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AGE AND GENDER INVOLVEMENT IN WHITE COLLAR CRIME

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ABSTRACT

Financial Fraud Enforcement Task Force 2010 Report data are analyzed in this research in an attempt to better understand the relationship between age and white collar crime, and gender and white collar crime. Data in the report were supplemented with outside sources, particularly data from the Public Access to Court Records System, Uniform Crime Reports, and news databases. The data on age and white collar crime were processed in order to determine patterns and create age curves to compare with curves for ordinary property crimes such as burglary and conventional forms of fraud. The comparison found that the ages of offenders in cases of white collar crime are generally older. This is directly at odds with invariance theory, which posits that the age-crime curve is invariant across crimes. Findings also revealed that women were less likely to be white collar offenders, caused less loss, and committed crimes in far fewer categories of fraud. Based on the findings, this research recommends that better databases on white collar crime be constructed. Included in the appendix are suggestions for conducting research on corporate frauds.

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Chapter 1

Introduction

The prevalence of white collar crime in America has been on the rise since the 2008 financial crisis. Much of what happened during that time can be credited to upper-level financial fraud that occurred in the corporate environment. Given the prevalence of the problem, the lack of research on the subject is concerning and surprising. Despite the potential impact corporate crime has on the economy, the topic has gone largely unexplored. It is the goal of this paper to explore some of the finer details of white collar financial fraud.

Age and gender are often cited as two of the best predictors of crime (Steffensmeier and Streifel, 1991). With that in mind, this research will concentrate on finding patterns that exist in the relationships between gender and white collar crime, and age and white collar crime. The analysis examining gender will expand on the 2013 research of Steffensmeier, Schwartz, Streifel, and Roche (henceforth referred to as Steffensmeier et al 2013), that was groundbreaking in its research on gender and white collar crime. This thesis will investigate differences between the genders in involvement in corporate financial fraud, such as: type of fraud committed, amount of financial harm or loss, and the inclusion of women in white-collar crimes overall.

Age-crime relationships will be examined to determine if the age-crime curve for white collar crime varies significantly as compared to age curves for ordinary or conventional crimes such as burglary.

Given the lack of research on both topics, this study will break ground in furthering an understanding of the effects of gender and age on upper-level white collar crime. The thesis will also examine the process of performing research on white collar crime in an appendix. Both of

these are vital in order for research on the subject to move forward.

Chapter 2

Background

In this chapter the key issues addressed in this thesis are described, the relevant literature relating to those issues is reviewed, and the central hypotheses being tested are set forth.

Gender and Crime

This section will include discussion on the relationship between gender and crime, referring specifically to relationships between gender and white collar crime.

Although white collar crime is fairly under researched and nebulous in its many definitions (Coleman 1987, Benson 2009), there is still a fair amount of important research on the subject. For framing this research on white collar crime, arguably one of the most important studies is Darrell Steffensmeier, Jennifer Schwartz, and Michael Roche's American Sociological Review article "Gender and Twenty-First-Century Corporate Crime: Female Involvement and the Gender Gap in Enron-Era Corporate Frauds". This article is groundbreaking in its research on white collar crime. In fact, this thesis is intended to expand on what was done in their chapter.

Steffensmeier and colleagues make some very important arguments and findings about gender patterns in white collar crime. In a similar fashion to this report, the group tends to identify differences in participation of white collar crime between the genders. Steffensmeier and colleagues developed their own database from a wide array of sources to compare reality versus the theoretical gender paradigm. They found that the gender paradigm was supported and that women were for the most part not part of conspiracy groups, held minor roles, and made less

profit. These are important patterns, but what are more important are the arguments they make about white collar crime and gender.

First they argue that female pathways to upper-level white collar or corporate financial fraud are severely limited. They either have a relational pathway (one of romance or a close-friendship to a male), or one of utility (holding a necessary position for the crime to proceed). They also argue that women are rarely the ring leader or a major role player. Often they are relegated to lower profile positions and are at the mercy of a man in charge. Finally, and most importantly, is their argument that women are mostly not involved at all in upper-level white collar and/or corporate conspiracies.

Overall the Steffensmeier et al 2013 article is the guiding framework for this thesis and plays a crucial role in providing a backdrop for comparing the results of the thesis that are derived from the analysis of cases represented in the Financial Fraud Enforcement Task Force (FFETF). Results from Steffensmeier will be used to attempt to replicate or disprove patterns found in the FFETF, and their study will be used as a template for how to go about the study. The format will also be expanded into discussing similar relationships between age and white collar crime. Age and gender are recognized as two major predictors for involvement in white collar crime, and it will be the goal of this piece to expand on the patterns established by Steffensmeier, Schwartz, and Roche in their 2013 *American Sociological Review* (ASR) article.

An important consideration for understanding the-gender/crime relationship is that of building “criminal capital”. It is defined “as an individual’s capacity to mobilize resources and contacts to facilitate crime, and to recognize and exploit opportunities for crime” (Steffensmeier & Ulmer 2013, 34). For the purposes of this research, the building of this capital goes hand in hand with the pathways to involvement in white collar crime. Common knowledge says that building relationships and creating a contact in the world of white collar crime means that a woman would have to hold a relatively elevated position in order to do so. How often do women

have the opportunity to build these contacts? According to the Harvard Business Review, in 2009 1.5% of CEOs at the top 2000 performing companies in the world were women (Harvard Business Review). It might be an extreme example, but it is nonetheless clear that women at the time of the 2010 Financial Fraud Task Force Enforcement Annual Report were not holding a high percentage of top white collar positions such as CEO. Therefore it seems reasonable to say that a woman's ability to build this kind of criminal capital was severely handicapped at the time of the report.

To make things even more difficult, women have trouble accessing informal male networks in the corporate work place (Steffensmeier et al 2013). With limited access to these kinds of networks, women often find it difficult to be recruited for involvement in the conspiracies taking place.

