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# Gender and Involvement in Financial Fraud: Evidence from Two FBI Data Sources

KATHERINE P. STALEY
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Reviewed and approved* by the following:

Darrell Steffensmeier
Liberal Arts Research Professor of Sociology and Criminology
Thesis Supervisor

Stacy Silver
Associate Professor of Sociology and Human Development and Family Studies
Honors Adviser

* Electronic approvals are on file.

## ABSTRACT

This thesis contributes to research on gender differences in fraud in the United States. As researchers have begun to note the importance and prevalence of fraud in the United States, a shift toward researching patterns in this area is increasingly important. This thesis aims to compare gender similarities and differences in the commission of financial fraud across two major data sources, between the years of 2007 and 2012. The first data source is national arrest statistics on fraud compiled by the FBI's Uniform Crime Report (UCR). Most of the offenders represented in this data source have committed low-level or ordinary types of fraud such as check fraud, credit card fraud, or government benefit fraud. The second source is information on fraud offenders represented in the FBI Weekly Top Ten Press Releases (FBITT). The offenders described in these press releases were involved in the commission of more serious fraud, often in the course of their occupation or business. The FBITT data source includes more detailed information on the fraud offense, including the 'organization' of the fraud. This organizational information, such as sex composition of defendants, allow researchers to distinguish whether the fraud was committed by a solo individual or by several co-offenders. FBITT is the primary source of data for this analysis.

Using these two sources of data from the Federal Bureau of Investigation, I examine gender similarities and differences in patterns of fraud and attempt to answer the following research questions: (1) Who commits more fraud, men or women? (2) How might men and women's involvement in fraud differ across these two sources of FBI data—national arrest statistics and a compilation of serious FBI fraud offenses? (3) How does an analysis of FBITT

data contribute to a better understanding of gender differences/similarities in the commission and organization of fraud?

Analysis of the data contributed the following key findings. Like most crimes, men account for the majority of fraud arrests. Female crime involvement occurs less frequently all around, with the occasional exception of embezzlement. However, the results show a much larger gender gap in the FBITT dataset than in the UCR dataset. In contrast to differences in the magnitude of male and female fraud, there is much overlap in the types of male and female fraud involvement. This is partly a result of the prevalence of mixed sex groups of co-defendants, which account for a sizable portion of female fraud. Also, we might expect considerable overlap in the types of fraud committed by men and women because the social and economic factors affecting the criminality of one sex/gender also affect the other. Finally, a brief qualitative discussion contributes illustrative examples of female fraud involvement to supplement the quantitative analysis.

# TABLE OF CONTENTS

## LIST OF FIGURES

## LIST OF TABLES

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# Chapter 1

## INTRODUCTION

Gender has frequently been studied in the context of crime and delinquency. There exists a clear consensus among criminologists that men offend significantly more frequently and more seriously than women (Daly, 1989; Steffensmeier, Schwartz, & Roche, 2013; Steffensmeier & Allan, 1996). Because of this, researchers and theorists historically directed the majority of attention toward male criminal activity, compiling an understanding of criminal behavior that stems from an unrepresentative sample. In the last 40 years, female criminal activity has developed as a more pressing topic, in accordance with changes in arrest patterns, gender roles, and employment.

Constant study of topics such as gender and crime is essential for an updated understanding of these concepts. Recent data show that the criminal gender gap is narrowing in some areas, particularly in fraud and embezzlement. This suggests that women are responsible for higher portions of crime, at least for some types of crime. This thesis examines the gender gaps and offending patterns between ordinary and serious forms of fraud. Existing research lacks extensive study of more severe, lucrative, and organized female fraud (but see Steffensmeier, Schwartz, and Roche, 2013).

Within criminology, there is an established debate surrounding variations in gender participation in financial fraud. This includes speculation about the changing gender gap, identifying patterns of type of fraud involvement, determining severity, and describing the nature of female fraud. This thesis adds to extant literature on gender and fraud by identifying and

comparing patterns of female fraud behavior across two datasets compiled by the Federal Bureau of Investigation (FBI)—arrest statistics of the Uniform Crime Reports (UCR) and FBI Top Ten Press Releases (FBITT). These sources represent national descriptive statistics and crimes prosecuted by the U.S. Department of Justice. Using these forms of data, this thesis studies female as compared to male involvement in ordinary forms of fraud (e.g. bad checks) and in serious or business forms of fraud.

Uniform Crime Reports contain yearly arrest statistics published by the FBI. They include information on the gender, age, and crime for which an individual was arrested. UCR data will inform this thesis with general descriptives of fraud across the nation. Previous research has shown that UCR arrest statistics on fraud mainly represent minor instances of ordinary fraud such as check, credit/ATM, and government benefit fraud. (Steffensmeier, Harris, & Painter-Davis, 2015). The FBITT data were compiled from weekly publications by the FBI, detailing information about the ten most serious cases of financial fraud based on law enforcement actions taken that week by the U.S. Department of Justice. This action could take the form of indictments, arrests, convictions, or sentencing outcomes. The data were organized quantitatively and provide this thesis with information on serious federal instances of fraud, referring mostly to more lucrative business or occupational frauds. Using these sources of data, the thesis aims to identify general fraud behavior by gender, explore variation in the gender gap, and take a closer look at the nature of female fraud patterns.

This thesis is structured as follows. I begin by discussing the extant literature and debates about differences in male and female involvement in financial fraud. This provides background and informs my research questions and hypotheses, which will be outlined following this discussion. The thesis proceeds by explaining the data and methods employed in this analysis. I

then present the findings, starting first with UCR arrest data. The thesis then shifts to the main focus and describes findings from the FBITT data source. In addition to this statistical analysis, I include a qualitative description of representative female fraud involvement as contained in the FBITT data. Finally, the thesis will conclude by considering the implications of the study, recognizing the limitations, and making recommendations for future research.

## Defining Fraud

There is a debate in criminology about whether some, or all types, of financial fraud should defined or classified as a 'white-collar crime.' White-collar crime has been defined in many ways. While it is important to specify one's meaning and application of a term, discrepancies in definition have resulted in a variety of complications and inconsistent findings (Simpson, 2019). Edwin Sutherland broadly defined white-collar crime early in the research as "a crime committed in the course of one's occupation and by a person of high status or respectability" (1940). He describes it as the integration of crime into the economy under two main categories: fraud and the manipulation of power. This definition holds true in some instances today; however, criminologists have become more specific with their own definitions. Particularly, some researchers have demonstrated that many instances of fraud often do not fit into Sutherland's definition of white-collar crime. Throughout the field's evolution, researchers began to make distinctions between occupational, corporate, and ordinary crimes, and designate the types of crime in each area (Daly, 1989; Steffensmeier, Harris, & Painter-Davis, 2015; Steffensmeier, Schwartz, & Roche, 2013).

Sutherland directs the definitional focus toward the characteristics of the criminal in combination with the type of offense. The details specify white collar crime in the context of the offender's social status, occupation, level of power, and level of respect. Other criminologists, such as Edelhertz, focus more on the actual crime--the act and what shapes its classification. Edelhertz defines white collar crime as an illegal act, non-physical in nature, using deceit to obtain, or avoid losing, money, property, or advantage (see review in Benson, 2020). The Edelhertz definition encompasses all instances of fraud, regardless of occupational role or status of the offender. This is similar to the FBI definition, specified below.

How white-collar crime/fraud is defined matters when examining the gender gap for this crime. The frequency of the minor white-collar crimes incorporated in the Edelhertz definition would skew the gap toward representing this type of criminal behavior and result in a smaller gender gap. On the contrary, by Sutherland's definition, the gender gap in white-collar crime would be quite large, considering his definition focuses on serious occupational or business fraud. In other words, when the 'meaning' of fraud is defined very broadly, the gender gap will appear much smaller.

The two data sources used in this thesis correspond fairly well to Sutherland and Edelhertz's distinct definitions of white-collar crime. Sutherland's definition of white-collar crime corresponds with the offenses included in FBITT—lucrative, business-related fraud. In contrast, the all-encompassing definition suggested by Edelhertz represents both the ordinary types of fraud which dominate UCR arrests and the serious types of fraud included in FBITT. This broad definition includes fraud, regardless of the seriousness, status of the offender, or setting.

For the purpose of clarity in this report, the research will cover only incidences of fraud, and avoid the ambiguity of "white collar" definitions. In this analysis, because of the origins of my datasets, I will be using the FBI's definition of fraud. The Federal Bureau of Investigation defines fraud as, "The intentional perversion of the truth for the purpose of inducing another person or other entity in reliance upon it to part with something of value or to surrender a legal right. Fraudulent conversion and obtaining of money or property by false pretenses. Confidence games and bad checks, except forgeries and counterfeiting, are included" (Federal Bureau of Investigation, 2010).

Therefore, the following report will analyze incidences of fraudulent action, or intentional perversion of the truth, for the purpose of obtaining (or avoiding forfeiture) of something of value. Instances of fraud occur in a variety of forms, the details of which will be addressed in a later section. In this thesis, embezzlement will be frequently treated as a subset of fraud. It is defined by the FBI as, "The unlawful misappropriation or misapplication by an offender to his/her own use or purpose of money, property, or some other thing of value entrusted to his/her care, custody, or control" (Federal Bureau of Investigation, 2010). This is a method of fraudulent conversion and obtaining money by false pretenses. While UCR arrest data will delineate fraud and embezzlement, the FBITT source includes embezzlement as one, among numerous, types of fraud.

## Background & Theoretical Guidance

Serious white-collar crime (as defined by Sutherland) is expensive, to say the least. Street crime costs a mere fraction of the price that forgery, embezzlement, and fraud cost our nation each year (Sutherland, 1940). Not only is it costly, but additionally, Sutherland notes that crimes like fraud create a new type of distrust and a generally lower morale among the U.S. citizenry, resulting in unique social disorganization (1940). Many researchers attribute crime involvement to a discrepancy between goals and legitimate means to achieve those goals. Such strain theories are usually best applied to disadvantaged or poverty-ridden populations. Crime becomes the illegitimate replacement method to achieve goals when legal tactics have failed or are not working quickly enough (Agnew, 2009). When we consider the early definitions of white-collar crime, there first seems to be an issue with applying these theories (Benson, 2020). White collar crime, or any occupational crime, is most widely understood as a crime that depends on your initial position in an occupation, a place of power, or even social status.

Even if this so in some cases, viewing this assumption as representative of the majority of white-collar crime, fraud in particular, is a mistake. Daly notes that one need not be a member of the white-collar sector to commit a white-collar crime (1989). This exhibits a concept similar to the one shown in the Edelhertz definition and is particularly applicable in the case of fraud. Most individuals are in the position to commit non-occupational frauds such as, writing false checks, laundering money, skimming funds, committing tax fraud, or making false claims on insurance. Knowing this changes not only the definition of white-collar crime, but also the application of strain theories. In cases where the offender's status or occupational position is already a higher level, what then prompts their criminal activity? They are not at a loss for means to achieve their goals. They do not come from disadvantaged social backgrounds. They have achieved a fair

degree of success. It is possible that the offenders may be motivated instead by a fear of falling in status, or fear of one's future inability to maintain the status (Benson, 2020). Or maybe achievement carries with it an addictive quality, and legal means to achieve lack the same degree of quickness that offenders desire. Strain theory provides a potential explanation for motivations toward crime, which are important when theorizing about gender differences in fraud involvement. We can infer from these strain theories that illegitimate means are, or at least are perceived to be, more efficient than the legal alternatives.

