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Preface to the Second Edition

Since the first edition of this book was published, white-collar offenders have been busy. New scandals and schemes have emerged with regularity and significant consequences, such as the apparent cover-up of the defective and deadly ignition switch on cars manufactured by General Motors as well as the incredibly long-running and costly Ponzi scheme orchestrated by Bernard Madoff. We’ve also observed the tremendous human and financial costs associated with the extensive frauds in the U.S. mortgage market. All of this activity has given us plenty of new material. Throughout this new edition, we introduce and analyze some of these recent episodes of white-collar and corporate crime, drawing from new research by white-collar crime scholars. Although we have altered the organizational structure of the book by dividing it into five parts and moving material around in some of the chapters, the general flow of the narrative remains the same.

Part I addresses definitional issues and the question of who is the white-collar offender. In Chapter 1, to supplement our discussion of the problem of how best to define white-collar crime, we have added a new section addressing the difficulties of measuring it. These two topics—the definition and measurement of white-collar crime—are, of course, intimately related. Chapter 2 explicates the groundbreaking work on the social and demographic characteristics of white-collar offenders by researchers at Yale University in the 1970s, but it has been expanded to include data from the U. S. Sentencing Commission that permits us to compare contemporary white-collar offenders to the offenders in the Yale study. This comparison reveals that the demographic makeup of the white-collar offending population has changed in ways that mirror broader social changes in America. This chapter also includes a review of new research on white-collar criminal careers as well as new and sometimes disturbing research on the psychological
characteristics of white-collar offenders. Finally, we include new material on organizations as offenders.

Part II examines various theoretical approaches to explaining white-collar crime and introduces our opportunity perspective. Chapter 3 covers traditional theories of white-collar crime and here we have added a discussion of some new methods of estimating the prevalence rate of offending among corporations. This is an important issue to get settled in light of the ongoing dispute between the advocates of self-control theory and the proponents of nearly all other theoretical perspectives about whether white-collar crime in corporations is rare or widespread. This chapter also includes an expanded discussion of the increasingly popular “choice” perspective as applied to white-collar crime. In addition to being renamed, Chapter 4 now includes a discussion comparing the routine activity concepts “suitable target” and “lack of guardianship” to the closely related but not identical concepts of “lure” and “lack of credible oversight” drawn from the choice perspective.

In Part III, we examine different forms of white-collar and corporate crime. As in the first edition, Chapter 5 presents an analysis of financial white-collar crimes but with a greatly expanded discussion of the veritable cornucopia of frauds that took place in the mortgage industry between 2000 and 2008. We also devote more time to securities offenses, especially stock manipulation, insider trading, and investment schemes. Bernard Madoff’s Ponzi scheme is discussed at length and we also address some new antitrust cases. Regrettably, in the past five years, there has been no shortage of the types of white-collar crime that harm people and the environment. Thus, in Chapter 6 we present new data on environmental crime cases, focusing in particular on the deadly Deepwater Horizon explosion. To deepen our understanding of this case, we draw from an emerging theoretical perspective called conservation criminology. Chapter 6 also covers the seemingly intractable problem of workplace safety both here and abroad by
reviewing recent mining disasters. Finally, we have added a section on manufacturing crimes, which focuses on the manufacture and distribution of dangerous products such as the faulty ignition switch installed in General Motors cars.

Part IV takes a look at the symbolic and structural aspects of white-collar crime opportunities. Chapter 7 includes a review and analysis of new research on gender differences in the use of neutralizations. The symbolic dimensions of white-collar crime opportunities are also addressed through an analysis of competing narratives that inevitably emerge whenever a new corporate scandal comes to light such as the General Motors’ defective ignition switch. On one side is a narrative that paints the individuals involved as amoral calculators who callously put profits over people, but on the other side are powerful corporate and political forces arguing that corporate executives are well-meaning people who sometimes regrettably make mistakes. These competing narratives bring to light the importance of the processes of concerted ignorance, neutralized deviance and normalized deviance. On the structural dimensions of access to opportunities, Chapter 8 presents penetrating new research on the gender gap in white-collar offending and victimization. In regard to offending, the new research confirms what white-collar crime scholars have long suspected that the gender gap in high level corporate frauds is exceedingly large. Women may be rising in corporate hierarchies, but they still do not hold leadership positions when it comes to large scale frauds.

Finally, in Part V we address the problem of controlling white-collar crime and the future of white-collar crime. Effective control of white-collar crime and corporate wrongdoing remains a daunting problem for both the criminal justice and regulatory systems. Accordingly, the new Chapter 9 presents an expanded discussion of difficulty of applying criminal law to certain white-collar offenses as well as a more focused discussion of the strengths and weaknesses of both criminal justice and regulatory systems as means of control. In the new Chapter 10, we offer a greatly expanded
discussion of situational crime prevention theory as a way of thinking about white-collar crime control. We also examine how advances in computer hardware and software have created possibilities for improving the credibility of oversight. If these advances are taken advantage of, that would represent a significant advance in white-collar and corporate crime control. Chapter 11 on the future of white-collar crime remains largely the same, because the forces that we identified in the first edition as promoting white-collar crime continue to operate. However, we do note that there is some evidence that the world is slowly coming to grips with the criminogenic effects of globalization. Increasingly, nations are responding through cooperative agreements involving trans-national regulation. It remains to be seen just how far this trend will go and how effective it will be.
Preface to the First Edition

Most of us recognize that we could be victims of crime and try to take reasonable precautions against this happening. We lock our doors, avoid dangerous neighborhoods, and keep our belongings close by when we are out. These simple precautionary measures work primarily because they make it hard for offenders to get close to us or our property. They probably do help reduce the chances that we will be the victims of certain types of crime, such as burglary, robbery, assault, and larceny.