The Gender Paradigm

Darrell Steffensmeier and Emilie Allan's piece, "Gender and Crime: Toward a Gendered Theory of Female Offending", is important in establishing an adequate background for which to make gender comparisons. It offers a comprehensive view of the role gender plays in offending, and makes important arguments about the nature of female offending.

Steffensmeier and Allan argue that there is an inherent problem with applying male developed theories used to explain male crime to explain the gender gap. Although female rates respond to similar forces such as economic equality, many questions are left unanswered by traditional theories that prescribe these factors. Such issues as a lack of females being ring leaders and a general lack of participation in groups seem to go unexplained by traditional theories (Steffensmeier and Allan, 1996). Both of these questions are incredibly important for framing this study.

Steffensmeier and Allan explain differences in what is known as a gendered approach; meaning that particular descriptors of each gender are used in tandem with traditional theories to explain differences. Along with biological factors (e.g., physical strength, sexuality), differences in socialization and access to informal male-dominated networks affects female motivations and opportunities to commit certain types of crime. This is seen when the authors explain that, although the numbers of women arrested for ordinary forms of fraud are high (e.g., check fraud, credit card fraud), their involvement in upper-level white collar or corporate crime numbers is still low. On white collar crime they say that “it is almost nonexistent in more serious occupational and/or business crimes, like insider trading, price-fixing, restraint of trade, toxic waste dumping, fraudulent product commerce, bribery, and official corruption, as well as large-scale governmental crimes (for example, the Iran-Contra affair and the Greylord scandal). Even when similar on-the-job opportunities for theft exist, women are still less likely to commit crime” (Steffensmeier and Allan 1996, 480).

Drawing from the Steffensmeier/Allan theoretical framework and assessment, the overall expectation for this thesis research is that FFETF offenders are much more likely to be male than female and that, when females are found, their involvement will be of a less serious nature than that of their male counterparts.

The Age-Crime Relationship: Variance versus Invariance

This section will first discuss the debate about the strength and shape of the age distribution of crime – most notably, whether the age-crime curve is variant or invariant. The concept of invariance is that the age-crime curve is constant across types of crimes and other variables.

Generally Accepted Principles of the Age-Crime Relationship

David Farrington's 1986 article "Age and Crime" was vital in the patterns it established relating to age and crime. Farrington argues that in general, "the crime rate increases from the minimum age of criminal responsibility to reach a peak in the teenage years; it then declines, at first quickly, but gradually more slowly" (Farrington 1986, 189). Farrington's conclusion is observed in a graph on American males showing their age distribution for total arrests as reported in the FBI's *Uniform Crime Reports*.

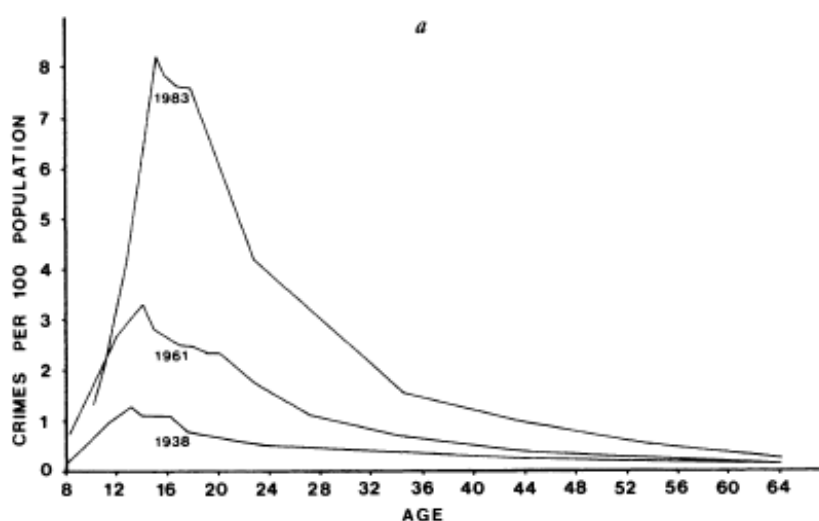


Figure 1 Age-Crime Curve, Farrington 1986

As the graph shows, the peak of crime occurs right before age 18 (Farrington 1986, 192). What Farrington has established then is that the greatest volume of crimes are committed at this age. What Farrington does note though, is the comparatively higher age of those who are arrested for "white collar" crime (i.e., UCR category of fraud). According to the UCR fraud statistics he used the average age ended up being 26, which is noticeably and significantly higher than what is shown in Figure 1.

Farrington also assembles what he refers to as a summary statistics on age and crime, based persons convicted of crimes in England. Using these data he provides many statistics that give a broad overview of patterns in the data.

TABLE 1
Summarizing English Age-Crime Curves

	English Males			English Females		
	1938	1961	1983	1938	1961	1983
Peak age	13	14	15	19	14	14
Crime rate at peak*	1.32	3.35	8.25	.11	.46	1.89
Half of peak before	10	10	13	11	11	12
Half of peak after	21	23	22	44	21	19
Median age	21	20	21	29	24	21
Twenty-fifth percentile	15	15	16	19	16	15
Seventy-fifth percentile	33	29	29	42	40	34
Mean age	25.3	23.5	24.9	31.5	28.8	26.3
Standard deviation	13.5	11.8	11.8	14.3	15.3	14.1
Skewness	1.18	1.71	1.68	.22	.51	1.10
Kurtosis	3.44	4.35	4.20	2.25	2.38	3.15

SOURCE.—Home Office (1940, 1962, 1984).

* Findings of guilt and cautions per 100 population.

Figure 2 Age-Crime Conviction Statistics, Farrington 1986

Farrington argues that this mostly represents the standard description for criminal offense, although with the caveat that differences in peak ages lead him to believe that there is much variance in the age-crime relationship (Farrington 1986, 199).