Much like other crimes, the decision to participate in fraud involves cost benefit analysis. The person must evaluate if the potential reward (or the pressure from strain) outweighs the risk of being caught. Many researchers analyze this concept to account for differences in crime participation across varying demographic identifiers, and it becomes increasingly important in the discussion of gender and crime. Steffensmeier cites the importance of gendered focal concerns (Schwartz & Steffensmeier, 2017; Benson, 2020; Steffensmeier, Schwartz, & Roche, 2013). This perspective hypothesizes that motivations for and involvement in crime are mediated by cultural, moral, individual, and societal factors that shape and reshape orientations toward crime across a person's lifetime. This may provide a potential explanation for gender differences in criminal behavior both in general and for financial fraud.

A large subset of these focal concerns relates to what Steffensmeier and Schwartz referred to as "femininity and masculinity templates for action," or gender roles in a society (2017; Steffensmeier, Schwartz, & Roche, 2013). These potential social and cultural influences may reflect differences in motivation, and consequently affect involvement type and severity of male and female crime. Women are expected to behave and interact according to a set of characteristics--value on beauty, passivity, desirability, cooperation, and morality. A woman is

pressured to act on behalf of her family, her children, or her husband; in other words, gender roles prescribe women to be dependent on others and others are dependent on her. However, our society shapes men to be quite different--a type of different that is more conducive to criminal behavior. Men are expected to be independent, dominant, spontaneous, and individualistic (Benson, 2020, Schwartz & Steffensmeier, 2017). Competition is not only welcome, but preferred. They are expected to do whatever it takes to be successful, breeding a culture of drive, fight, and independence. As a result, men can more easily justify involvement in crime, while women would have to combat the very structures ingrained in them since birth.

Focal concerns apply in two major areas: cost benefit analysis and opportunity. First, they frequently shape the relationship between risk and motivations, which I began discussing above. Because women are taught to behave in such a cooperative and maternal manner, breaking the law in any way is significantly more unacceptable for women. Therefore, it must require a higher level of motivation to result in female crime involvement. In other words, the motivation threshold to participate in crime could be higher for women than men (Steffensmeier & Allan, 1996; Benson, 2020; Benson & Harbinson, 2020). This combination of strain and the influence of focal concerns provides a potential explanation for why the commission of female crime occurs less frequently.

Because of this relationship between motivation and risk, we can understand why statistics reflect lower female participation in crime overall and in some types of crime in particular. Women are involved in lower-level crimes at higher rates. With reduced risk, lower motivation levels are needed to result in crime involvement. Nonetheless, motivation and risk analysis are inconsequential when opportunities to commit crime are scarce, particularly in a culture where men tend to hold more positions of power. Sexism is not an unfamiliar concept to

cultures everywhere; however, in the legitimate sectors of the world, we have methods of policing this practice. Steffensmeier and Terry explored the concept of institutional sexism in the underworld. They conducted qualitative research by interviewing thieves on their opinions about working with women and found a tendency of male criminals to prefer male partners. Women were perceived as lacking characteristics to make them good leaders or good partners (Steffensmeier & Terry, 1986). It is likely that this outlook on women's utility in theft applies to other areas of criminal activity as well. While men clearly dominate the world of crime, can we theorize that they may also act as gatekeepers?

To elaborate on lack of individual opportunity or individual female involvement, research has shown two main pathways into group crime for women. The first pathway regards one's personal relationships. Interpersonal relationships with someone involved in crime or a crime group can occasionally result in female involvement as well, ranging from simple knowledge, to being an accomplice, to co-conspiring. However, this female involvement typically results in minor criminal roles. Secondly, theory dictates that involvement in crime groups may also result from a woman's utility for carrying out the crime. While it has been established that male criminals do not frequently choose female accomplices by preference, there are cases where a woman may hold a position, a skill, or knowledge needed to successfully develop the criminal act. In these cases, women become involved as essential tools for the execution of the crime (Steffensmeier & Terry, 1986). If women become more involved in these positions that provide criminal utility, statistics may reflect a rise in their criminal behavior.

The company one keeps is an important predictor of involvement in crime. This is the concept described by social learning theory and differential association (Agnew, 2009). Constraints on women's involvement in crime may be a result of this lack of association with

male criminals, regardless of whether it stems from institutional sexism, differences in routine activities, or lack of opportunity. In terms of occupational crimes, as women are more integrated into all levels of the workforce, new work relationships may influence them one way or another. Given the frequency of male crime in comparison, female participation in occupational fraud may result from inclusion into fraud schemes with male coworkers, friends, or partners.

Institutional discrimination may similarly shape women's crime involvement in other ways, particularly as it applies to fraud. Occupational positions or other methods of opportunity may contribute to one's propensity for crime. Access to criminal networks, knowledge of criminal methods, and ability to execute are mediated by one's position. Without the opportunity to commit crime, action does not follow motivation. Therefore, the acknowledgement of employment inequality, particularly in high level positions, may also contribute to the gender gap in fraud (Daly, 1989; Steffensmeier, Schwartz, & Roche, 2013). Additionally, it helps explain the smaller gender gap in lower-level fraudulent activity. Most lower level fraud cases cannot be considered occupational crime, because of the irrelevance of one's employment position. For example, fraudulent actions such as writing illegal checks and making false claims on insurance depend not on status and occupation. That may be why we see such a small gender gap in Uniform Crime Report arrest data.

As the most widely used source of data, the Uniform Crime Report dominates our knowledge of crime in the United States. Since 1930, the UCR program has collected arrest data from cooperating police forces around the nation. Students, educators, researchers, and justice system workers have used this data for nearly a century. However, researchers have begun recognizing the complications of relying on data solely from the Uniform Crime Report. As is the case with all crime data, we must recognize the many crimes that go unnoticed, unreported,

or uninvestigated. This is the dark figure of crime (Steffensmeier, Harris, & Painter-Davis, 2015). Statistics like the UCR record only known crimes and are not necessarily representative of criminal behavior.

While the Uniform Crime Report is well established and results from widespread agency cooperation, there are some limitations which may result in data inaccuracies without proper acknowledgement. First, the data enumerate numbers of arrests, not numbers of criminals. For example, if the same individual is arrested more than one time in a year, they will be reported for the corresponding number of arrests. Second, each arrest prescribes to the Hierarchy Rule. When an individual is arrested and charged for a crime, the UCR statistics do not separately reflect multiple charges. The arresting agency will report that arrest according to one's most serious charge (Bureau of Justice Statistics, 2017). While these specifics are not frequently applicable, they remain noteworthy to understand potential missed statistical information.

Finally, and perhaps most importantly, the Uniform Crime Report lacks specificity. It reports arrest counts prescribing to general crime categories. There is little to no specification of crime severity included in the statistics. Although arrests are organized into general categories, the degrees of criminal activity within the summary categories, such as fraud or larceny-theft, range from minor to major felonies. In the context of fraud, an arrest for writing a bad check and an arrest for committing a multi-million-dollar healthcare fraud look the same. Therefore, researchers using the UCR are limited in their potential to examine more serious fraud, corporate fraud, or occupational fraud, which comprise a small portion of the UCR statistics (Steffensmeier, 1989; Steffensmeier, 1993; Steffensmeier, Schwartz, & Roche, 2013).

Distinguishing between these levels of fraud involves a few factors. Steffensmeier et al. makes the main distinction between occupational fraud and non-occupational. The latter I will

refer to as "ordinary" frauds (e.g. government-benefit fraud). Ordinary frauds occur throughout daily life, and do not depend so much on employment position or social status. These types of fraud are much more common than occupational fraud, which tends to be more lucrative, more severe, and more organized and occur during one's employment (2015). Corporate level fraud tends to be the most lucrative and has a high level of organization (Daly, 1989; Steffensmeier, Schwartz, & Roche, 2013). For this thesis, I will refer mostly to ordinary as compared to occupational or business frauds.

Researchers pair this knowledge of fraud with the knowledge that most criminal activity, especially for women, occurs at the most minor levels. A large portion of the UCR arrest data correspond to extremely minor criminal activity in each summary offense category. This is less of an issue in categories such as criminal homicide, in which the degrees of criminal behavior cannot vary so significantly. However, this becomes much more important in categories such as theft, drug abuse violations, and fraud. Particularly, Steffensmeier notes that using UCR arrest statistics to analyze patterns in white collar crime will not create a representative description. Many of these fraud arrests are non-occupational, minor, and sometimes even unintentional, perversions of the truth (Steffensmeier, 1989). Therefore, the Uniform Crime Report statistics may be clouded with uncertainty, complicating efforts at analysis based solely on this data.

In response to the characteristics the UCR lacks, an alternative data source on crime is found in the *National Incident Based Reporting System* (NIBRS). Although not yet used across the nation, NIBRS currently represents about 30% of the population, and hence, about 30% of the crime in the United States. Its purposeful inclusion of details such as offense type, location, monetary value, and other items of information about the offense incident allow for a more in depth understanding of criminal behavior (Steffensmeier, Harris, & Painter-Davis, 2015). This is

particularly useful for gauging involvement in such broad categories such as larceny and of course, fraud. Steffensmeier, Harris, and Painter-Davis found that the large majority of frauds included in the NIBRS data consist of non-occupational, low value frauds in the following categories: bad checks, credit/ATM fraud, swindles, and welfare fraud (2015).

It is because of the UCR shortcomings that researchers should be cautious when using the Uniform Crime Report in research on gender differences/similarities in criminal offending. Its predictive value is vague at best, and misapplication of UCR descriptive statistics can easily result in inaccurate conclusions. The biggest mistakes occur when researchers do not recognize these characteristics of the UCR and rely too heavily on it for drawing conclusions about the relationship between gender and fraud. Pairing these statistics with an alternative data source provides another degree of clarification and comparison, as well as helping to address key questions left unanswered by the Uniform Crime Report.

The generality of the Uniform Crime Report may provide an explanation for why the gender gap is smaller for fraud than it is for other crimes. (Steffensmeier, Schwartz, & Roche, 2013; Steffensmeier, Harris, & Painter Davis, 2015). These ordinary instances of fraud carry exceptionally low risk, due to the minor nature of the offense. The activities which surround ordinary (non-occupational, non-lucrative) fraud occur daily, regardless of one's gender and occupational position. Ordinary fraud comprises most of fraud arrests; therefore, using data with coverage of all fraud skews the statistics to better describe minor fraud behavior (Steffensmeier, Harris, & Painter-Davis, 2015).

Yet when applying opportunity theory to higher level, occupational fraud, gender discrepancies in occupational position likely impact corresponding crime patterns. Additionally, committing more lucrative occupational crimes comes with a higher risk (i.e. losing one's job,

trouble getting one in the future, more severe punishment, etc.). Paired with the possibility that women's threshold to participate in crime is already higher because of focal concerns, involvement in high risk, high reward fraud is incompatible with what we know about female fraud behavior. This suggests that as we look at data containing more serious fraud, female fraud will diminish with greater proportion than male fraud, widening the gender gap (Steffensmeier, Schwartz, & Roche, 2013).

It is well established that women commit ordinary fraud at rates higher than they commit most other forms of crime (aside from prostitution). Particularly, crimes that can be committed during one's daily life will be seen more frequently. Therefore, one's employment, extracurricular activities, and skills will guide one's opportunities for crime. Fraud, particularly ordinary fraud, is a type of crime that is compatible with a variety of routines, so seeing fraud arrests in higher numbers may result from its ease of commission (Steffensmeier & Allan, 1996; Schwartz & Steffensmeier, 2016). Similarly, the areas in which women are employed at a higher proportion may tend to correspond to the types of fraud that women more frequently commit, such as bank embezzlement. Steffensmeier and Allan note that at the time of their article, the majority of bookkeepers and bank tellers were positions held by women. While it is possible those positions have diversified since 1996, this concept carries across occupational settings. Fraud that might fit into routine female skills and activities would occur in higher numbers (Steffensmeier & Allan, 1996; Steffensmeier, 1989; Steffensmeier, Harris, & Painter-Davis, 2015).

