranking officers were indicted and faced trial on criminal charges. Criminal proceedings will continue for years. Enron was not the only major corporation caught out for crimes on a massive scale; its crimes were duplicated by predatory and criminal behavior by management of WorldCom, HealthSouth, Tyco, Xerox, Adelphia, and others.

For those inclined to look for it, evidence of pervasive and widespread white-collar crime has rarely been more plentiful. Even the casual consumer of the mass media almost daily encounters reports of outrageously harmful or destructive crime committed by privileged citizens and large corporations. Few white-collar crimes are as complex or costly as media coverage of these sensational cases might suggest; the media generally single out for attention the most gluttonous offenders and the most egregious crimes. But the picture gained from coverage

of regional and local events by newspapers in smaller cities is no less disturbing. The crimes of Enron, similar crimes committed by other organizations and individuals, and media reports highlight the concern shared by many citizens that white-collar crime has reached dangerous levels.

This epidemic developed even as the nation witnessed a corrective shift in the way most people think about street criminals and the most promising ways to deal with them. For more than three decades, political leaders have embraced and promoted assiduously the notion of crime as *choice*. The fundamental assumption of this approach is that criminal acts are products of decision making in which individuals examine and assess available options and their potential net payoffs, paying attention particularly to the possibility of arrest. The notion of crime as choice is cited approvingly by many academics, policy makers, and crime-control managers, and it has spawned a host of bromides about crime and the most appropriate responses to it. Elected officials and citizens have come to understand that indulgence and permissiveness breed crime, and that offenders must be shown that “decisions have consequences.” Few doubt the wisdom of communicating to all who contemplate criminal choice that if they “do the crime, [they] do the time.” There is a timeless quality in the interpretations, applications, and lessons of rational-choice theory that commands attention.

The no-nonsense conventional wisdom speaks not only to management of offenders but also to the environments that attract them. Observers place themselves in the mind of rational offenders and imagine, for example, how they might see some neighborhoods as more attractive than others. Places with high rates of disorder and crime are places also where offenders sense tolerance for uncivil behavior. Broken windows that go unfixed invite only more broken windows. The lesson is that there can be no public refuge for vice and no tolerance even of minor forms of criminal activity. It sends the wrong message and thereby increases the likelihood of offending. On the crime-prevention front, the promise of crime-as-choice theory is relief from an impressive range of criminal behaviors, everything from loitering to armed robbery.

More important than its function as underpinning of contemporary approaches to crime control, crime-as-choice theory is a general theory

of criminal conduct; its depiction of the criminal decision-making process and its propositions about curbing crime are applicable to all offenses. This book is intended as a straightforward demonstration of how rational-choice theory applies to the problem of explaining and controlling white-collar crime. Doubtless this will strike some as misguided; depiction of white-collar criminals as calculating actors may not sit well with them or with sympathetic interpreters of their conduct. Both prefer interpretations that are less voluntaristic and more blameless. In addition to the potential crime-reduction benefits of crime-as-choice theory, it seems appropriate that privileged criminals not be permitted to market exculpatory explanations for their crimes while their poor and minority criminal cousins are held to the standard of rational actors.

Although we draw from a variety of materials in the pages and chapters that follow, the data available to investigators of white-collar crime pale in quality and comprehensiveness beside data available on street crime. Inevitably, what can be learned easily about white-collar crime and criminals whether from available data or from use of well-established research techniques is patchy and of uncertain validity. The most important problem this presents is inability to measure with even a modicum of comprehensiveness and confidence the volume of white-collar crime.

The complications begin but do not end there; investigations of white-collar crime are beset by disagreement over fundamental conceptual issues, and decades after pioneering research on the subject, investigators still contend with these. Considerable time and energy have been invested in efforts to resolve these controversies, but progress has been nil. Where white-collar crime is concerned, figure and ground are easily blurred and seen, therefore, in more than one way. We believe that conceptual disagreements should not impede efforts to better understand and confront white-collar crime, but in chapter 1 we touch on some of these disagreements. Rational-choice theory gives reason to believe that white-collar crime is increasing substantially, but data limitations make impossible a straightforward test of this assumption. Consequently, the strategy employed here is to examine and document changes in conditions that theoretically predict the level of white-collar crime. Variation in lure, oversight, and the supply

of motivated offenders, concepts at the heart of crime-as-choice theory, is described in the chapters that follow and documented where possible. Readers are on notice, however, that our theoretical reach and analysis perhaps cannot be applied evenly to all white-collar criminals.

Chapter 2 examines temporal increases in the supply of lure, one of the principal sources of variation in the rate of white-collar crime. In chapter 3 we explore the class, family, and organizational backgrounds of those who choose to exploit lure. Chapter 4 describes oversight and argues that its credibility has failed to keep pace with the burgeoning supply of white-collar lure. Chapters 5 and 6 examine the dynamics of white-collar criminal decision making and careers in white-collar crime. These matters have captured the attention of investigators and policy makers alike, and no treatment of crime can ignore them. The analysis concludes in chapter 7 with discussion of victims of white-collar crime, the frustrations they face dealing with unresponsive control agents, and why state responses to white-collar crime generally are tepid and ineffective. We argue that determined efforts will be required if the odds of runaway increases in white-collar crime are to be minimized.

Acknowledgments

The list of organizations and individuals who assisted us in one way or another to complete this project is a long one, and we are pleased to thank them publicly. Heith Copes, Mark Berg, Katie Elam, and Evelyn Blane served capably and cheerfully as assistants at various times while it was in gestation. Michael Benson graciously made available copies of interviews he conducted with ordinary white-collar offenders, and reading them helped us gain additional insight into their perspectives and decision making. Harry Dahms's knowledge of the contemporary literature on the state and globalization is as impressive as it was indispensable for our efforts. Conversations with Heith Copes, Alicia Cast, and Teresa Tsushima helped clarify conceptual issues and saved time in the library. Rachel Burlingame brought to bear her expert typing skills and thereby helped us push the project to completion. Gil Geis, the undisputed authority on matters of white-collar crime, read a draft of the manuscript and spurred us to do better. We appreciate very much his concern and comments. Richard Wright, Peter Grabosky, Stephen Cernkovich, Jeffrey Ulmer, and Annette Lareau read portions of the manuscript and provided critical feedback. Matt Potoski and Aseem Prakash shared with us expertise on organizational culture and reassured us about our treatment of this concept and explanation for white-collar crime. Patrick Langan, at the Bureau of Justice Statistics, and Guy Blackwell, Assistant U.S. Attorney for the Eastern District of Tennessee, directed us to or provided materials we otherwise would have had difficulty locating. Linda Maxfield at the United States Sentencing Commission made available statistical reports and assistance interpreting them.

Cambridge University Press
052166554X - Choosing White-Collar Crime
Neal Shover and Andy Hochstetler
Frontmatter
[More information](#)

xviii

ACKNOWLEDGMENTS

The Criminal Justice Initiative at the University of Tennessee provided support, as did the College of Liberal Arts and Sciences at Iowa State University, which awarded a faculty development grant to Andy Hochstetler. A broad outline of the project was conceived while Neal Shover was a visiting scholar at the Centre for Tax System Integrity, Research School of Social Sciences, Australian National University. Valerie Braithwaite made possible this opportunity.

As with all the projects of our lives, completion of this one would not have been possible without the support, constancy, and good cheer of Beth Hochstetler and Jeanie Shover. It pleases us to make this known to all.