Steffensmeier and Streifel's 1991 research on the age-crime relationship shows that some offenses (robbery, burglary, etc.) skew towards younger offenders, while others (fraud) include older offenders at a far higher rate.

	Median Age					
	1985		1960		1935	
	M	F	M	F	M	F
<i>Property</i>						
Auto theft	20	19	18	17	21	21
Burglary	20	22	20	22	24	24
Larceny	22	23	21	23	26	27
Robbery	22	23	23	23	24	24
Stolen property	22	24	24	25	29	25
Forgery	26	25	28	26	30	28
Fraud	29	29	31	29	33	29
Gambling	34	34	33	36	32	37

Figure 3 Median Ages Across Crimes, Steffensmeier and Streifel 1991

Above is the distribution of median ages of male and female arrests for various property crimes extending over three time periods: 1935, 1960, 1985 (Steffensmeier and Streifel, 1991). It shows

both the relative similarity across the periods, and the generally higher distribution of ages for crimes classified as fraud. This contributes to the evidence that there is indeed variance in the age-crime curve.

Steffensmeier, Allan, and Miles Harer of the Federal Bureau of Prisons identify important patterns in the relationship between age and crime in their 1989 *AJS* article “Age and the Distribution of Crime”. While they agree that the overall relationship between age and crime is well documented, they argue that, “while a decline in criminality is common to all age-crime distributions over time or across localities, the parameters of the distributions may be quite different” (Steffensmeier, Allan, and Harer 1989, 804).

A few important general findings about age and crime are argued in this paper. One is that the burglary curve (robbery and vandalism also apply), is generally reflective of the accepted age-crime relationship as set forth in the invariance hypothesis: an early peak, followed quickly by a sharp decline and thereafter with a gradual decline into old age. For some crimes, however, age curves are “flatter” and “older.” Fraud for example, peaks and plateaus much later (mid-30s on).

Travis Hirschi and Michael Gottfredson argue in their 1983 *AJS* article, “Age and the Explanation of Crime,” that before their research much of what was done assumed there was variance in age-crime curves across “time, place, demographic subgroups, or type of crime” (Hirschi and Gottfredson 1983, 554). They conclude instead, and offer some evidence in support of their view, that the age-crime distribution is strikingly invariant over this broad range of variables. Since their report, the invariance position has become the most widely view of the age/crime relationship, although some criminologists obviously see the issue as generally unsettled. There is some argument though that on some level, variance and invariance in age-crime distribution co-exist (Britt). This allows for reconciliation between researchers representing different sides of the issue.

Steffensmeier, Allan, and Harer are also skeptical of the invariance hypothesis, as can be inferred by their findings on the differences in the age curves of different crimes. Generally speaking, there has been much argument about the validity of the invariance hypothesis.

The subject of variance and invariance is undoubtedly one of debate, and is important for framing any study in which age-crime curves are being compared. That being said, this research will show later that when comparisons are made between white collar and ordinary crimes, there are significant differences in their age curves; an undoubtable amount of variance.

Expectations

Given the background information discussed, a few outcomes are expected to occur. In the case of gender and crime, I predict that women will be far less involved in FFETF frauds and that they will commit less costly forms of fraud when they are involved. In the case of age and crime, I expect there to be much variance. Given the greater opportunity that older persons are likely to have to commit more lucrative forms of white collar crime, it is likely that they will comprise most of the offenders in the FFETF database.

Chapter 3

Data and Methods

Data

The data used for this research were drawn from the Financial Fraud Enforcement Task Force 2010 report. All relevant information in the report was coded, including: type of financial fraud that was committed, amount of financial loss or costs, gender and age of offenders, and any punishment enumerated. Any blanks that remained were filled in through an amalgam of sources. The most important is PACER, The Public Access to Court Electronic Records system. The information in PACER provided data on prison sentences served and restitutions ordered. Any ages that could not be found in the previous two sources were found by searching the internet for news articles about the offenders. Given that exact birthdays were not listed, age at the time of the reports filing was estimated. All ages have a standard deviation of 1 year from the estimated age. Any other information was found using the federal inmate locator, a Federal Bureau of Prisons resource available to the public.

The Financial Fraud Enforcement Task Force (FFETF)

The Financial Fraud Enforcement Task Force is a relatively new government entity. Spawned into existence by President Barack Obama in 2009, the creation of the Task Force was directly related to the 2008 Financial Crisis, a recession marred by fraud that exposed the dark underbelly of the financial sector. In introducing the 2010 report, the first report of its kind, Attorney General Eric Holder gives the following as the reason for its existence:

“The financial crisis has impacted every American. It has presented not only fraud and deception in the finance and housing markets that helped fuel the crisis, but also the potential for fraudulent schemes to misuse the public’s unprecedented investment in economic recovery. While we are aggressively confronting fraud born of the financial crisis, the reality is that we cannot prosecute our way out of the situation. Instead, we must address it with an equally broad and comprehensive enforcement response. This is the mission of the Financial Fraud Enforcement Task Force” (Financial Fraud Enforcement Task Force 2010 Report).

It is pretty clear from Holder’s statement that the primary reason for creating this Task Force did indeed stem from the Financial Crisis. Holder enumerates five main goals that the Task Force was created to pursue. Obviously one of them is prosecuting crimes related to the Financial Crisis. The other goals include recovering proceeds that were gained from the crimes, fixing problems relating to discrimination in lending, improving relationships between the levels of government responsible for these violations, and doing public outreach to help victims (Financial Fraud Enforcement Task Force, 2.3). The Task Force had a laser focus on certain types of crime related to the financial crisis including mortgage fraud, securities and commodities fraud, using government recovery funds to fraud the government. Overall the federal government was keen on what can be metaphorically described as “using a shotgun to shoot fish in a barrel”. Their goal was to bring down the wrath of the government on anyone and everyone who attempted to defraud the American people; a noble goal at that.