Particularly, these skills or occupational positions may predispose inclusion into larger crime groups. The context of fraud, or organization of codefendants, can have an integral effect on female fraud behavior (Steffensmeier, Schwartz, and Roche, 2013). Research and the

application of crime theories suggest that fraud (particularly serious fraud) consists mostly of male offenders and groups of male offenders. Despite the apprehension of male criminals to partner with women, when these skills, positions, or relationships qualify inclusion, men may incorporate women into their criminal behavior.

These organizations of fraud groups, or co-offenders committing fraud, have a large effect on fraud behavior, particularly for women. UCR arrest data do not supply details on codefendants. However, research shows that the composition of co-offending groups seems to have a higher importance for more severe offenses. Steffensmeier, Schwartz, and Roche emphasize the importance of the gender composition of defendants in a recent article on corporate level fraud. Of all the corporate fraud cases, men or groups of all men were responsible for most cases. In contrast, female fraud involvement in lucrative corporate fraud was only seen when they participated in mixed-sex groups (2013). In contrast to the UCR, FBITT gives this thesis the ability to collect this organizational information about the instances of male and female involvement in instances of more serious forms of financial fraud. It is expected that the gender composition of each case will affect the frequency and nature of female fraud behavior, as displayed in the FBITT data.

## Research Questions and Hypotheses

Drawing on these themes and review of the literature, this thesis aims to answer 3 main research questions: (1) Who commits more fraud, men or women? (2) How might men and women's involvement in fraud differ across the sources of FBI data—national arrest statistics and a compilation of serious FBI fraud offenses as revealed in FBITT? (3) How does an analysis of FBITT data contribute to a better understanding of gender differences/similarities in the commission and organization of fraud? Subsequent to my analysis of existing literature, I have hypothesized the following:

**Hypothesis 1**: In general, men will be responsible for the majority of involvement in financial fraud, regardless of data source.

**Hypothesis 2:** The magnitude of the gender gap in financial fraud will vary across data sources and across types of fraud. Data from the Uniform Crime Report (UCR) will show a smaller gender gap than the data compiled from the FBI Top Ten Press Releases (FBITT). That is, the share of female involvement will be smaller for business frauds in comparison to ordinary frauds.

**Hypothesis 3:** An analysis of FBITT Data will show both some similarities and some differences in male and female fraud behavior.

**Hypothesis 3a**: A breakdown of fraud types will show overall similarity in the types of financial fraud committed by males and females.

**Hypothesis 3b**: The majority of female participation in serious and business fraud will result from involvement in mixed sex groups.

# Chapter 2

## DATA AND METHODS

Data used for this study were compiled from two main sources: the yearly arrest statistics from the Uniform Crime Report (UCR) and from federal cases across the United States prosecuted by the Department of Justice, as reported in weekly press releases of the Federal Bureau of Investigation (FBITT). The FBI is a longstanding law enforcement and intelligence agency focused on maintaining national security across the entirety of the United States. Additionally, the FBI is in charge of combining and publishing national crime statistics that are released annually in the UCR. Including data from the UCR provides the context of the nation's total fraud arrests. It gives an overview of fraud and embezzlement arrests across the country, both as a whole and separated by gender. These data include all arrests in broad, summary categories that do not take into account the severity or type of fraud, nor the role of the arrestee in the fraud when co-offenders are involved. I narrowed the focus of my analysis to counts of male and female adults (18 and older) arrested from 2007-2012 for fraud and embezzlement.

The second, and main, data source includes more specific data from federal cases across the United States. Press releases from the Federal Bureau of Investigation detailed information on criminal arrests, charges, pleas, convictions, and sentences. Each week the FBI released a new brief, identifying the week's top ten incidents of serious crime. Because this program has since discontinued, specifics on qualifications for selected cases from the organization are unavailable; but, according to the FBI, the selected cases represent ten serious offenses for that week. The FBITT data used in this study begins with the press releases from the 30th week of 2007 and spans until the 12th week in 2012. This source will serve as the main data informing this thesis.

The information from FBITT was coded quantitatively and organized in a dataset. Each entry in the data corresponds to a defendant, and his/her age, gender, type of criminal involvement, among other measures. Because this study focuses on exploring the relationship between gender and involvement in financial fraud, the dataset was narrowed to defendants who were coded with a main offense of fraud. A main offense of fraud is an overarching or broad category that involves many types of fraud, including embezzlement. The characteristics of these defendants were used to further compare male and female involvement in financial fraud. The most pertinent measures for this study are the types of charges, gender counts, and gender composition of the offending group.

The FBITT was compiled from FBI offices nationwide. For that reason, it is generalizable across the United States and is not confounded by variation in local law enforcement practices. However, alone, it is limited by the scope of severity included, as it excludes common, minor fraud instances. A significant portion of "white-collar" offenses, particularly those reported by the UCR, consist of minor property crimes such as larceny, fraud, forgery, and embezzlement. (Steffensmeier, Harris, & Painter-Davis, 2015). In contrast, the FBITT dataset is limited to more lucrative fraud cases investigated by the FBI and prosecuted by the U.S. Department of Justice (DOJ). Nonetheless, the focus of this dataset is to identify behavior by gender at the highest levels of criminal involvement across the nation. Although the FBI Top Ten Press Releases included other types of crimes (e.g., drug trafficking, racketeering), this analysis uses only the defendants charged with fraud.

Additionally, the specificity of FBITT data provides the opportunity for qualitative analysis. In addition to the quantitative analysis of patterns of fraud involvement by gender, this thesis also includes some qualitative case analyses of female fraud involvement. It will briefly

discuss some illustrative cases, using information gathered from the press releases, and supplemented by internet research. These cases will fit into one of 3 categories according to sex composition of the offenders involved in the fraud–solo female cases, all female cases, and mixed sex cases. Presentation of this qualitative information places data in context, allowing for elaboration and depiction of actual female fraud involvement.

## FBITT Data Characteristics

The FBITT press releases typically referred to an entire case and highlighted roles and specifics of certain defendants. The term ‘case’ refers to a specific crime, including all who were involved. When a press release was coded, the following information was noted and remains constant across all defendants named in that case:

1. Case Identification Number
2. Release Date of the Press Release
3. Week Number of the Press Release
4. Case Number within the Release Week
5. Sex Composition of the Defendants Involved
6. Crime Organization (if Applicable)
7. Number of Defendants
8. Release Cite
9. Monetary Value of Fraud
10. Type of Fraud

While many of these categories are self-explanatory, two require further elaboration. Most of these characteristics are measured quantitatively, and coding specifics can be referenced via the codebook in Appendix A. Notes of the potential crime organization and press release cite are corresponding text entries, collected from direct press release information. The following two characteristics are determined by which group the case fits most directly into.

First, the sex compositions of each case are classified by the gender of the defendants. This corresponds with one of six options: Solo Male, Solo Female, All Female, All Males, Mixed Sex, and Unknown. If for instance, the case involves one defendant, that case would be labeled “Solo Male” or “Solo Female”. If the case includes two or more defendants of the same gender, it would be labeled “All Male” or “All Female”. If two or more defendants and both genders are present, the case falls into the “Mixed Sex” category.

Additionally, each case is distinguished by the type of fraud committed. Type of fraud can fall into one of many categories. The following is a complete list of potential types of fraud. included in this dataset:

1. Embezzlement Bank
2. Embezzlement Other
3. Health Care
4. Income Tax
5. Tax Other
6. Insurance
7. Government Benefit (e.g. welfare, social security)
8. Internet Scheme / Wire fraud / Mail fraud
9. Check or Credit Card
10. Mortgage fraud
11. Investment fraud
12. Marriage fraud
13. Money laundering
14. Campaign financial fraud
15. Contract fraud
16. Airplane parts fraud
17. Insider trading

While the FBITT press releases served as the primary source for this data, specific details not included in the releases was supplemented by continued research. Surveying old news reports using search engines and reading further updates from the press releases expanded our knowledge of these details and acted as secondary and tertiary sources of data.

## Analysis Methods

Much of the data in this report is displayed as descriptive statistics through tables. In most tables, this data can be seen both as raw counts of frequency of offense and in the context of other fraud offenders, other offenders of the same gender, or the population. In the tables, N refers to the frequency. This will signify the counts, or number of instances, that a crime has occurred. To examine the data from both datasets, this report uses several main methods of statistical analysis for comparison.

Within sex comparisons refer to methods of analysis that compare or show patterns of behavior in the context of one gender. Offender profiles are one of these methods. It shows the percentage that each type of offense contributes to the total. This will be used in two main ways—the total profile and the gender specific profile. The following is the formula used to calculate the profile percentage:

$$\text{Profile Percentage: } \frac{\text{Number of Defendants for a Particular Offense}}{\text{Number of All Defendants}} * 100$$

This shows the portion of the whole devoted to a specific category, expressed as a percentage. As a gender specific profile, it would answer a question such as, "What is the percent breakdown of female fraud by type?" The female profile percentage and the male profile percentage will typically both be displayed in the tables. To calculate the profile percentage of female health care fraud among all of the female fraud cases, one would use the following application of the formula:

$$\text{Female Health Care Profile: } \frac{\text{Number of Female Defendants for Health Care Fraud}}{\text{Number of All Female Defendants}} * 100$$

Number of All Female Fraud Defendants

Rate is a measure of frequency and can be defined as the proportion of events to the general population. Rate puts frequency into perspective by comparing it to a specified base, which is a calibration figure decided by the researcher. Rate is expressed as "*X per base".* The following formula is a general method of calculating rate:

$$\text{Rate: } \frac{\text{Number of Events}}{\text{Number of Possible Events}} * \text{Base (e.g., 100,000)}$$

In this analysis, gender specific rates will be used to standardize gender composition of the U.S. population. Because the number of women in the United States is larger than the number of men, population figures used as the denominator should be specific to the target population. This formula is as follows:

$$\text{Rate: } \frac{\text{Number of Arrests in Target Population}}{\text{Target Population (Adjusted for Demographics)}} * \text{Base (e.g., 100,000)}$$

Population figures are provided by the Bureau of Justice Statistics. When calculating the rates, the population was adjusted to include men and women 18 and older.

Gender gap is the main method of between-sex comparison in this report. It can be defined as the portion of female contribution to the total of all female and male cases. I will be calculating gender gaps in two main ways. Gender gaps describing FBITT data and the UCR data in Table 1 will be calculated like a percent of the whole, using the following formula:

$$\text{Gender Gap (using counts):} \frac{\text{Number of Female Defendants}}{\text{Total Number of Defendants}} * 100$$

The gender gap will also be calculated using gender specific rates for describing UCR statistics in Table 2. Instead of depicting the female frequency of instances using counts, the gap will compare differences in rates of fraud across gender. The following formula was applied:

$$\text{Gender Gap (using rates):} \frac{\text{Female Rate}}{\text{Female Rate + Male Rate}} * 100$$

# Chapter 3

# FINDINGS

This chapter will describe the findings of data analysis on Uniform Crime Reports and from FBI Top Ten Data. The analysis will address the research questions proposed in Chapter 1 and supplement the questions with additional descriptive information. This data inspection is for the purpose of answering the following questions, which correspond with my hypotheses: (1) Who commits more fraud, men or women? (2) How might men and women's involvement in fraud differ across the two sources of FBI data? (3) How does an analysis of FBITT data contribute to a better understanding of gender differences/similarities in in the commission and organization of fraud? The following analysis will begin by discussing arrest statistics in the broad categories of fraud and embezzlement gathered from the UCR, as well as a discussion of the gender gaps. It proceeds by analyzing a NIBRS breakdown of fraud type, extracted from a 2015 article by Steffensmeier et al. Then, the chapter will present findings from the FBITT data and compare them with what is shown by the UCR. Finally, this section will conclude by presenting a brief qualitative case analysis of solo female fraud cases, all female fraud cases, and mixed-sex fraud cases.