Unfortunately, these measures are unlikely to have any effectiveness against the types of crimes and criminals discussed in this book—white-collar crimes. White-collar crimes are committed in ways that are difficult, indeed often impossible, to prevent by simply blocking the offender’s access to his or her target. White-collar offenders use techniques and take advantage of opportunities that are unavailable to ordinary street crime offenders to carry out their criminal intentions. Their crimes can harm victims both directly and indirectly without the victims even knowing it. Compared to ordinary street crimes, they pose significantly different risks and threats to individuals, government, and society in general.

This book is designed to help students better understand how white-collar crimes work. We take what we call an “opportunity perspective.” This perspective is growing in popularity in regard to ordinary street crimes, and this book represents the first attempt to apply it systematically to white-collar crime. We assume that all crimes depend on offenders having some sort of opportunity to commit an offense, and that different types of crimes have different “opportunity structures.” The idea that opportunities are required for crime to occur is such a simple one that it is often overlooked in discussions about crime. Obviously, the crime of, say, bank robbery depends on banks being available to rob. Thus, when people think about the causes of crime and how best to control it, they
often focus on offenders and the question of why they do it. The question of motivation is, of course, an important one, and we address it in this book. But, as we will show, the seemingly simple idea of opportunity turns out on closer analysis to be more complex than we might have thought and to have a number of important implications for our understanding of the causes of white-collar crime as well as the problem of how to control it.

Although in recent years there has been a growing number of monographs and textbooks on white-collar crime, this book has several distinguishing features that we think will make it valuable to students. First, we focus explicitly on opportunity structures and white-collar crime. Though other books have mentioned this topic, they rarely treat it as systematically as we do here. By analyzing opportunity structures, we help students understand how white-collar crimes are committed, including crimes that have physical as well as financial effects. Understanding how a crime works is the first step in developing ways to prevent it. Our analysis of opportunity structures includes both their subjective and objective dimensions. Thus, rather than simply describing the many terrible things that white-collar offenders have done, we try to give students a way of understanding the offences so that they can do more than simply be morally outraged by them.

Second, opportunities to commit white-collar crime are not randomly distributed throughout society. Some people have greater access to white-collar crime opportunities than others. Accordingly, we discuss at length how the major demographic variables of gender, race, and social class are linked to both white-collar crime offending and victimization. In this way, we ground our analysis of white-collar crime in a broader sociological perspective.

Finally, drawing from our opportunity perspective, we present a new way of thinking about white-collar crime control. Discussions of crime control in regard to both white-
collar and other forms of crime often are too narrowly focused on offenders. How can we get better at catching them, and how severely should they be punished when we do apprehend them? The opportunity perspective alerts us to the possibility that sometimes we can prevent or at least reduce particular forms of crime without necessarily doing anything directly to the offender. Rather, we can at times prevent offenses by altering some aspect of their opportunity structure. Based in situational crime prevention theory, this way of thinking about crime control is becoming increasingly popular with academicians and law enforcers. We show that it is an approach that can also be applied to white-collar crime.

Like virtually every other textbook on white-collar crime, Chapter 1 begins with a discussion of the thorny problem of how to define white-collar crime. We treat both the offender and offense-based approaches to definition and propose a partial synthesis of the two views. Chapter 2 presents a detailed analysis of what is known about the demographic, social, and psychological characteristics of white-collar offenders. In Chapter 3, we review several of the traditional theories or explanations of white-collar crime. In Chapter 4, we introduce the opportunity perspective in more detail, discussing the special features of white-collar crimes and their reliance upon distinctive techniques. Deception, abuse of trust, concealment and conspiracy as techniques of criminal offending are addressed here. In Chapters 5 and 6, we apply the opportunity perspective to selected forms of white-collar crime. Although we do not cover every possible type of white-collar crime, we focus on a broad and heterogeneous selection of common white-collar offenses, including both property crimes and those that have physical effects, too. Chapter 7 deals with the subjective or symbolic dimensions of opportunities. We discuss how white-collar offenders are adept at defining their crimes in morally favorable terms and how this contributes to their offending. Chapter 8 presents data and analysis regarding the distribution of white-collar offending and victimization by gender, race,
and social class. In Chapter 9, we address the problem of how best to control white-collar crime by legal as well as extra-legal means. Finally, in Chapter 10, we summarize our arguments regarding the special features and techniques of white-collar crime. Then we speculate on the future of white-collar offending and offer some thoughts regarding the policy implications of our analyses.