The report itself is structured interestingly. Sections are headed by the type of fraud described in the section or what was done to combat certain problems in the financial sector (e.g. discrimination in housing). Under each heading is a short description of offenders apprehended who are in the process of being prosecuted in federal court. The cases highlighted are assembled by the Task Force in two ways. The first is because of action they have taken themselves to

apprehend a certain offender or group of offenders. The other method of assembling cases for the report is through outreach to the Attorney Generals in each state. The office of these Attorney Generals would then forward the cases they felt necessary to the Task Force.

The methodology of each case being described in the Task Force Report is essentially non-existent. Other than naming the offender, there are very few consistencies in the description of each case. Some include the amount of loss caused by the fraud, the prison sentence, and the restitution, while others do not. It is these inconsistencies in reporting that expose the greatest flaws of the Task Force report.

The great flaw of the report is in fact, in its assembly. By calling out to office of the Attorney Generals of the individual states, there was no consistency in the way things were reported. This meant that each case only included information that each office saw fit. By not having a consistent framework for each case, it means that any reader or researcher would have to manually fill in blanks (which was incredibly time consuming). Outside of the reporting inconsistencies, each office had discretion as to what types of cases to reports to the Task Force. Though it is nefarious to assume these offices were hiding failures by not reporting certain cases, this selectivity certainly raises questions about why certain cases were chosen over others. Given the potential omission of some cases, the reliability of the report is somewhat suspect.

Overall the report provides a nice look at major prosecutions related to white collar crime in the United States in the past year, but it is hardly a full and comprehensive look. The report seems more like a “pat on the back” than anything else, as it is certainly not giving the full look of all cases of financial fraud over the past year. That being said, it is overbearing and arguably impossible to expect the report to be fully comprehensive. It is important, though, to highlight this shortcoming.

Uniform Crime Report arrest data were also acquired through the Bureau of Justice Statistics. The UCR data includes yearly arrest estimates that divide results by age, gender, and

other offender characteristics across a wide variety of crimes, including ordinary property crimes like burglary. This was incredibly useful as a set of official, governmentally sanctioned data for which to make comparisons.

Methods

All information recorded was processed and coded, as to provide anonymity for the offenders and allow it to be manipulated easier. This involved coding for factors like gender, financial loss caused, group characteristics, prison time served, and restitution paid.

In the case of gender, the tables were checked thoroughly for patterns in the data, all of which were noted. The difference in sample sizes between male and female offenders meant patterns were easily noted. Further manipulation was needed to make comparisons to other research, including ratios of men to women. The patterns and results were then compared prior research in the area to see if there were consistencies or inconsistencies. Though the data from scholarly articles needed no further manipulation, the data obtained from the UCR did. Male to female ratios were calculated in order to make the data more digestible and easier to compare.

Tests were also conducted with regard to the age-crime relationship. This included first constructing an age-crime curve based on FFETF data and comparing it to the age-crime curve of the Farrington article (discussed earlier), in order to find how similar the two curves were.

The standard, or “norm” for testing the invariance hypothesis is the age-crime distribution for burglary (based on UCR arrest data). As noted earlier, burglary is one of the common theft crimes common theft crimes (e.g., larceny and robbery) in US that peak early and decline rapidly. This is close to what Hirschi and Gottfredson (1983) contend is representative of the age-crime relation more generally. Thus, age curves for FFETF offenses will be compared to the age curve for burglary

Second, to further this comparison, the proportional age involvement (PAI) was constructed for the assembled data. PAI is a measurement used to determine how much of much of the cumulative total of offenders is comprised by a particular age group. Involvement was calculated for the data from Financial Fraud Enforcement Task Force, UCR Burglary Data, and UCR Fraud Data. The PAI for FFETF was then compared to both UCR measures. In each, polynomial plot lines were used to compare the pattern of the PAI values, and skew was calculated to determine curve symmetry.

The Institutional Review Board of the Office for Research Protections at the Pennsylvania State University reviewed the research to determine if it qualified as “human participant research”. They found it did not meet their definition of human participant research, and exempted the research from any further regulation.

Chapter 4

Findings

The Gender/Crime Relationship in the Financial Fraud Enforcement Task Force Report

One goal of this study was to determine the patterns that occur in the gender-crime relationship, particularly for white collar crime. This was done via data from the Financial Fraud Enforcement Task Force. The set was compared to previously performed research. Specifically used for this comparison are the findings reported in Steffensmeier et al 2013, and Steffensmeier and Streifel 1991, and Uniform Crime Report data. In comparing some of the offender characteristics to that of previous-research, similarities and differences in the outcomes become clear.

Offender Characteristics

	Gender		Total
	Male	Female	
Number in Sample	61	10	71
Percent of Sample	86%	14%	100%
Age Range	23-97	31-58	23-97
Mean Age	51	40	50
Standard Deviation	12	9	12
Median Age	51	39	48
25th Percentile	44	35	40
75th Percentile	59	42	58

Figure 4 Financial Fraud Enforcement Task Force General Statistics

Offender Characteristics (n = 436)		n	%
<i>Age of Offender (at indictment)</i>			
Age Mean		47	
Age Range		25 to 81	
<i>Position in Company</i>			
Top Executives		191	44
Upper-Level Officials		107	25
Mid-level Officials		134	31
Associate		4	1
<i>Defendant Role</i>			
Ringleader		159	37
Major		138	32
In-between		96	22
Minor		43	10