## General UCR Findings

From the years 2007 to 2012, the highlighted Uniform Crime Reports show the number of arrests per year for defendants whose most serious offense at the time of arrest was fraud or embezzlement. The UCR data used is restricted to adult arrests, i.e. persons 18 years old or above. Considering the role of gender as the main characteristic of analysis for this report, the

data were organized to show these arrest counts for both men and women. Below, Table 1 displays the summary of the UCR statistics retrieved from the Bureau of Justice Statistics. For each year, the table depicts arrest counts for fraud and embezzlement by gender. Included also is the gender gap, or the portion of female-to-male arrests. The counts are the raw data used for calculations of gender specific rates, gender gaps, and descriptive statistics. In this table, the gender gap was calculated by dividing the number of female arrests by the total and converting to a percentage.

**Table 1. UCR Adult Fraud and Embezzlement Arrest Counts (2007-2012)**

| | *Fraud* | | | | *Embezzlement* | | | |
|---|---|---|---|---|---|---|---|---|
| | **Male** | **Female** | **Total** | **Gender gap (%)** | **Male** | **Female** | **Total** | **Gender gap (%)** |
| *Average* | 111,194 | 83,923 | 195,118 | 42.73 | 8,625 | 8,993 | 17,618 | 50.91 |
| *2007* | 135,226 | 110,454 | 245,680 | 44.96 | 9,826 | 10,882 | 20,708 | 52.55 |
| *2008* | 126,282 | 100,708 | 226,990 | 44.37 | 9,630 | 10,520 | 20,150 | 52.21 |
| *2009* | 115,333 | 88,770 | 204,103 | 43.49 | 8,451 | 8,861 | 17,312 | 51.18 |
| *2010* | 105,915 | 76,204 | 182,120 | 41.84 | 7,971 | 8,204 | 16,175 | 50.72 |
| *2011* | 96,215 | 66,782 | 162,997 | 40.97 | 7,903 | 7,874 | 15,777 | 49.91 |
| *2012* | 88,195 | 60,622 | 148,817 | 40.74 | 7,968 | 7,618 | 15,586 | 48.88 |

Based on results displayed in Table 1, there is a consistent decline in arrests for fraud and embezzlement over time. Additionally, these statistics reinforce my first hypothesis that female fraud occurs less frequently than male fraud. The gender gap for fraud shows that the female portion of fraud arrests is <50% in all 6 years, meaning that male arrests contribute to the majority. The average gender gap from 2007 to 2012 is 42.73 with a standard deviation of 1.79, suggesting that although this is not a large gap, it is consistent. Recall my previous explanation in

Chapter 1 that the majority of UCR arrests can be attributed to ordinary fraud such as writing false checks, credit card fraud, minor wire fraud, etc. A large portion of these arrests can likely be credited to minor instances of non-occupational fraudulent activity.

Embezzlement arrest statistics in Table 1 show a higher level of female-to-male involvement. This divergence in typical arrest statistics is important to note. The gender gap shows that for 4 out of the 6 years (2007, 2008, 2009, & 2010), women actually contribute to the majority of arrests for embezzlement. The average portion of female involvement is just above half, at 50.91%. Occupational differences may contribute to this finding in that women occupy the large portion of occupational positions in which there is greater opportunity for committing embezzlement, such as bank tellers and low- or mid-level budget personnel (see Steffensmeier, 1989; Steffensmeier, Harris, & Painter-Davis, 2015). Both female and male arrests for embezzlement decrease from 2007 to 2012. The number of female arrests decreases by nearly 30%, while the male arrests drop by about 19%. Therefore, in 2011 and 2012, this gender gap drops below half to 49.91 and 48.88 respectively.

Using the arrest counts displayed in Table 1 and gender-specific population figures, I calculated the gender specific rates shown in Table 2 below. These are the rates per 100,000 people in the population. These rates were then used to calculate the gender gaps for each year. The resulting rates and population-adjusted gender gap are presented in Table 2.

**Table 2. UCR Adult Fraud and Embezzlement Arrest Rates (2007-2012)**

| | *Fraud* | | | | *Embezzlement* | | | |
|---|---|---|---|---|---|---|---|---|
| | **Male** | **Female** | **Total** | **Gender gap (%)** | **Male** | **Female** | **Total** | **Gender gap (%)** |
| *Average* | 98.08 | 70.30 | 83.80 | 41.43 | 7.60 | 7.52 | 7.56 | 49.57 |
| *2007* | 122.30 | 94.80 | 108.21 | 43.67 | 8.89 | 9.34 | 9.12 | 51.23 |
| *2008* | 112.80 | 85.60 | 98.82 | 43.15 | 8.60 | 8.94 | 8.77 | 50.97 |
| *2009* | 101.80 | 74.70 | 87.91 | 42.32 | 7.46 | 7.45 | 7.46 | 49.97 |
| *2010* | 92.80 | 63.00 | 77.42 | 40.44 | 6.98 | 6.78 | 6.88 | 49.27 |
| *2011* | 83.30 | 54.60 | 68.54 | 39.59 | 6.84 | 6.44 | 6.63 | 48.49 |
| *2012* | 75.50 | 49.10 | 61.90 | 39.41 | 6.82 | 6.17 | 6.48 | 47.50 |

On average, women were arrested for fraud at a gender specific rate of 70.3 per 100,000 adult women. Men were arrested for fraud at a higher rate on average, 98.08 per 100,000 adult men. The fraud data show a small divergence in the offending patterns of men and women. Also, in comparison to the rates for fraud, embezzlement occurs at much lower levels in both genders. The male rate for embezzlement is 7.6 per 100,000 adult men, which is 92.25% less frequently than fraud. There is a similar pattern for female embezzlement involvement, data show a relative rate of 7.52 arrests per 100,000 adult women.

Notice that in Table 1, the average count for female embezzlement arrests is higher than for males, but in Table 2, the average rate for males is slightly higher than for females. This is because Table 2 displays gender specific rates. This discrepancy is a result of differences in population figures for males over 18 and females over 18. The gender makeup of the general population is not 50% male and 50% female. For example, the average populations (from 2007 to 2012) for adult males and females are 113,735,406 and 119,984,811, respectively. In order to

control for the variation in sex composition of the population, rates should be relative to the population.

Turning attention to the gender gaps shown in Table 2, although they use the same numbers of arrests, the gaps are a bit smaller in this table than in Table 1. Table 2 uses the gender specific arrest rates for males and females to calculate the gender gap. This compares the gap in criminal behavior according to rates. The following formula was used: female rate * 100 / (female rate + male rate). The average gender gap for fraud in Table 1 is 43.01, compared to the average in Table 2, which is 41.75. Additionally, in 2011 and 2012, the gap drops below 40 (2011 = 39.59; 2012 = 39.41), demonstrating the importance of using population figures for standardization.

Calculating the gender gap with rates has a small but important impact on both offenses, but a more integral one on embezzlement. The average gender gap using rates is 49.57. This changes the finding that the female proportion of crime is higher than that of males. Instead of the gender gap being greater than 50 for four out of the six years, it is only slightly greater than 50 for two years. Men commit embezzlement on average at a slightly higher rate than women, despite women having higher arrest counts on average.

## NIBRS Dissection

As the FBI moves away from heavy reliance on the Uniform Crime Report, they have begun popularizing an alternative source of crime data, the *National Incident Based Reporting System* (NIBRS). NIBRS includes more details on the offense, including victim information, location of the offense, specific types, and monetary value. This provides a more complete

picture of fraud—in particular, what types are most common across the nation. Table 3 below displays a breakdown of fraud arrests as shown in NIBRS data. This table uses data that have been extracted from Steffensmeier et al., 2015 and covers the years 2008-2012. Table 3 provides a general description of the types of fraud for which persons are arrested in the U.S. and their distribution by gender.

**Table 3. NIBRS Fraud Dissection with Counts, Gender-Specific Profiles, and Gender Gap by Fraud Type[1]**

| | N | | | Profile % | | | Gender Gap (%) |
|---|---|---|---|---|---|---|---|
| Type of Fraud | Male | Female | Total | Male | Female | Total | |
| Bad Checks | 21701 | 25510 | 47211 | 59.9 | 74.7 | 66.9 | 54.0 |
| Impersonation | 3985 | 1746 | 5731 | 11.0 | 5.1 | 8.1 | 30.5 |
| Credit Card/Atm Fraud | 1920 | 1712 | 3632 | 5.3 | 5.0 | 5.1 | 47.1 |
| Swindle/False Pretense[2] | 8514 | 5102 | 13616 | 23.5 | 14.9 | 19.3 | 37.5 |
| Welfare Fraud | 36 | 137 | 173 | 0.1 | 0.4 | 0.2 | 79.1 |
| Total Fraud | 36156 | 34208 | 70363 | 100 | 100 | 100 | 48.6 |

[1]Data used to calculate the counts and gender profiles in this table comes from Steffensmeier, D., Harris, C. T., & Painter-Davis, N. (2015). Gender and arrests for larceny, fraud, forgery, and embezzlement: Conventional or occupational property crime offenders? *Journal of Criminal Justice*, 43(3), 205-217

[2]Certain number of swindles/false pretense offenses are nonoccupational and some are indeterminate. However, most of these swindles/false pretenses are nonoccupational (see Steffensmeier and Painter-Davis (2015).

This dissection has broken down instances of fraud by type. As mentioned in the article, the portion for occupational fraud is a minor fraction of the total, with non-occupational fraud comprising upwards of 84.1% of all fraud in NIBRS and 87.0% of female fraud (Steffensmeier, Harris, & Painter-Davis, 2015). Table 3 describes the types of non-occupational fraud and their frequencies across gender. The exception in this table is fraud classified as Swindles/False Pretense. This category includes some portion of fraud in which the occupational nature cannot be clearly determined.

Most arrests for fraud in the U.S., particularly for women, can be attributed to the writing of bad checks. The gender-specific profile percentage for bad checks is seventy-five percent of all female fraud arrests and sixty percent of all male fraud arrests. This supports Hypothesis #3 by showing similarity and differences in type of fraud by gender. There is overlap in kinds of fraud for which men and women are arrested, but the percentage of check fraud is still higher for women by 14.8%. The gender gap shows that a larger share of check fraud can be credited to women (54.0%).

Fraud arrests involving swindles or false pretense can occur in both business and ordinary settings. This category refers to schemes using the misrepresentation of fact to obtain monetary or material profit. This type of fraud includes mostly non-occupational fraud, yet a small portion of these incidences may have occurred during one's occupation (Steffensmeier, Harris, & Painter-Davis, 2015). This determination could not be clearly made. Swindles/False pretense incidences account for nearly a quarter (23.5%) of male NIBRS fraud, but only 14.9% of female NIBRS fraud.

The remaining 10.5% of female fraud in NIBRS is split fairly evenly between impersonation and credit card/ATM fraud, with a small contribution from welfare fraud (0.4%). The gender gap for welfare fraud is nearly 80%. 137 instances of welfare fraud were committed by women, compared to only 36 by men. This shows a fair difference in gender in the commission of welfare fraud, which might be explored in a study with a larger sample size.

The main takeaway from this NIBRS dissection is the emphasis on minor, non-occupational fraud, especially writing bad checks. UCR statistics are contained in a broad summary category of involvement in fraud, leaving vague interpretation of types, severity, and setting of fraud arrests. NIBRS elaborates slightly on these types of minor offenses. Much like

the UCR, NIBRS data additionally include the low-level types of fraud which would align it with Edelhertz's definition of white-collar crime as including any monetary or property crime that involves deception. Using this very broad definition, NIBRS data show a fairly small gender gap, much like UCR arrest statistics for fraud.

## FBITT Main Findings

This section turns to the focus of my thesis, analysis of the FBI Top Ten Data (FBITT). The FBITT data could be considered a less comprehensive sample, but much more specific and detailed. While this sample is smaller, it provides a greater possibility of detailed analysis, which is pertinent for inclusion when using UCR statistics. Note that tables in this section will refer only to fraud—embezzlement is coded as a type of fraud in FBITT. Table 4 shows an overview of defendants for all offenses included in FBITT by gender and organization of the fraud (i.e., whether solo, same-sex, or mixed).

**Table 4. FBITT All Offenders by Gender and Organization**

| | Male (N) | Male Profile (%) | Female (N) | Female Profile (%) | Gender Gap (%) |
|---|---|---|---|---|---|
| **Mixed Sex** | 2366 | 53.8 | 628 | 92.6 | 20.98 |
| **Solo** | 391 | 8.9 | 31 | 4.6 | 7.35 |
| **Same Sex** | 1640 | 37.3 | 19 | 2.8 | 1.15 |
| **Total[1]** | 4397 | 100 | 678 | 100 | 13.36 |

[1]Excludes offenders with missing information on the sex composition of the group

Table 4 shows the frequency of group organization across all defendants in the FBITT dataset. Structured by gender, it includes the exact numbers of all defendants within each type of organization. The final column displays the gender gaps. Very few organizations in the FBITT are solo female or all female—only 31 solo female offenders and 19 female offenders in same-sex co-offending groups. In the same sex fraud groups, female defendants comprise only 1.5%, and for individual crimes, female defendants comprise a mere 7.35%. This emphasizes the scarcity of female involvement in serious forms of fraud, independent of male co-offenders.

In contrast, the portion of female participation in mixed sex crime groups is much higher. This type of group organization accounts for 92.6% of female crime involvement, and only 53.8% of male involvement. Despite the high percentage of female involvement in this area, the female portion of involvement in the mixed sex groups remains minor in comparison to the male portion. The female percentage in FBITT mixed sex crime is only 20.98%.

The FBITT dataset includes 1,569 male and female fraud offenders. Most of these defendants are male—1231, or roughly 78% of the data entries for fraud. This finding is consistent with current research conclusions and resembles theories of female crime patterns described in existing literature (e.g., see Steffensmeier, Schwartz, & Roche, 2013). Women account for a mere 21.5% of fraud defendants in the press release dataset, a much smaller fraction than was seen in the UCR data.

Table 5 displays fraud offenders by gender and organization. Frequency, gender-specific profiles, and the gender gap are included. Table 5 shows that the gender gap for fraud is smaller than it is for all offenses in the FBITT data source. For all offenses covered in FBITT (e.g., drug trafficking, terrorism), the gender gap is 13.36%, as compared to the 21.5% gap for FBITT fraud. Note that fraud contributes to total offenses counts that without its contribution, the gap would

likely be even larger. This implies that fraud comprises a significant share of female FBITT crimes.

**Table 5. FBITT Fraud Offenders by Gender and Organization**

| | Male (N) | Male Profile (%) | Female (N) | Female Profile (%) | Gender Gap (%) |
|---|---|---|---|---|---|
| **Mixed Sex** | 762 | 61.9 | 303 | 89.6 | 28.5 |
| **Solo** | 133 | 10.8 | 21 | 6.2 | 13.6 |
| **Same Sex** | 336 | 27.3 | 14 | 4.1 | 4.0 |
| **Total[1]** | 1231 | 100.0 | 338 | 100.0 | 21.5 |

[1]Exclusion of fraud offenders with unknown gender composition measure

The gender gap using FBITT fraud counts is 21.5%, much smaller than the average UCR gaps for fraud (42.73%) and for embezzlement (50.91%). Hypothesis #2 is supported by these statistical findings. The Uniform Crime Report arrest data show higher ratios of female fraud behavior to male fraud behavior than is seen in the FBITT. According to UCR statistics, the average gender gap across years 2007 to 2012 is 42.73%. The portion of female arrests is much higher when looking at UCR data than number of defendants shown in the FBITT. In comparison to the UCR gender gaps (F = 42.73%; E = 50.91%), the FBITT data show a significantly smaller female contribution to criminal activity in fraud (21.5%). This inconsistency can likely be attributed to the differences in scope of the datasets. Because of the vagueness of Uniform Crime Report data, we cannot view a breakdown of qualifying crimes by severity or level of involvement. However, with the knowledge that the majority of fraud, particularly female fraud, is of low severity, it is likely that the variation in gender gaps can be attributed to the inclusion of low-level fraud arrests as compared to FBITT which mainly encompass serious and highly lucrative forms of business or occupational fraud.

This is where the datasets vary pointedly. The press release data were compiled from high level fraud cases described as a portion of the Top Ten FBI activity for that week. Therefore, we can liken the comparison of these datasets to the differences in all fraud—mostly minor (UCR arrests)—and severe fraud (FBITT). In Hypothesis #2, I theorized that these the different representations of the gender gap would be a result of variation in female fraud behavior across levels of severity and setting of the fraud. These findings support that hypothesis. When discussing fraud at a more serious level (i.e. higher monetary value, repeated incidents, duration of scheme, etc.), female involvement is nearly half the size of the gap shown by analyzing a general overview of fraud arrests. At this level, men are responsible for most of the fraud, which further supports Hypothesis #1 as well.

Additionally, Table 5 shows the gender composition of crime involvement in the FBITT data according to the gender of the defendants and broken out by: mixed sex, solo female/solo male, and same sex (i.e. all female/all male). It shows the division of involvement by the gender of the codefendants and shows with whom fraud defendants tend to offend. Table 5 supports Hypothesis #3b in the following way: the majority of female fraud participation in this sample occurs in mixed sex groups, dominated by male presence. Women overwhelmingly commit fraud when working with co-offenders of the opposite sex. The female profile shows that 89.6% of women in this sample committed fraud in mixed-sex groups, as compared to 6.2% and 4.1% involved in individual and women only crime, respectively.

This is a massive difference than can be seen in male fraud patterns. Only 61.9% of male fraud occurs in groups that include women. The profile percentage for men in mixed sex groups is much lower than the corresponding percentage for women (61.9% vs. 89.6%). Even though the female profile percentage is so much higher, the male frequency within these groups remains

significantly larger. This can be seen by looking at the gender gap. Of 1,065 defendants involved in mixed sex cases, men comprise 71.5% (N=762), and women are only responsible for the remaining 28.5% (N=303). Therefore, even within the mixed sex groups, the gender makeup is overwhelmingly male. This directly supports Hypothesis #3b. Female participation in federal level fraud appears mostly as a fraction of involvement in mixed sex groups of defendants.

Additionally, it is interesting to compare the percentages of all male and all female involvement. Participation in same-sex fraud is the least common type of fraud for women (4.1%), but that is not the case for men. Over a quarter (27.3%) of male fraud offenses are committed in groups of all men. The gender gap for same-sex fraud involvement is 4.0, which is a considerably small portion of female participation. However, this is the second most likely sex composition for men, after mixed sex. This might suggest that men tend to commit fraud in groups of other men, and women tend to commit fraud when they are incorporated into those groups.

The profile percentages of solo fraud involvement exhibit some of the closest percentages between men and women. The female profile for solo fraud is 6.2%, and the male profile is 10.8%. Although this is the least common sex composition for male fraud and in the middle for women, the percentages are within 5% of each other, suggesting that the proportion of individual fraud may be similar across genders.

The FBITT data in Tables 4 and 5 show that women commit financial fraud at high levels in comparison to other crimes. 67.7 percent of the solo female defendants in the dataset committed fraud as a main offense (21 out of 31), while only 34.0% percent (n=133) of all solo male defendants (n=391) committed fraud as their main offense. Similarly, only 20.5% of defendants within “all male” groups committed fraud, compared to 73.7% of “all female”

defendants. Furthermore, of the five remaining “all female” defendants, the main offense of two of those defendants is Racketeering/Corruption, as codefendants of a woman convicted of fraud. And the main offense of one other defendant is coded as “Miscellaneous”, in connection with two other women convicted of fraud. This leaves two remaining “All Female” co-defendants whose main offenses were violence, unrelated to fraud. The data suggest that, at this level of criminal activity, fraud accounts for most of female crime.

When it comes to all defendants involved in mixed sex crimes, the percent of crimes for fraud is lower for women involved in mixed sex groups (48.2%) than it is for solo and all female, but still much higher than men (32.2%). Of all of the women involved in mixed sex groups, nearly half are involved in fraud instead of another crime. Yet fraud only accounts for 32.2% of male defendants involved in mixed sex groups. Women are included in larger numbers in mixed sex groups for fraud than in mixed sex groups for other crimes. This suggests that men might be more willing to include women in fraud schemes, rather than other types of criminal activity; or perhaps women are better suited to contribute to fraud based on skillset or occupational position.

## Table 6. FBITT Type of Fraud in Mixed Sex Groups[1]

| | N | | | Profile% | | | |
|---|---|---|---|---|---|---|---|
| | **Male** | **Female** | Total | **Male** | **Female** | Total | Gender Gap (%) |
| Health Care | 79 | 42 | 121 | 34.20 | 28.97 | 32.18 | 34.71 |
| Mortgage | 49 | 37 | 86 | 21.21 | 25.52 | 22.87 | 43.02 |
| Investment/Insider Trading | 39 | 21 | 60 | 16.88 | 14.48 | 15.96 | 35.00 |
| Embezzlement | 21 | 11 | 32 | 9.09 | 7.59 | 8.51 | 34.38 |
| Internet Scheme/Wire/Mail | 18 | 12 | 30 | 7.79 | 8.28 | 7.98 | 40.00 |
| Government Benefit | 3 | 7 | 10 | 1.30 | 4.83 | 2.66 | 70.00 |
| Insurance | 9 | 5 | 14 | 3.90 | 3.45 | 3.72 | 35.71 |
| Tax | 3 | 4 | 7 | 1.30 | 2.76 | 1.86 | 57.14 |
| Other[2] | 10 | 6 | 16 | 4.33 | 4.14 | 4.26 | 37.50 |
| Total[3] | 231 | 145 | 376 | 100.00 | 100.00 | 100.00 | 38.56 |

[1]Information in this Table comes from groups of 10 or less defendants
[2]Money laundering, airplane parts fraud, campaign fraud, and contract fraud
[3]Excludes offenders that have missing information for type of fraud

The data used in Table 6 is only from mixed sex groups. Overall, the table shows similar patterns of type of fraud involvement for both men and women in mixed sex groups. This provides support for Hypothesis #3a, a breakdown in fraud types does show overall similarity in the types of financial fraud committed by males and females. Health care fraud is the most common (N=121), followed by mortgage fraud (N=86) and investment fraud (N=60). These are the top three fraud types, in order, for both males and females in mixed sex groups. Embezzlement (N=32) and Internet Scheme/Wire/Mail fraud (N=30) are reported at similar levels and represent the next most common fraud types. There are 14 defendants for Insurance fraud. Tax fraud and fraud involving government benefit programs are least frequent, with the counts totaling 7 and 10, respectively.