Panel B. Offender Characteristics	Male Profile (All Male)		Male Profile (Mixed-Sex)		Female Profile		Gender Gap
	n	%	n	%	n	%	% Female
Number/Percent of Indictees in Sample	218	50	181	41	37	9	n/a
<i>Age of Offender</i>							
Mean	48		47		43		n/a
Range	25 to 81		27 to 79		27 to 83		n/a
<i>Position in Company</i>							
Top Executives	114	52	74	41	3	8	4
Upper-Level Officials	56	26	40	22	11	30	21
Mid-level Officials and Associates	48	22	67	37	23	62	25
<i>Defendant Role</i>							
Ringleader	101	46	55	30	3	8	5
Major	74	34	57	31	7	19	11
In-between	37	17	51	28	8	22	14
Minor	6	3	18	10	19	51	51
<i>Individual Profit</i>							
None/Trivial	11	10	21	17	20	56	49
Low, Under \$50,000	8	7	3	2	3	8	50
Medium, \$50,000 to \$99,999	2	2	7	6	1	3	13
High, \$100,000 to \$499,999	15	13	15	12	6	17	29
Very High, \$500,000 to \$999,999	40	36	35	29	2	6	7
More than 1 Million	36	32	40	33	4	11	10

Figure 5 Age Statistics, Steffensmeier et al 2013

The above tables are from this research and Steffensmeier et al 2013, respectively. One of the clear differences between the FFETF and Steffensmeier et al 2013 is the size of the total number of offenders, a result of the restricted size of the FFETF. Despite this, the ratio of female to male offenders is similar, with the ratios in both hovering around a nine male to one female split. The age range is greater for males (23-97) than female offenders (31-58), and their mean ages are very far apart (51 and 40, respectively). The large differences in n sizes may help to explain the differences in age ranges between the genders. It is clear from these comparisons that the number of white collar crimes committed by women is far lower than the number committed by men. This is consistent with previously assembled research.

In looking at the amount of financial loss caused by the fraud between the two genders, there is a stark difference. As seen in Figure 11 (contained in Appendix B) male offenders

populate the entire spectrum of financial loss, from none to over one billion dollars. Females never make it out of the \$10 million-\$100 million dollar bracket. There is zero female population above that point, as compared to 17 males in the upper two tiers. In comparison, Steffensmeier et al 2013 show that most corporate offenders fall into the middle two categories (\$10 million-\$100 million, and \$100 million to \$1 billion) for financial loss which is at direct contrast with the fact that women do not even occupy the third tier. This is an important expansion on the work of Steffensmeier et al 2013, as it takes their analysis on financial loss to the next level by breaking it out between the genders.

The comparison to Uniform Crime Report data on arrests for fraud proved to be less than conclusive. For 2010, the UCR showed arrest ratios of about 7 females for every 10 males. This is a drastic contrast from the 1 female for every 9 males shown in this research. It is the opinion of the researcher that this occurred because of differences in definition of fraud. Bounced checks, public transportation offenses, and credit card fraud can all have the effect of skewing the data to include more women than white collar financial or business frauds (Steffensmeier and Allan 1996). Overall, the comparison can be deemed inconclusive at best.

When compared to data sets with similar definitions of fraud (like Steffensmeier et al 2013), the data in the Financial Fraud Enforcement Task Force are largely consistent with this previous research. When it was not consistent with research, it often expanded on it in ways that helped better understand gender/crime relationships. The research shows that women are far less involved in white collar “business” crimes, are restricted to certain kinds of crime, and cause less financial loss. In the case of gender and crime, these are the key takeaways from these data.

Other Patterns in the Data Involving the Gender/Crime Relationship

A pattern seen in the Figure 11 is that of the types of crimes committed. There is a stark contrast in the variety of crimes committed between male and female offenders. Female offenders almost exclusively committed mortgage related crimes, with only one occupying another category (employment benefit). Male offenders are far more spread out across the spectrum of crime types. This is likely due to the previously discussed concept of criminal capital. Women hold very few high ranking positions in corporations, but are prominent in the real estate and mortgage field. This is the likely explanation of the large differences. Whatever the explanation, women are clearly constricted to performing crimes in a small number of fields.

The Age-Crime Relationship in the Financial Fraud Enforcement Task Force Report

A second goal of this study was to determine the patterns that occur in the age-crime relationship, particularly for white collar crimes, using the age-crime curve. This was done via data from the Financial Fraud Enforcement Task Force. The set was compared to previously performed research, specifically that of Farrington, Steffensmeier et al 2013, Steffensmeier and Streifel 1991, and arrest data from the UCR.

In comparing summary statistical information from this collection (Figure 4) with that of Farrington's 1986 research it is easy to see why white collar crime contributes to the theory of variance in age-crime patterns. When comparing this study's data across all periods of time in Farrington's summaries, the data shows conclusively that white collar crimes skew much higher in terms of mean age, median age, and the measure of ages at the twenty-fifth percentile of the data.

An important test is to look at the distribution of offenders across age ranges. This was important in testing variance in the age-crime curve. Below is the age-crime curve for the Financial Fraud Enforcement Task Force 2010 Report.

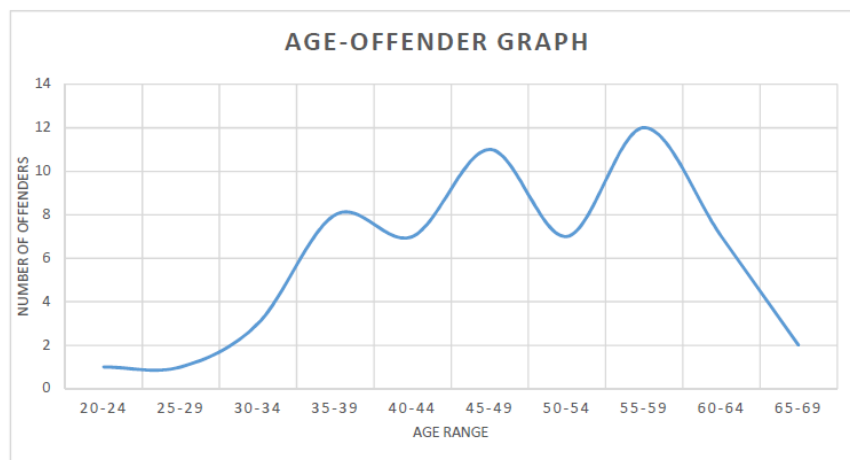


Figure 6 Financial Fraud Enforcement Task Force Age-Crime Curve

When compared to Farrington's age-crime curve, there is a clear and indisputable difference. It is in direct conflict with the concept that the age-crime curve peaks early and declines quickly. Instead, the FFETF age curve rises later and plateaus. It then rapidly declines only from age 60 on (but is still higher at age 65 than it is at age 25). White collar crime, then, clearly consists of older offenders.