The gender specific profiles further show similarity in patterns of fraud type, presenting a fairly even distribution of fraud type across gender. The gender gap tells us if women in mixed sex groups are included in certain types of fraud in bigger numbers than others. This gap stays fairly constant across types, remaining in the mid-thirties and early forties for the majority of fraud types. As mentioned above, of the crimes included in FBITT data, a significant portion of female crime consists of fraud—49.9% (compared to the male portion, 28.0%). This fraud is broken down by type in Table 7 below.

**Table 7. Type of Fraud for FBITT Female Defendants**

| | *Mixed Sex* | *Solo Female* | *All Female* |
|---|---|---|---|
| *Health Care* | 42 | 1 | 2 |
| *Mortgage* | 37 | - | - |
| *Tax* | 4 | 1 | 2 |
| *Investment/Insider Trading* | 21 | 1 | - |
| *Internet Scheme/Wire/Mail* | 12 | 11 | 7 |
| *Embezzlement* | 11 | 5 | 2 |
| *Government Benefit* | 7 | 1 | - |
| *Insurance* | 5 | - | - |
| *Other* | 6 | 1 | 1 |
| | | | |
| *Total* | 145 | 21 | 14 |

Looking at the distribution of cases, Table 7 shows no solo or all female defendants for mortgage fraud and insurance fraud. While insurance fraud is not frequently seen in the FBITT dataset regardless of sex composition, female involvement in mortgage fraud in mixed sex cases is not uncommon. This might suggest that women's involvement in these areas depends on participation in larger mixed sex groups. This might also be the case for investment fraud, which has only one solo female defendant, compared to 21 mixed sex female defendants.

The presence of co-offenders might also mediate women's involvement in health care fraud. There is only one instance of solo female health care fraud, despite its prevalence in mixed sex groups. Lucrative health care fraud could depend on a network of co-defendants. Of the 6 all female fraud cases, the highest number of co-defendants is 3. In other words, it appears that fraud groups of all women may tend to be smaller than fraud groups of all men. The highest number of defendants for all male fraud cases (where all defendants are known) ranges up to 16.

Across sex compositions, the most female involvement occurs in wire, mail, and internet fraud. There are 12 defendants for this type in mixed sex group compositions, 11 solo female defendants, and 7 defendants in all female groups. Table 7 also shows frequent female involvement in embezzlement across the board, which is consistent with what is shown by Uniform Crime Report arrest data. Finally, female participation in tax fraud at this level is minor but shows consistency across sex compositions, suggesting that tax fraud does not rely on group size or sex composition.

## Age Distribution of Men and Women Fraud Offenders

Table 8 below depicts the age distribution of fraud for both males and females as based on each database. Note that the Uniform Crime Report rates are using a base of 100,000 and the FBITT rates use a base of 1,000,000. This is for ease of comparison between the numbers, considering the massive variation in sample sizes. The UCR rates were calculated by dividing the number of fraud arrests for a certain age group by the U.S. population of that age group. This controls for the sex composition of each age group. The FBITT age rates were calculated by determining the number of fraud offenders in the dataset for each age group and dividing by the

population of that group. Embezzlement arrest data are not included in the UCR age rates, but it is included the FBITT rates. The UCR fraud counts and population figures used in these rate calculations were from 2010.

Fraud rates for arrest of males in the UCR data are highest for the youngest age group (20-24) at 170.1, and slowly decline. Female fraud rates for the same age group are quite a bit smaller, at 116.6. Female fraud rates in the UCR data peak for the 25-29 age group and remain fairly constant through the early 30's age group at a rate around the mid 120's. They begin to decline in the late 30's (111.9), with much sharper drops throughout the 40's age groups (83.2 and 56.7). The female fraud rate drops as low at 11.1 for those aged 60-64, compared to the male rate of 20.6.

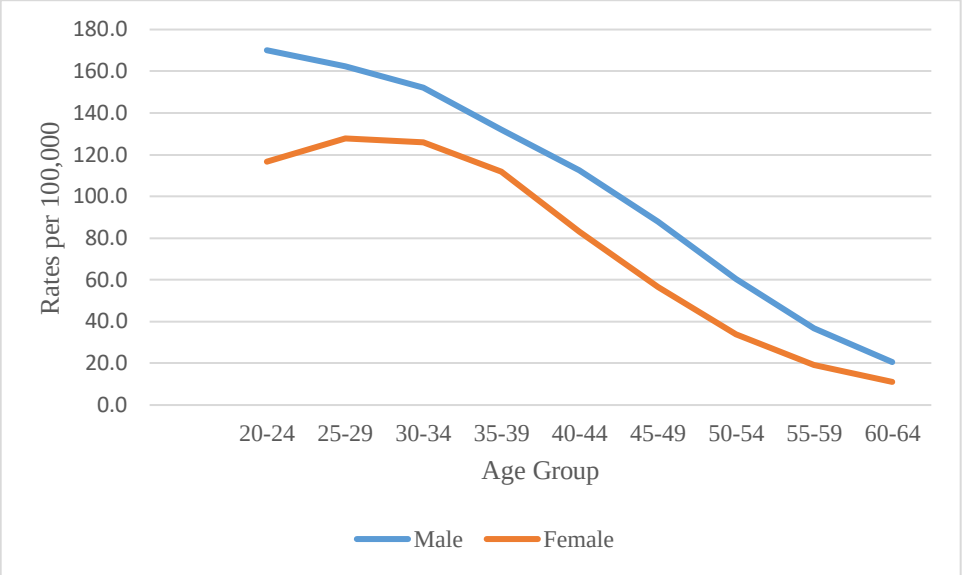
**Table 8. Rates of Fraud Arrests/Offenses by Age and Gender from UCR (2010) and FBITT Data**

| | UCR (Rates per 100,000) | | | FBITT (Rates per 1,000,000) | | |
|---|---|---|---|---|---|---|
| Age Group | Male | Female | Total | Male | Female | Total |
| 20-24 | 170.1 | 116.6 | 143.9 | 3.0 | 1.7 | 2.3 |
| 25-29 | 162.3 | 127.8 | 145.2 | 6.3 | 1.6 | 4.0 |
| 30-34 | 152.0 | 125.8 | 138.9 | 12.7 | 3.6 | 8.2 |
| 35-39 | 132.1 | 111.9 | 122.0 | 14.1 | 3.5 | 8.8 |
| 40-44 | 112.6 | 83.2 | 97.8 | 14.7 | 3.4 | 9.0 |
| 45-49 | 87.9 | 56.7 | 72.1 | 11.2 | 4.0 | 7.6 |
| 50-54 | 60.4 | 34.0 | 46.9 | 11.1 | 2.9 | 6.9 |
| 55-59 | 36.9 | 19.3 | 27.8 | 10.5 | 2.4 | 6.3 |
| 60-64 | 20.6 | 11.1 | 15.6 | 7.6 | 2.2 | 4.8 |

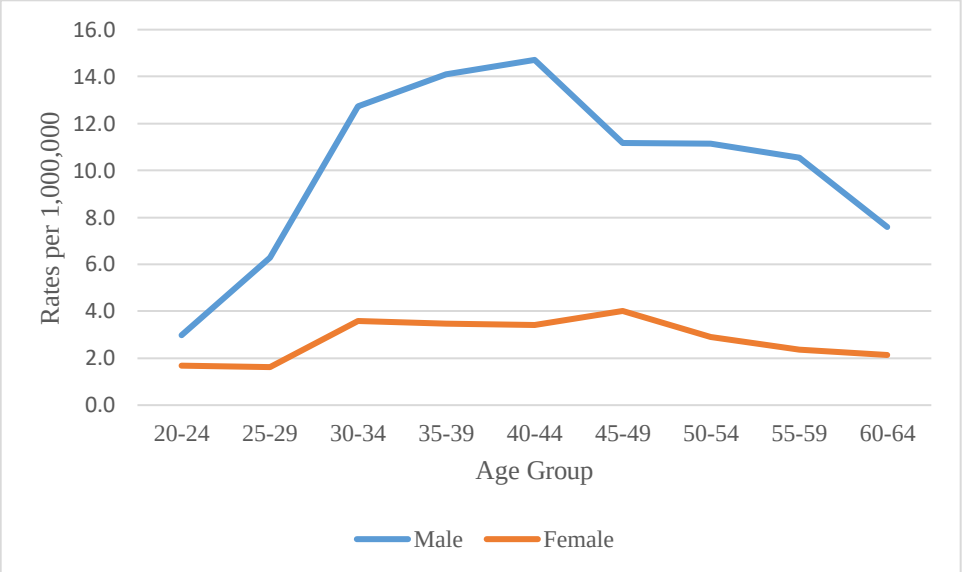
The FBITT age rates are much smaller, due to the nature of the dataset and the kinds of fraud represented. The male fraud offenders range in age from 19 to 85, and the female fraud defendants range in age from 20 to 77. The male rate peaks in the 40-44 age group at 14.7. This is over four times larger than the corresponding female rate of 3.5. The FBITT female fraud rate reaches its highest in the 45-49 year old group. In both men and women fraud offenders, the rates taper at each extreme. The male rates start at 3.0 for the youngest group, rise, and then fall back to 7.6 in the oldest age group. Similarly, female rates drop to 1.7 and 1.6 in the 20-24 and 25-29 age groups and to 2.2 in the 60-64 age group. The female rate ranges only from 1.7 up to 4.0, which shows a huge contrast to the male rate range of 3.0 to 14.7.

In no age group do female rates exceed male rates in either of the data sources. This provides further support for Hypothesis #1, that men commit fraud more than women in general. This specifically shows that they commit fraud at higher rates than women, across both sources of data. Reference the figures below to view the differences in age patterns between the UCR data and the FBITT data.

## Figure 1. UCR Age Composition (Using Rates)




## Figure 2. FBITT Age Composition (Using Rates)



The figures above clearly show that the age distribution within each dataset is similar for males and females. They also show the substantial differences in the age composition of fraud depending on the dataset. The UCR arrests represent much younger age group. A large portion of these fraud arrests are of persons under the age of 30. The FBITT data show the opposite pattern, the lowest rates of fraud offenders are for persons under the age of 30, and most FBITT fraud offenders are middle aged. This graph shows an age composition that is unique in comparison to most criminal behavior.

This difference may be explained by the nature of the fraud offenses in each data source. The type of crimes included in the FBITT data source are more severe, more lucrative, and less common; thus, they involve more difficulty, planning, and maintenance. This type of fraud depends much more on occupational status, position, or access to specialized knowledge. Students comprise a large portion of persons in their 20's; therefore, many of the young potential workers are preoccupied with higher education. Those who are not, typically do not enter employment with the financial organizations in which these opportunities for fraud occur. Additionally, young, fresh employees would have unestablished relationships with potential accomplices and less unsupervised responsibilities. Years of experience, gaining knowledge, and forming relationships, that someone in their late 30's or early 40's might have, aid in the commission of occupational fraud offenses. In contrast, the UCR arrest statistics are most representative of ordinary, non-occupational fraud. Therefore, one need not have a secure career or constant employment to commit this type of fraud (e.g., pass bad checks, commit credit card fraud).

Finally, these age figures demonstrate the gender similarity in the age distributions of fraud offenders within each dataset. While some small differences exist, similar displays of fraud

involvement in each age group are depicted for both data types. This shows that type of fraud (i.e. ordinary vs. occupational) may prescribe a pattern of behavior comparably across gender. For ordinary fraud (UCR arrests) the bulk of both male and female offenders are in their twenties. Age curves for occupational or business fraud (FBITT) show that the most offenders of both sexes are in their thirties, forties, and even fifties. This supports Hypothesis #3, specifically Hypothesis #3a, which predicts similarities in each sex's involvement in fraud, despite many differences.

## Representative Examples of FBITT Female Fraud Involvement

To further illustrate the nature of women's involvement in fraud, the following section will supplement the statistical findings with qualitative elaboration. Some illustrative cases from the FBITT dataset will be briefly presented and described. This will proceed with examples of mixed sex cases, solo female cases, and all female cases, and end with a discussion.

### Mixed Sex:

*Case ID 406907:* Between May 2005 and June 2006, a group of 12 collaborated in a large mortgage fraud ring, making over $10.6 million in loan proceeds. The scheme involved fraudulent transactions at 21 Boston area properties and the collaboration of ten men and two women, with varying degrees of involvement. Defendants included attorneys, real estate agents, loan originators, mortgage brokers, and straw buyers across the Boston area.

The main co-conspirators in the case, were real estate attorneys Eric L. Levine & J. Daniel Lindley, and realtor Ernst Appolon. Ernst was aided by his brothers, Daniel and Ralph

who each had less important roles in the scheme. These men identified properties to target, inflated their purchase prices, and recruited individuals to act as straw buyers of the properties, filing the loans using their names and inflated credit information.

One of the female defendants, Latoya Haltiwanger was involved as an important accomplice. She worked as a mortgage broker and had an established business relationship prior to this scheme with the major players of the case. Haltiwanger was the loan originator for three of the properties but also acted as a straw buyer for a fourth property. She was tried alongside Lindley, Levine, and Daniel and Ernst Appolon.

Another woman was involved as a straw buyer, Elizabeth Son. However, her involvement extended no further than the use of her name and credit information. In fact, she disclosed information about the scheme to police, but her motives behind this disclosure are unclear. She specified to the Boston Police in a separate incident that she "just had the house underneath her name". Son was the sole defendant sentenced to probation over imprisonment.

*Case ID 407539:* Eight residents of Lancaster County, Pennsylvania maximized their earning potential at Equipment Finance LLC (EFI) by allegedly engaging in a lucrative embezzlement scheme. For 6 years, Senior Vice President of EFI, Michael J. Schlager, and his Chief Operating Officer, Joseph Braas organized an embezzlement scheme, defrauding EFI and EFI lenders of over $53 million in losses. This scheme not only resulted in the liquidation of the Bank of Lancaster County (BLC), of which EFI was a subsidiary; but it also liquidated Sterling Financial Corporation, the institution in authority over the BLC.

Six of the eight co-defendants in this case were men, including Schlager and Braas who led and organized the scheme. The two female defendants in this case were employees in EFI's

accounting department. Mary C. Stankiewicz was head of the Accounting Department, and Misty L. Kroessen was an accounting clerk. Misty worked alongside her husband, Curtis Kroessen, an account executive at EFI and another defendant in this case. According to Braas and Schlager, they relied on Stankiewicz and M. Kroessen to make the necessary changes to EFI's records to avoid trouble during audits. Unlike Schlager and Braas, these women were able to access EFI's accounting software.

Specifically, the executives instructed Kroessen to enter certain data, cut checks and maintain the account records and instructed Stankiewicz to make false entries and manufacture false documents in order to weaken Sterling's attempts at audits. This allowed the company to appear more successful and profitable than it was, and prolonged its years in operation, despite its massive losses. Each of the eight defendants was convicted or plead guilty. They were all sentenced to varying prison terms and ordered to pay restitution, with Schlager and Braas receiving the harshest sentences.

*Case ID 407819:* In November 2005, Clara and Caridad Guilarte opened Dearborn Medical Rehabilitation Center (DMRC). The Guilarte sisters used the DMRC to defraud Medicare for years, posing it as a treatment center for ill patients. The Detroit health care center was supposedly an "infusion clinic" which offered unique infusion treatments of expensive medications to patients suffering with illnesses such as HIV and Hepatitis C. However, the DMRC did not have any real function as a health care center; in fact, the sole purpose of its creation was Medicare fraud. In about a year and a half, the Guilartes billed Medicare for over $9 million in claims, admittedly only ordering a fraction of the medication.

When Clara and Caridad became aware that they were being investigated, they escaped to Panama, Venezuela, and Colombia to avoid arrest. Because of the value of their Medicare fraud, they were even labeled by authorities as “The most wanted health care fraud fugitives” at the time. Upon their arrest, they each pled guilty to one count of conspiracy to commit health care fraud and one count of conspiracy to commit money laundering and were sentenced to a 14-year prison term, paired with 3 years of supervised release, and 6 million in restitution.

The scarcity of female led cases combined with the high monetary value of this case makes it a unique example of female criminal activity. However, the Guilarte sisters did not complete this scheme without additional assistance, some of it male. A closer look at this scheme exposes a network of minor accomplices, posing as doctors, helping to launder the money, working as beneficiary recruiters, and “patients” who were bribed with kickbacks for signatures confirming treatment. In fact, over 10 other individuals pled guilty in connection with the Guilartes’ medical fraud case.

**Solo Female:**

*Case ID 403898:* Gina Anzaldua Holley was a 42-year-old office manager for a medical group in Corpus Christi, Texas. Starting in 2003, she began embezzling money from her place of employment. She made unauthorized ATM withdrawals, used company checks for personal expenses, and transferred money directly to her own account. Her position as office manager provided her with the access methods to accounts, payroll, and business records. Holley embezzled over $1 million from her employer. She used the embezzled money for travel, cosmetic surgery, automobile purchases, and house payments.

It appears as though this embezzlement was treated as a civil matter, and instead, Holley was charged with tax fraud for failing to claim her profits on her returns. She plead guilty to tax evasion in April 2010 and was ordered to pay $297,855 in taxes owed to the government, which she incurred from 2003 to 2006. She was sentenced to two years in prison, followed by 3 years of supervised release.

*Case ID 405085:* Lydia Cladek Inc. opened in 1998 in St. Augustine, Florida. Posing as a loan agency and employing around 100 workers, Lydia Cladek used her company to run a Ponzi Scheme for years, stealing millions of dollars from investors. As the president and sole shareholder of the company, she used high interest rate automobile loans to scam and even bankrupt purchasers with low income and credit scores. Cladek encouraged people to invest in the contracts by promising a 15-20% return on investment. She was 70 years old at the time of her arrest. Her indictment specified it was seeking a money judgment in the amount of $113,235,968.02, an estimate of the proceeds of her fraud.

Her proceeds were used to support her lifestyle and for donations to maintenance her reputation. Lydia Cladek was convicted of conspiracy, 4 counts of wire fraud, and 9 counts of mail fraud. She is serving 364 months in months in prison and owes $34 million in restitution, despite asserting her innocence.

Victims speculated about the extent and duration of Cladek's success. One even noted, "She was so believable. She just had that manner about her that you wanted to trust her, and the fact that she was a churchgoing person and loved animals." Cladek frequently donated to the church and to animal care groups and posed as a kind trustworthy older woman. She had a good reputation in St. Augustine and used it deceptively to reassure investors, and to encourage older

female investors to contribute to her company. Instead, Cladek pocketed the investments and used them to further her scheme. This is an interesting case because, while it is noted that femininity is frequently less compatible with crime, Cladek used hers instead to aid in her fraud scheme.

**All Female:**

*Case ID 412504*: Dallas Crime Stoppers was created to field crime tips from anonymous contributors and provide them with cash rewards. The organization was funded by the North Texas Crime Commission (NTCC) and staffed by Dallas Police Department (DPD) officers and deputies. Theadora Ross, a DPD senior corporal, was in charge of the Crime Stoppers office from 2006 to 2010. She used her knowledge of the tips and manipulated anonymity to defraud the organization with codefendant Malva Delley who did not work in the office.

Together, they filed false tips and edited cash reward lists and approvals. Ross would provide Delley with the necessary information, and Delley would retrieve the cash rewards as an anonymous tipper, by Ross's instruction. These rewards were split between the women and occasionally deposited directly into Ross's account.

Delley was charged only with making false statements to a financial institution, while Ross plead guilty to wire fraud and tax fraud, for failing to claim her nearly $200,000 profits on her tax returns in 2006-2009.

*Case ID 402005:* Port of Hope is a non-profit center for substance abuse treatment with an office in Nampa, Idaho. For 17 years, Connie Stills worked as a bookkeeper for the non-profit and in

2004, her daughter, Bobbi A. George, also became employed in the Port of Hope office. From 2004 to 2008, Stills and George skimmed funds from Port of Hope for personal use.

Both women took advantage of their occupational positions to access Port of Hope credit cards and accounts. Connie Stills used funds form Port of Hope accounts to make unauthorized payments on Bobbi George's credit card and even made some direct transfers to her account, resulting in around $1.3 million loss in total. George incurred some additional personal expenses on the Port of Hope credit card. George plead guilty to wire fraud and was sentenced to probation. Stills, on the other hand, plead guilty to mail fraud and filing false tax returns and was sentenced to prison for 41 months.

**Discussion:**

The cases above give a general idea of female fraud behaviors. Across the solo female and all female cases, there appears to be a pattern toward charges of mail fraud, wire fraud, tax fraud, and embezzlement. They tend to overlap conceptually and within cases. The application of tax fraud appears to come as a result of a separate main offense of financial fraud and failing to properly tax on the profits. The mixed sex cases involve a larger variety of fraud types, including mortgage fraud and medical fraud, and tend to be more lucrative. This could be a greater reflection of the number of accomplices. As discussed previously, women tend to work in smaller fraud groups than men do. However, the higher the number of codefendants, the less likely it is that the group remains one sex. We see the highest numbers of codefendants in mixed sex groups for this reason.

In typical mixed sex fraud groups, women's involvement is often what we see in Case 406907 and Case 407539—they make up a small portion of the codefendants and do not hold

leadership roles. Often, they are recruited by the conspirators to perform a minor role, like being an inconspicuous straw buyer, while in other cases, they are recruited because of their utility, such as their access to accounting records or mortgage broker knowledge. Each of these examples occurred at least partially during or because of one's occupation, suggesting that occupational position might influence women's participation or inclusion in fraud groups at this level.

The mixed sex cases, with the exception of the Guilartes, are characteristic of the majority of female fraud involvement. The female led mixed sex case (Case 407819), the all female cases, and the solo female cases are fairly uncommon examples of female fraud behavior; however, there are some similarities between them that can be noted. These female frauds resulted from varying positions of authority, allowing for unsupervised responsibilities that were taken advantage of. In groups, it is not unusual to see accomplices with familial relationships, mother-daughter and sister codefendants are both shown here. Prior romantic, familial, and business relationships influence the inclusion of women into fraud schemes, particularly when they involve larger groups.

These themes are frequently repeated when it comes to female fraud involvement—a tendency toward wire fraud, mail fraud and embezzlement, smaller groups of defendants, lower valued schemes, minor, non-leadership, involvement in mixed sex groups, and collaboration of coworkers, relatives, or partners.

# Chapter 4

## CONCLUSION

This thesis set out to contribute to the existing literature a better understanding of the relationship between gender and fraud. I examined the nature of female fraud involvement and how that involvement compares to male involvement. This was completed by an analysis of data from two sources of data on fraud–arrest statistics from Uniform Crime Reports and 'Top Ten' press releases published by the FBI. Use of both data sources informed this thesis, on one hand, about common minor fraud occurrences (e.g., check or credit card fraud) and, on the other hand, less-frequent serious instances of occupational/business fraud.