Age curves for the FFETF fraud cases were also compared to the curves calculated for ordinary property crimes like burglary by Steffensmeier and Streifel (1991). They find burglary to have a median age of 20 in 1985 for males and 22 for females. Compared to ages 51 and 40, respectively, for the FFETF database that is a striking difference.

The difference in fraud is also substantial, as those values are calculated to be 29 for both ages. In comparison, calculations for the FFETF are quite high. This is likely due to differences in defining fraud between the two reports. The Financial Fraud Enforcement Task Force 2010 Report includes high profile, hand selected crimes while most other definitions of fraud include

small crimes like check fraud. These smaller or more “ordinary crimes” can skew representation towards the representative burglary age-crime curve.

To test the invariance hypothesis, UCR data on burglary were used, and some of the most powerful results were found. Recall that the burglary age curve can be considered a standard for evaluating the invariance hypothesis because it represents what Hirschi and Gottfredson contend is prototypical age-crime distribution. Below is the PAI chart for the Financial Fraud Enforcement Task Force.

Proportionate Age Involvement (PAI)

PAI- Financial Fraud Enforcement Task Force 2010 Report

	PAI	Cumulative PAI
20-24	1.7%	1.7%
25-29	1.7%	3.4%
30-34	5.1%	8.5%
35-39	13.6%	22.1%
40-44	11.9%	34.0%
45-49	18.6%	52.6%
50-54	11.9%	64.2%
55-59	20.3%	84.5%
60-64	11.9%	96.4%
65-69	3.4%	100.0%

PAI Skew: 0.11

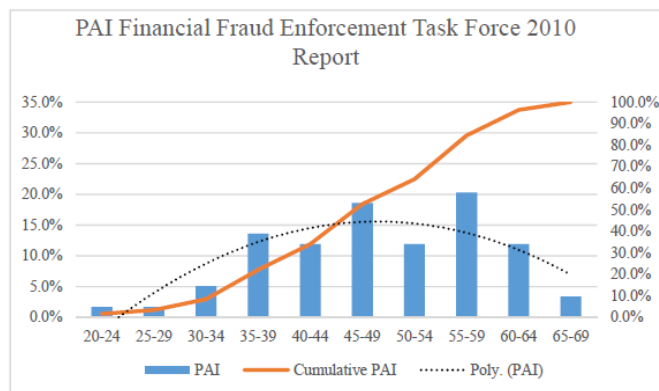


Figure 7 Proportionate Age Involvement Financial Fraud Enforcement Task Force

Findings from this graph alone are quite telling. With a skew of 0.11, the graph is close to being completely symmetrical (a zero value) meaning it peaks closer to the middle of the data. The polynomial trend line confirms this symmetry. This is in direct contrast with Farrington’s findings of a youthful peak. The line and data for cumulative PAI for FFETF offenders, also show that a high proportion of offenders in the data set came from middle-aged groupings (pay particular attention to the PAI for 45-49). Undoubtedly, the older age groupings make up a large part of the corporate financial offenders.

To further the comparison, the same test was done for UCR burglary data for 2010. It is important to note again, that Hirschi and Gottfredson claim the burglary curve to be the most

representative age crime curve. Many point to it in support of the invariance theory. Below is the resulting data.

PAI- UCR Burglary Arrest Estimates for 2010		
	PAI	Cumulative PAI
20-24	33.3%	33.3%
25-29	20.2%	53.5%
30-34	13.7%	67.2%
35-39	10.1%	77.3%
40-44	9.0%	86.3%
45-49	7.3%	93.6%
50-54	4.2%	97.8%
55-59	1.6%	99.4%
60-64	0.06%	100.0%

PAI Skew: 1.33

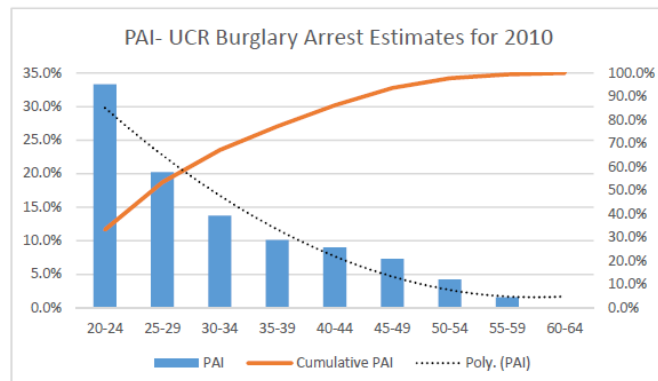


Figure 8 Proportionate Age Involvement UCR Burglary Arrest Estimates

The difference is striking. The youngest age group, 20-24, comprises 33.3% of burglary offenders. In comparing that to the 1.7% for this age group the Financial Fraud Enforcement Task Force Data, the hypothesis of invariance seems to be on shaky ground. With a large skew of 1.33, the majority of burglary offenders are concentrated in the left side of the graph with a tail to the right. The graph is far from symmetric, distancing the results even further from that of the Financial Fraud Enforcement Task Force PAI test. This asymmetry is clear in the polynomial trend line. Finally, in looking at the cumulative PAI for burglary, it is clear that a higher proportion of the offenders is indeed concentrated in the youthful groups. The differences between the distribution of PAI for burglary as compared to that of the Financial Fraud Enforcement Task Force point directly to variance in the age-crime curve. This is possibly the most profound finding of this study.

Comparison was also made between the Financial Fraud Task Force PAI and the PAI for UCR Fraud data. Below are the results for UCR fraud data.

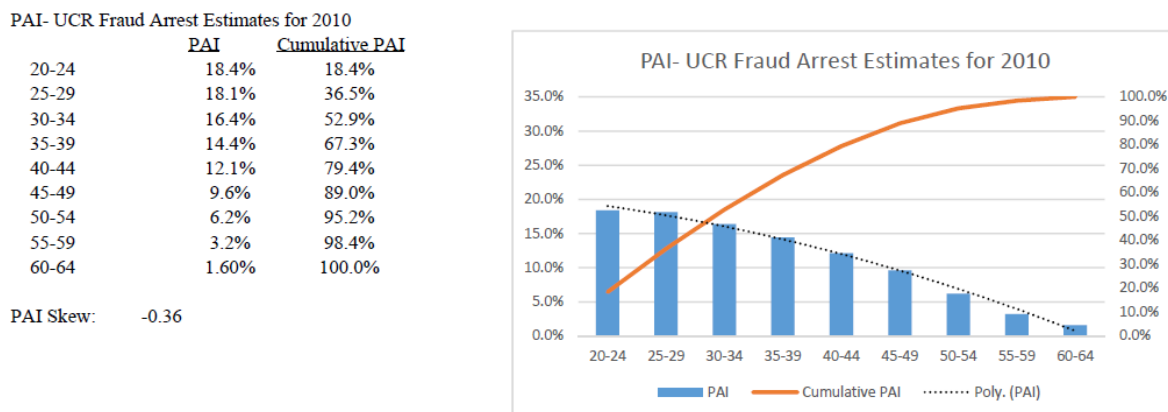


Figure 9 Proportionate Age Involvement UCR Fraud Arrest Estimates

At first glance the two may not seem similar, but further investigation points to some common points between the two. The skew is barely negative at -0.36 which means it is close to being symmetrical with a small tail. The skews between the two vary ever so slightly and hover around symmetrical. The polynomial trend line is also telling, as its curvature indicates an almost symmetrical pattern. The large difference is the concentration of offenders is among the youth, but the significant number of offenders 40 and older (more than a fifth of the data), is a sign of a more spread out age range. Overall, this graph is more similar than that of the UCR Data patterns. The differences are likely because of differences of definition in fraud, which cause the data to trend younger.

Clearly, white collar crimes include a greater number of people from older age groups. The invariance hypothesis resultantly does not hold up when comparing the burglary curve to that of the Financial Fraud Enforcement Task Force. There is indisputable, clear variance between the two. That is the most important finding relating to age in this research.

Chapter 5

Conclusion

The purpose of this research was to examine patterns in the relationships between age and white collar crime, and between gender and white collar crime. Data were assembled from a publicly available government report – Financial Fraud Enforcement Task Force – and compared to existing research on the subject and to recent UCR arrest data.

Key findings were made through this process. The first is that women are rarely included in the commission of lucrative white collar or corporate crimes, are constricted to performing certain types of it, and generally cause less financial loss. This finding is consistent with previously performed research which confirms its validity. The second finding is that white-collar crimes are overwhelmingly committed by older offenders, and in the face of this, the invariance hypothesis does not hold up. The age-crime curve indeed does seem to vary across different crimes.

The implications of data are then that there is a clear relationship between gender and white collar crime, and between age and white collar crime. Both variables can dictate the likelihood that someone will commit corporate fraud. It is clear that an older male will be more likely to commit corporate fraud than a younger woman. The lack of opportunity for women and youth to commit these crimes is one likely reason why this dichotomy occurs.

Future research and efforts into deciphering these relationships must go in a few different directions. First is putting in the time and effort to assemble more complete databases of white collar offenders. It is a struggle to find even the most basic information on offenders. The selectivity of government reports in assembly limits the kinds of data manipulation that can occur with the information. By assembling a database free of selectivity bias that includes basic

information like age, gender, type of fraud committed, and punishments would contribute to a better understanding of patterns of white collar crime. Significant research also needs to go into separating white collar frauds from ordinary frauds like bouncing checks. By filtering out these kinds of fraud, more accurate data on corporate crime will be available for use. Finally, more research along the lines of this thesis is sorely needed for achieving a better understanding of how gender and age affect patterns of white collar crime.

Appendix A

Pedagogy: Performing Research of White Collar Crime

An important part of this report is what is known as a pedagogy, which is an informative guide on how to research white collar crime. The first barrier to entry, as in most research, is where to begin. White collar crime is an inherently nebulous subject. It includes many different types of fraud and its definition varies wherever one goes. To start, my personal recommendation is to attack the subject from two separate angles. The first is to read and notate a report similar to that of the Financial Fraud Enforcement Task Force. Sure, after all of the research on and discussion about the reliability of the Task Force Report one may be wary of turning to it. Though it may be a format where bureaucrats pick and choose the cases they see fit to best represent them, it is still an excellent place to find defendants and conspiracies that have made major waves in the financial world. Simultaneously, one should be scouring and collecting news articles related to white collar crimes. This will serve the purpose of comparing the “evergreenness” of the report (how up to date it is) to the news sources, filling in any blanks that the report leaves open, and seeing how representative the report truly is of what is actually happening in the world of finance.

Taking the next step can result in going a few different directions. Although each study has a different goal and method (qualitative or quantitative), I suggest starting with PACER (Public Access to Court Electronic Records). Some may find themselves going towards SEC sources, but PACER’s accessibility and information can almost completely eliminate a step like trawling through SEC reports.

PACER includes docket and case information from a variety of different sources, but concentrates on three particular categories: federal appellate information, district courts, and bankruptcy courts. The database is operated by the United States Judiciary, with each individual court maintaining an individual database for their particular set of cases. The information includes the names of all parties in the case, all case related information, a chronology or proceedings, judicial opinions, and the judgment or status of the case.