I hypothesized that men would be responsible for the majority of involvement in financial fraud, regardless of type or severity. Data from each source supported this hypothesis, with the possible exception of embezzlement via UCR statistics. Men showed higher numbers of both ordinary fraud and serious, occupational/business fraud. Regardless of the gender organization of the fraud incident, type of fraud, and the age of the offender, the majority of fraud offenders across both data sources were male. The data also support my hypothesis that the magnitude of the gender gap will vary across the sources of data. UCR statistics showed a fairly small gap in arrests for financial fraud, in contrast to the large gender gap shown in FBITT fraud occurrences. Women are responsible for a much smaller portion of serious, occupational fraud than they are for ordinary frauds.

Furthermore, the findings supported the hypothesized similarities and differences in male and female financial fraud behavior. UCR data show similarity in the commission of ordinary frauds through similar rates and in the types of fraud committed (e.g., check fraud is the most frequent fraud on part of both men and women). This similarity is consistent across age groups.

FBITT fraud also shows similarity in the commission of fraud across gender, but in different ways. Men and women appear to engage in similar types of fraud and do so within very similar age groups. FBITT data showed that both men and women commit the majority of serious occupational fraud within groups of mixed sex co-offenders. However, the portion of female fraud that occurs in mixed-sex groups is much greater. In fact, inclusion into mixed sex fraud schemes appears to be the main grounds for female fraud involvement. A brief qualitative analysis illustrates the nature of this involvement, depicting female involvement in minor roles in mixed sex fraud schemes as mainly a result of their utility.

Overall, the findings supported my hypotheses and were consistent with the extant literature on gender and fraud. This research introduces the use of a unique source of crime data and contributes to both quantitative and qualitative literature on financial fraud in terms of gender and age, as well as the severity, location, and organization of fraud incidents. I have confidence in the findings as they align with modern peer reviewed research. The following sections address my research limitations and corresponding suggestions for future research.

## Limitations

Producing a study without limitations is quite improbable and infrequent. Yet, acknowledging the shortcomings can inform further research and protect against making false assumptions. Limitations constrain the applicability of the study to the world and could be anything ranging from incorrect calculations to a skewed data source. Both sources of data used to inform this thesis have limitations of their own that will be explained briefly in this section.

Chapter 1 described the cautions relating to the arrest statistics of the Uniform Crime Report statistics. These refer mainly to the vagueness that characterizes the broad category of fraud in the UCR. For that reason, it was paired with data from FBITT which provides more detailed information about the type of fraud committed. However, FBITT has some similar and some unique limitations as compared to the UCR.

First, some limitations on this research can be credited to the content of the FBITT press releases. While they tended to include information such as names, numbers of defendants, brief description of the fraud scheme, etc., they did not explicitly state details such as gender composition, case outcome, relationship of the defendants, and so on. This information was acquired by using close examination of the cases and supplemental internet searches to make determinations. This process left room for error and did not guarantee that all desired information would be found.

Second, due to the large number of solo male and all male fraud offenders, the type of fraud could not be completely coded for these groups. Therefore, the analysis could not compare types of fraud across individual male and female fraud or in same sex groups. Specifically, Table 6 could only compare type of fraud for mixed sex groups with less than 10 defendants. This limited the ability to make suggestions on gender and type of fraud generally, because "mixed sex" indicates that in these cases, each fraction of men must also be paired with a fraction of women. Unless the ratio of men to women changes across types of fraud, mixed sex crime analysis could result in uniformity.

This constraint was amplified by the small sample size of female fraud participants, particularly in the categories of solo female offenders and all female offenders. While this is reflective of the infrequency of these offenses, quantitative analysis of these offenses faces

generalizability limitations. Without a larger sample size, one cannot reliably draw conclusions about how female involvement might tend toward certain types of fraud. This is also shaped by the predominance of female fraud behavior as taking place within mixed sex groups of offenders. How can we detangle female fraud preferences from male fraud preferences in these groups? If many of the women who participate in fraud do so as a result of inclusion into male crime groups, the numbers of women involved in mixed sex fraud might be more of a reflection of male fraud behavior. Without the ability to look at the instances of female fraud separate from male fraud, we cannot reliably determine their preferences.

## Future Research

Suggestions for future research draw on the limitations mentioned above as well as tangential topics recognized during the analysis and writing of this thesis. First, future research on fraud using Uniform Crime Reports should consider the inclusion of a second more detailed source. As the National Incident Based Reporting System becomes more widely available, use of this source in connection with the UCR can inform the areas of analysis that the UCR arrest data lack. The NIBRS database provides specifics about the severity, gender composition of fraud group, type of fraud, relationship of co-defendants, and other important details that allow for a more comprehensive fraud analysis.

Future research should look to elaborate on types of female fraud involvement, particularly by comparing female-only fraud cases (e.g., solo female and all female gender organizations) to male-only fraud cases (e.g., solo male and all male gender organizations). This, however, would require a larger sample of female fraud incidents. Using this sample, researchers

could then compare types of fraud (e.g. health care fraud, government benefit fraud, embezzlement) across solo and same-sex co-offender involvement. By excluding mixed sex groups, analysis could focus on disentangling the potential differences in male and female fraud preferences and patterns of behavior. Future research should also focus on female roles in serious mixed-sex co-offending fraud schemes, particularly whether they were involved as accomplices, major players, or primary leaders in the fraud scheme.

More qualitative analysis of group fraud should focus on male and female motivation in mixed sex fraud. It could elaborate on Steffensmeier and Terry's research (1986) on institutional sexism in the crime world, and ask any of the following questions: when/why are women included into some fraud groups and not others? What are the opinions of male fraud offenders on working with women? In what areas in the commission of fraud are women thought to be useful and skilled? Additional qualitative research could interview serious female occupational offenders on their motivations and pathways into fraud.

Finally, future research could compare trends in financial fraud to determine whether female-to-male involvement has changed over time. Across the six years of UCR arrest data included in this thesis, it appeared as though female embezzlement was declining at a faster rate than male embezzlement. Further exploration of such trends will provide an updated understanding of how the fraud behaviors of modern men and women might be changing.

# Appendix A

## Codebook

1. Date of release (mo/d/y)

2. Week #

3. Case # of the week (1-10)

4. Name of Defendant
**Code *999* for each defendant not identified by name (e.g., if 20 of 40 are not named, then 20 999s)**
**For 999 defendants, code columns 1-4 and then leave rest of columns "blank".**

5. Sex of Defendant
1. Male
2. Female

6. Organization/ affiliation (name of ***company***, ***business***, ***crime network***, ***gang***, ***group***, ***entity*** etc)
**Skip if no company or network is named**

7. Age (#)

8. Sex Composition
1. Solo Male
2. All Males
3. Solo Female
4. All Females
5. Mixed Sex
6. Don't know

9. #/number of defendants (**not** # of **co**-defendants)

10. **Name of Coder**

11. Main Offense # 1
1. Fraud
2. Terrorism
3. Hate Crimes
4. Drug Trafficking
5. Violence
6. Sexual Offenses
7. Racketeering/ Corruption
8. Smuggling/Trafficking

9. Organized Crime
10. Vice
11. Misc.

If **Fraud** (#1 above), code as:

1. Securities/Investment (including ponzi, insider trading)
2. Mortgage
3. Real estate
4. Healthcare
5. Embezzlement
6. Other/ General

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# ACADEMIC VITA

## Katherine P. Staley

## EDUCATION

**THE PENNSYLVANIA STATE UNIVERSITY (PSU), Paterno Fellow,** University Park, PA — Expected May 2021
***Schreyer Honors College, College of Liberal Arts***
Bachelor of Arts in Criminology; Minors in German and Studio Art; Enhanced Minor in Psychology

**THE LINSLY SCHOOL, Salutatorian,** Wheeling, WV — Aug 2013 — May 2017

## RELEVANT PROFESSIONAL EXPERIENCE

**PENN STATE UNIVERSITY—CRIMINOLOGY DPT., Research Assistant,** State College, PA — Spring 2021

- Employed Part-time by the University to assist Dr. Darrell Steffensmeier with his current research of FBI Press Release Data
- Read and organize data from the Top Ten Press Releases into Excel, and supplement missing information with additional research

**PENN STATE UNIVERSITY—CRIMINOLOGY DPT., Teaching Assistant,** State College, PA — Fall 2020; Spring 2021

- Aided Dr. Darrell Steffensmeier in teaching Honors Criminology 12 throughout Fall 2020
- Assisted Professor Brian Baker with teaching over 150 Criminology 100 students in Spring 2021
- Advocated for and communicated with students through Canvas, Email, and Office Hours
- Became familiar with remote learning and instruction tools including Zoom and Canvas by grading, hosting meetings, and uploading course material

**BEAVER COUNTY COURT OF COMMON PLEAS, Intern,** Beaver, PA — June 2019 — July 2019

- Observed court proceedings, became familiar with legal research, and frequently read Supreme Court/Appellate Court literature
- Directly experienced civil, criminal, and family court proceedings
- Met with judges, attorneys, officers, and law clerks to discuss and clarify the details of these experiences

**BISTECCA STEAKHOUSE AND WINE BAR, Hostess/Server's Assistant/Server,** Washington, PA — June 2016 — Present

- Work as a hostess managing customer flow, answering phone calls, and running the reservations system for the entire restaurant
- Serve both individually and in teams to provide high end four course meals to customers
- Utilize customer service knowledge and skills to address customer problems
- Manage and train incoming employees

## ACTIVITIES

**PATERNO FELLOWS PROGRAM, Fellow,** University Park, PA — Aug 2017 — Present

- Rigorous honors opportunity offered by the College of Liberal Arts and the Schreyer Honors College
- Challenges Liberal Arts students to reach high levels of academic excellence and distinguish themselves in ethics, leadership, service, communication, and intercultural awareness

**JUSTICE ASSOCIATION, Member,** University Park, PA — Jan 2019 — Present

- Students committed to becoming well-versed in the nature of the United States Justice system
- Organizes informational panels, guest speakers, and trips to local justice organizations

**APOLLO THON ORGANIZATION, Member,** University Park, PA — Aug 2017 — May 2019

- Raise awareness and over $10 million annually for pediatric cancer research through canvassing and other fundraising methods
- Participate in Penn State's annual 46 hour Dance MaraTHON and visit families affected by cancer
- Created and managed the pass system for floor access of the entire organization during the 2018 Dance MaraTHON
- Participate in canning/fundraising events throughout the year

**EMBEDDED STUDY ABROAD, Student,** Willemstad, Curaçao — November 2019

- Class objective: examine the role of race in shaping American law and the administration of justice and compare the American experience to the racial history of Curaçao.
- Received Enrichment funds from the College of Liberal Arts for continued instruction and hands on experience in Willemstad, Curaçao during Thanksgiving Break

## DISTINCTIONS

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**Languages**: Python (beginner), German (proficient)-National German Honor Society (Delta Phi Alpha Member, 2016 - Present)
**Awards**: Dean's List (Fall 2017 - present)
**Leadership**: Coordinated an effort to raise money and gather material donations for the Centre County Women's Resource Center, 2019
**Community Service:** Volunteered as a leader in a weeklong mission trip program assisting children, elderly, physically disabled, and economically disadvantaged, 2018
**Skills:** proficient in Microsoft Excel, Microsoft Word, Canvas, Zoom, and Adobe Photoshop