Access to PACER is surprisingly, almost barrier free. Anyone can apply, and there seems to be no restrictions to who those people are; even internationally. There is zero fee for registration, meaning its access is quite unlimited from a socioeconomic perspective. Seemingly, PACER is an easily affordable and accessible database for anyone looking to find information about individual court cases. Given the breadth and depth of its documents, it may in fact be the best system for researching particular court cases.

This is because of the almost unlimited amount of information that one can get simply from having an account. Much of the information found on PACER is NOT hidden behind the paywall. Below is an example of the wealth of information one can gather on a defendant by simply creating an account:

Pending Counts	Disposition
<p>CONSPIRACY TO COMMIT MAIL FRAUD AND MAKE FALSE STATEMENTS IN MORTGAGE APPLICATIONS (1)</p> <p>MAIL FRAUD (2-31)</p>	<p>Judgment and Sentencing to Counts 1 through 31 of the Indictment. Imprisonment: 60 Months on Ct. 1 and 120 Months on Cts. 2 - 31, to run Concurrent, for a Total of 120 Months. Surrender date: 11/15/13. TSR: 36 Months on Ct. 1 and 36 Months on Cts. 2 - 31, to run Concurrent, for a Total of 36 Months. Recommendation: CA; deft fined \$20,000; Restitution: to be determined at hearing on 10/15/13 at 9:45 a.m.; S/A: \$3,100.00. Right to Appeal Given: Yes; Other: Defendants motion for release pending appeal [368] was heard and denied.</p> <p>Judgment and Sentencing to Counts 1 through 31 of the Indictment. Imprisonment: 60 Months on Ct. 1 and 120 Months on Cts. 2 - 31, to run Concurrent, for a Total of 120 Months. Surrender date: 11/15/13. TSR: 36 Months on Ct. 1 and 36 Months on Cts. 2 - 31, to run Concurrent, for a Total of 36 Months. Recommendation: CA; deft fined \$20,000; Restitution: to be determined at hearing on 10/15/13 at 9:45 a.m.; S/A: \$3,100.00. Right to Appeal Given: Yes; Other: Defendants motion for release pending appeal [368] was heard and denied.</p>

Figure 10 PACER Example

It is easy to find the charges, sentencing, and what charges brought forward what sentences. This is just a taste of the information that PACER provides. Dockets, associated cases, case summaries, hearings, and parties are among the subjects free for any citizen to peruse. All that is needed is the name of the defendant or the docket number and any information one could

imagine can be found in the blink of an eye. The usefulness of PACER should not be understated, and should absolutely be the first place one goes when attempting to find some of the less common details about a case.

Measures like the UCR are also useful. Though definitions of fraud vary in conglomerate measures like the UCR, they provide important statistics and estimates useful in comparisons. The UCR is easily accessible through the Bureau of Justice Statistics, and not hidden behind an account system. In a way it is more accessible than PACER, but less specific in its content. It mostly provides things such as age-crime curves, offender counts, and arrest estimates. Though the usefulness of the data is limited, its accessibility means it should be looked in to for any report.

Unfortunately much of the information on white collar crime is contained in the above sources. Securities and Exchange Commission reports can also be useful, but access to them is convoluted. Maybe the most obvious way to find data, is simply through an internet search using Google or a similar search engine. Searching for cases in Google can provide a wealth of useful information through various news outlets, websites, and even blogs that are devoted to covering white collar crimes. Overall, the lack of a true database of statistics on white collar crime makes it difficult to research. That is why one of the most important recommendations of this paper was to work on building such a database. The hardest part of this research was simple gathering the data needed. With the creation of such a database, much of the struggle to even find information would be gone for the end user.

Appendix B

Additional Tables

Offense Characteristics

	Gender		Age Group									
	Male	Female	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69
Total Number Of Offenders (some contain multiple values due to lack of information in certain categories)	59,60	10	1	1	3	8	7	11	7	11,12	7	2
<i>Gender</i>												
Male	xxxxxx	xxxxxx	1	1	1	6	5	11	7	11	7	2
Female	xxxxxx	xxxxxx	0	0	2	2	2	0	0	1	0	0
<i>Financial Loss Caused</i>												
\$0-\$10 million	19	7	1	1	0	4	4	3	2	4	0	1
\$10 million-\$100 million	23	3	0	0	2	3	2	4	3	3	5	0
\$100 million- \$1 billion	12	0	0	0	1	1	1	3	0	2	2	0
More than \$1 billion	5	0	0	0	0	0	0	1	1	2	0	1
<i>Group Characteristics</i>												
Ringleader	6	3	0	0	0	1	2	1	0	1	2	0
<i>Type of Offense</i>												
Mortgage	12	9	0	1	2	3	4	2	0	3	0	1
Employment Benefit	3	1	0	0	0	0	0	1	1	0	0	0
Bank/Securities	7	0	0	0	0	1	0	1	2	2	0	0
Civil Securities	2	0	0	0	0	0	0	1	0	0	1	0
Wire Fraud	7	0	1	0	0	1	1	0	1	1	2	0
Hedge Fund	5	0	0	0	0	1	0	2	1	0	0	0
Foreign Currency	3	0	0	0	0	1	0	0	0	1	1	0
Investment	9	0	0	0	0	0	2	0	0	3	1	1
Corporate (non-specific)	1	0	0	0	0	0	0	0	0	1	0	0
Insurance	1	0	0	0	0	0	0	1	0	0	0	0
Mail	8	0	0	0	0	1	0	2	2	1	1	0
Insider Trading	1	0	0	0	0	0	0	1	0	0	0	0
Oil and Gas	1	0	0	0	1	0	0	0	0	0	0	0
Ponzi Scheme	1	0	0	0	0	0	0	0	0	0	1	0

Figure 11 Offense Characteristics

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